

2006

Annual Report

THE HON MICHAEL COSTA, MLC
*Treasurer, Minister for Infrastructure, Minister for the Hunter,
Deputy Leader of the Government in the Legislative Council*

Level 30
Governor Macquarie Tower
1 Farrer Place
SYDNEY NSW 2000

THE HON JOHN DELLA BOSCA, BA MLC
*Minister for Commerce, Minister for Finance, Minister for
Industrial Relations, Minister for Ageing, Minister for Disability
Services and Vice President of the Executive Council,
Leader of the Government in the Legislative Council*

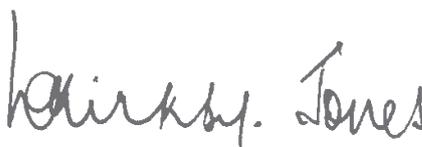
Level 30
Governor Macquarie Tower
1 Farrer Place
SYDNEY NSW 2000

31 October 2006

Dear Ministers,

We are pleased to submit to you, for presentation to the Parliament of New South Wales, the Landcom Annual Report for the year ended 30 June 2006.

The report has been prepared in accordance with the Annual Report (Statutory Bodies) Act 1984 and the applicable provisions of the Public Finance and Audit Act 1983.



WILLIAM KIRKBY-JONES AM
CHAIRMAN



SEAN O'TOOLE
MANAGING DIRECTOR

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We Start with People in Mind.

OUR VISION.

We start with people in mind.

This means that we create places that provide the best foundations for communities – for the people who will live and work there and those who will come to visit.

Our aim is to build places that offer the greatest potential for people to interact. For Landcom, the best communities are those where people have a strong sense of belonging.

Our goal is to demonstrate excellence in economic, social and environmental sustainability through our projects. We are a forward-looking organisation, committed to being adaptable and innovative in solving problems.

WHAT WE DO.

Landcom is a New South Wales State Owned Corporation. Our purpose is to put into practice the State's plans for urban growth and change – to implement key government urban management objectives, while remaining commercially viable.

We develop land for a variety of urban purposes. This includes the creation of new urban areas in greenfield locations and the redevelopment of land within existing urban areas.

We are mainly engaged in delivering residential projects, but are also involved in industrial and commercial developments, as well as in the delivery of mixed-use employment centres.

We work on strategic and complex projects that range across the entire Sydney Metropolitan Area. However, we are also active within the Hunter and Illawarra Regions of NSW and in the Southern Highlands.

To achieve our objectives, we pioneer change throughout the wider development industry.

To be effective, we partner with the development industry, and State and Local Government to deliver our projects, wherever this is appropriate.

OUR VALUES.

We act ethically and professionally at all times. We value the qualities of integrity and fairness in dealings with our customers, partners, stakeholders and employees.

Overview of the Year

This year we have integrated our sustainability and financial reports into one comprehensive report. Set out below are a number of Landcom's corporate, project and sustainability highlights for the year, as well as a summary of the challenges we are facing in our business.

Corporate Results

Delivery > We delivered a total of 1,179 homesites, detached dwellings and home units to the market across all our projects during the year.

EBIT > Our earnings before interest and tax (EBIT) were \$72.6 million.

Returns to Government > We returned \$61.7 million to the NSW Government in the form of a dividend and tax-equivalent payments.

Job Creation > An estimated 6,050 jobs and over \$474.2 million in economic output were generated, directly or indirectly, as a result of our development activities in 2005/2006.

Better Partnerships > We simplified our Tender and Expression of Interest documentation in order to make it easier for the private sector to do business with us.

Awards

HOUSING INDUSTRY ASSOCIATION 2005 GREENSMART AWARDS

CATEGORY: Design Concept
WINNER: Greenway Views
CATEGORY: Water Efficient Housing
WINNER: Prince Henry at Little Bay

HOUSING INDUSTRY ASSOCIATION 2005 HOUSING AWARDS

CATEGORY: Special Purpose Housing
WINNER: Jarrah House, Prince Henry at Little Bay

URBAN DEVELOPMENT INSTITUTE OF AUSTRALIA 2005 NSW AWARDS OF EXCELLENCE

CATEGORY: Concept Design
WINNER: Edmondson Park Rezoning & Masterplan
CATEGORY: Marketing
WINNER: Prince Henry at Little Bay

PLANNING INSTITUTE OF AUSTRALIA AWARDS

CATEGORY: Environmental Planning & Conservation
COMMENDATION: Prince Henry at Little Bay

Sustainability Results

Corporate Initiatives

- We hosted another Sustainability Forum during the year, the subject of which was "Corporate Responsibility".
- We developed internal Due Diligence Guidelines for social sustainability, along with a Community Facilities Resource Book.
- We also hosted an "Eco Living Fair" at our Park Central estate in Campbelltown, to showcase contemporary innovations in sustainability for local residents.
- We launched our Street Design Guidelines and the highly popular "My Neighbourhood" education initiative.

Water Quality

- We achieved good results in water quality management this year, continuing the steady gains realised in previous years. Water quality gains this year included a 35% reduction in nitrogen and a 59% decrease in suspended solids released from our developments into the natural environment.
- We also achieved our mean annual phosphorus load reduction target two years earlier than projected, with a 45% reduction in phosphorus loads. These results were delivered through our Water Sensitive Urban Design Strategy.

Greenhouse Gas Savings

- The total greenhouse gas savings from homes constructed during the year is estimated to be 122 tonnes per year compared to average houses in NSW.
- Landcom homes approved under the BASIX 25 requirements averaged 36 BASIX points for energy conservation.

For full details of our sustainability performance during the year, please refer to pages 28–43.



Prince Henry, Little Bay

Project Results

Prince Henry at Little Bay

- Jarrah House at Prince Henry, a unique facility for drug dependent women and their children, was built by Landcom and opened by the NSW Premier on 4 July 2005.
- In March 2006, we executed agreements with St Lukes/ Multiplex to deliver 114 self-care apartments and 119 bed assisted care facilities, with work on this part of the project expected to commence in mid 2006.
- In April, we completed work on the Yarra Bay Community Centre, a facility for the La Perouse Aboriginal community.

Rouse Hill Regional Centre

- In April 2006, the Minister for Planning launched the commencement of construction for the project and, by June, construction work was well underway.
- The Ironbark Ridge Primary School, located on site, was officially opened in November 2005.

North West Sydney Projects

- We ran an "Ideas Competition" for the Western Sydney Parklands during October 2005, generating a high level of positive community interest.
- Site works commenced at Second Ponds Creek early in 2006 and, during March, we successfully negotiated a formal Planning Agreement for this project with Council, as well as detailed development guidelines.

South West Sydney Projects

- We formally launched our Macarthur Gardens project in August 2005.
- The last remaining apartments at our Park Central development were sold during the year.
- We commenced land sales at our Greenway Views development in December 2005, with the Catholic School on the Estate opening in time for the 2006 school year.
- In January 2006, we secured development consent for our Middleton Grange Release Area and in March we were successful in negotiating the rezoning of the entire Edmondson Park Release Area.

For further details of our projects, please refer to the foldout on pages 22–27.

Challenges

While Landcom takes pride in its achievements, we acknowledge that there is always room for improvement.

This year, we have faced challenges in meeting our moderate income housing and renewable energy targets. We also recognise the continuing difficulties in delivering effective biodiversity management and social sustainability across our projects.

- We faced challenges in meeting our moderate income housing target during the year, delivering 6.4% of our housing product at a price considered affordable to moderate income households. This was down from last year's result of 12% and lower than our target of 7.5% by 2008.
- While we are aiming to install solar hot water systems within all our built form projects by 2008, we only managed to install them in 32% of homes that were constructed during the year, down from last year's result of 36%.
- We have flagged the environmental performance of our contract builders working on Landcom sites as a concern.
- We continue to work towards striking an appropriate balance between biodiversity conservation and the business of land development, which includes land clearing.
- While we have recognised the importance of putting the right building blocks in place to encourage communities to develop and prosper, we acknowledged the difficulties and limitations in approaching this issue and we continued to explore new ways of promoting socially sustainable communities.

For a detailed explanation of these issues and Landcom's response, please refer to the Challenges section on page 44.

Landcom's achievements are nothing more than the collective measure of its people.



LANDCOM MET OR EXCEEDED ALL OF ITS FINANCIAL TARGETS, DESPITE THE PROLONGED AND SEVERE DOWNTURN EXPERIENCED BY THE HOUSING SECTOR DURING THE YEAR.

It is commendable that in such testing market conditions the Corporation was able to slightly outperform its sales revenue and gross margin budgets. Net profit after tax was \$44.3 million against a budget of \$38.7 million and earnings before interest and tax (EBIT) were \$72.6 million compared to a budget of \$71.4 million. In total, Landcom returned to the Government the sum of \$61.7 million.

During the year, Landcom continued its leadership in the implementation of sustainable development principles. There is now a well established culture throughout the Corporation which embraces and promotes the values of economic, environmental and social sustainability in all of the projects that Landcom undertakes.

Not all of the sustainability targets were met, but the very monitoring of performance enables us to learn what barriers exist and what difficulties confront our people in their drive to achieve their sustainability targets. These experiences then challenge Landcom to find alternative ways and means of achieving the longer-term

sustainability goals that the Corporation has set for itself.

During the year, the New South Wales Treasury undertook a wide-ranging review of Landcom's operations; it was the third such review in the last ten years. The Board and Senior Management used the review as an opportunity to refine the Corporation's portfolio of projects to ensure that they focus on the strategic and complex developments that are closely aligned to the Government's urban management agenda.

The review was seen by the Board to be a helpful exercise and it confirmed Landcom's position as a valuable Government business enterprise.

The year ahead is likely to be equally as challenging as the one just ended, although there are tentative signs of a very modest recovery in the housing sector. That the market will recover is beyond question and when it does, Landcom must be in a sound position to quickly produce products to meet the improved market demand. For this reason, much effort will be directed towards planning and designing new products and achieving development application approvals, together with "tender-ready" engineering and civil works documentation.

Landcom's achievements are nothing more than the collective measure of its people. They have performed particularly well in a difficult and increasingly complex market environment. The Board of Directors is most appreciative of their efforts and pays tribute to their skill and dedication.

It is, of course, the Managing Director who is responsible for the leadership of the organisation and for providing and fostering the achievement of the Corporation's vision. Mr O'Toole has again led the Corporation with distinction and we are delighted to announce that he has accepted the Board's invitation to renew his contract for a further term of three years.

After ten years of service, Ms Penny Morris AM resigned from Landcom's Board in order to accept an appointment to the Board of the Mirvac Group. The Board acknowledges with gratitude the outstanding contribution that Penny Morris has made to the growth and well-being of Landcom and we wish her well in her new role.

Last, I thank my fellow Directors for their support, encouragement and good humour. They provide lively debate and wise counsel and they make my job most enjoyable indeed.

A handwritten signature in dark ink that reads "William Kirkby-Jones". The signature is written in a cursive, slightly slanted style.

WILLIAM KIRKBY-JONES AM
CHAIRMAN



The integration of our annual sustainability and financial performance reporting is a natural progression for Landcom.

WE LISTENED TO THE NEEDS OF OUR PRIVATE SECTOR PARTNERS AND TOOK STEPS TO MAKE IT EASIER TO DO BUSINESS WITH LANDCOM.

We have reported separately on our annual sustainability performance over the last four years. Over that period, we have gradually incorporated these practices within all our business and decision-making processes. This year's Annual Report integrates our sustainability and business reporting requirements within the one document.

The year was a period of significant change for Landcom. The Corporation met the key challenges set for it by Government. We delivered a total of 1,179 dwelling equivalents to the market, both in newly emerging communities and across a wide range of urban renewal projects.

Highlights for the year include the commencement of construction at the Rouse Hill Regional Centre. We launched projects at Macarthur Gardens and Greenway Views. We sold the last of our apartments at Park Central and we maintained progress on the delivery of our major land supply initiatives on the outskirts of Sydney.

A new Metro Strategy for Sydney was released, citing Landcom as the organisation best suited to implement the Government's urban management agenda. With our projects already closely aligned to the Government's Strategy, we focused our activities towards setting the benchmark for future development within the Growth Sectors and on assisting the newly created Growth Centres Commission. In recognition of the scale of our operations, we also emerged as an important coordinator of major infrastructure.

The NSW Treasury review of our operations left us with a renewed vision and a greater sense of our purpose. We undertook a major review of our holdings and significantly reduced our portfolio to 35 major projects. An asset realisation strategy was developed and a responsible programme of "non-core" asset sales was commenced during the year, to be concluded by 2006/2007.

We continued to invest in our future, seeking out new projects and improving our business processes. We listened to the needs of our private sector partners and took steps to make it easier to do business with Landcom. We tested the effectiveness of our relationships with Local Government and undertook to develop closer partnering arrangements with councils.

The future will no doubt bring further challenges. We must balance the costs associated with promoting sustainable development with the need to maintain housing affordability and we must continue to promote responsible urban growth while minimising our impact on biodiversity.

Landcom continues to meet these challenges in partnership with the building and development industry. I acknowledge the positive impact that these relationships have on our ability to influence the strategic direction of Sydney's growth and I thank our partners for their contributions: Mirvac, Lend Lease and General Property Trust, Australand, Stockland, Sunland, St Lukes/Multiplex, Urban Pacific, and the Greenfield Development Corporation.

Finally I thank the people of Landcom – our staff, the management team and the Board. They are Landcom's foundation and its future. The impressive results of the past year are a testament to their teamwork.

SEAN O'TOOLE
MANAGING DIRECTOR

GOVERNANCE STRUCTURE

Landcom is a State Owned Corporation, operating under the Landcom Corporation Act 2001.

Our objectives under the Act are to:

- Undertake strategic and complex development projects.
- Assist the Government in achieving its urban management objectives.
- Be a successful business, operate efficiently and maximise the net worth of the State's investment in it.
- Be a responsible developer.
- Be socially responsible and protect the environment.
- Display a sense of responsibility towards regional development and decentralisation.

In 2005/2006, overall control of the Corporation was exercised by Landcom's Portfolio Minister, the Hon Frank Sartor MP in conjunction with the Hon John Della Bosca BA MLC and the Hon Michael Costa MLC, acting in the capacity of Shareholder Ministers.

Our activities are overseen by a Board of Directors acting on behalf of Landcom's shareholders. The Board's main responsibilities are to set strategic direction, establish Landcom's major objectives, identify and manage risk and ensure that the Corporation complies with all relevant legislation.

The Board meets with Senior Management early each year to set the strategic direction for the organisation and to specify key corporate targets to be achieved for the following financial year. Landcom's Corporate Plan and its Statement of Corporate Intent are the products of this process.

While Board meetings are held monthly, Board members also preside over a number of committees established to oversee specific issues requiring ongoing review. These are the Audit and Risk Management, Marketing and Sales, Information Technology and Remuneration Committees.

LANDCOM BOARD

The Directors of the Landcom Board during 2005/2006 were:

WILLIAM KIRKBY-JONES AM *DIP CD, FAICD, FAIM, FAMI*

CHAIRMAN

Mr Kirkby-Jones secured his experience in the building and development industry as founding Managing Director of the Defence Housing Authority and earlier, as the Managing Director of the Housing Industry Association. He currently holds a number of non-executive directorships.

In 1992, he was made a Member of the Order of Australia for outstanding service to the housing industry.



SEAN O'TOOLE *DIP T&CP, DIP ENV STUDIES, GAICD, FRAPI, ASSOC AIVLE*

MANAGING DIRECTOR

Mr O'Toole has been the Chief Executive of Landcom since 1996. Prior to joining Landcom, he held senior positions in urban planning at both State and Local Government levels.

Sean is a member of the Australian Property Institute, an associate of the Australian Institute of Company Directors, and has qualifications in real estate valuation, town planning and environmental management.

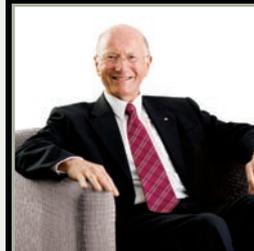


NEIL BIRD AM *B ARCH, GRAD DIP MGT, FRAIA, FAICD, FPIA, FAPI*

DEPUTY CHAIRMAN

Mr Bird has substantial experience in the development industry, including senior executive positions in companies such as the Delfin Property Group and Pioneer Housing Group.

Neil is a member of the Central Sydney Planning Committee and was made a Member of the Order of Australia in 2000 for services to urban development.



ROBYN CLUBB *B ECON, CA, ASIA, MAICD*

Ms Clubb's experience is in the financial services industry and includes corporate advisory, corporate lending, retail superannuation, retail funds management and involvement in international ventures.

Robyn has worked at a senior management level in Australia and New Zealand, and on assignment in China and the United Kingdom.



CHRIS CARROLL *LLB (HONS)*

Mr Carroll is a solicitor who has a background in property and commercial law. He was in-house solicitor for Lend Lease for 10 years. He has held senior positions with Lend Lease and Medallist – a residential joint venture between Macquarie Bank and Greg Norman.

Chris is currently the General Counsel and Head of Corporate Services of the Valad Property Group.



GAE RABY *B ECON*

Ms Raby has a background in economics and has extensive experience in the development and management of major community services programmes at the federal and state level.

Gae has held senior positions in a broad range of government agencies, including the Land Coordination Unit and the Department of Family and Community Services.



PENNY MORRIS AM *B ARCH (HONS), M ENVSCI, DIP CD, FRAIA, FAICD*

RESIGNED 01.03.06

For more information on Directors see: www.landcom.com.au



Victoria Park, Zetland



MICK OWENS

GREG SOUTH

KERRY ROBINSON

DAVID CRAIG

GEOFF JOYCE

The Managing Director is appointed by the Board after consultation with the voting shareholders and the Portfolio Minister. The General Managers are appointed by the Managing Director after consultation with the Board.

DIVISIONAL GENERAL MANAGERS

MICK OWENS

B SURV, MIS

GENERAL MANAGER DEVELOPMENT

Mick leads urban development teams responsible for delivering Landcom projects in southern Sydney, the Southern Highlands, Shellharbour and Wollongong.

He has a particular responsibility to manage projects and stakeholder relationships that are of strategic importance to Sydney's future growth.

Mick has more than 20 years experience in the property industry. He is fostering innovation, sustainability and higher quality development, particularly within major growth centres.

GREG SOUTH

B ECON, ASA

GENERAL MANAGER CORPORATE AND FINANCE; CORPORATE SECRETARY

Greg oversees the provision of finance and corporate services across Landcom and ensures that appropriate financial and commercial infrastructure is in place for Landcom's operations and projects.

Greg's background and experience, working with some of Australia's leading construction companies, adds a critical element to the management team.

KERRY ROBINSON

BTP (HONS), ASS DIP VAL, MPJA, MAICD

GENERAL MANAGER DEVELOPMENT

Kerry manages Landcom's urban development projects in Sydney's north and west, as well as the central coast and the Hunter Region.

He has more than 20 years experience in the property industry, having worked in Local Government, private consultancy and a range of private sector development organisations.

Kerry also manages Landcom's Commercial and Industrial Business Unit.

DAVID CRAIG

B BUS, ACA

GENERAL MANAGER CORPORATE MARKETING

David manages Landcom's sales, promotion and corporate marketing activities.

He has more than 13 years marketing experience, including senior roles within the sports, entertainment and fast moving consumer goods industries.

David works with a motivated sales and marketing team, dedicated to assisting the operational divisions of Landcom in achieving their objectives.

GEOFF JOYCE

B COM, ACA, FAICD

GENERAL MANAGER DEVELOPMENT

Geoff manages Landcom's urban renewal ventures and his responsibilities include the management of Landcom's business development team.

He has over 25 years senior management experience in both the private and public sectors, drawing on formal qualifications in commerce, accounting and management.

His expertise extends across the property development, construction and leisure industries.

The Management Executive comprises the Managing Director, the five divisional General Managers, the Corporate Strategy Director, the Sustainability Director, the Business Development Director and the Executive Officer.

Landcom's Role in Sydney's Future Growth



Sydney is a city that functions and interacts on a global level. It consistently rates as one of the world's best cities, recognised for its natural beauty, domestic harmony and lifestyle. Its recent growth has been driven by its economic strength and by the quality of life it provides.

While the effective management of this growth is a core Government responsibility, a number of significant challenges are beginning to emerge as Sydney forges ahead. How can Sydney grow in a sustainable way, so that all residents have equal access to essential services, transport, jobs and affordable housing? And what is the best way to coordinate the timely provision of essential infrastructure?

If Sydney's quality of life or its economic competitiveness is diminished by its own growth, then its ability to function as a global city and as Australia's leading capital will be threatened.

The Government is responding to these challenges, launching a Metropolitan Strategy for Sydney in December 2005, to guide policy and to help shape private sector investment decisions.

The success of any metropolitan strategy rests in its implementation. A level of intervention will always be required, to ensure that the implementation of the critical or more commercially difficult components of Sydney's growth takes place in a timely manner and in alignment with the Government's objectives.

Landcom provides this intervention. We direct a portfolio of projects which is making a difference to the future development of Sydney on a metropolitan scale.

We complement the Department of Planning's role, which is to set the planning framework for metropolitan growth, by delivering projects with strategic metropolitan outcomes such as the Green Square Town Centre, the Rouse Hill Regional Centre and major land releases within the new Growth Sectors.

We use these projects to ensure that the strategic elements of Sydney's future growth are implemented.

THE "LANDCOM MODEL"

Landcom has developed a business model that unlocks complex sites, creates opportunities for the private sector and enables us to leverage our investment.

We begin by selecting our projects on the basis that they deliver a significant overall contribution to the Government's urban management agenda.

We often partner with the private sector to deliver these projects. This has a number of benefits. Among other things, it increases our capacity to deliver and to influence the quality of the development outcome.

We have also developed successful partnering arrangements across Government, encouraging higher levels of cooperation among Government landowners to unlock the hidden potential of their surplus sites.

550
people per
week

Sydney's population grows by more than 550 people every week, according to Australian Bureau of Statistics estimates. This increase in population generates a need for new homes. Landcom released 1,179 dwelling equivalents for sale in 2005/2006.

70%

of Sydney's future growth in new dwellings will take place within existing urban areas.

The recently released Metro Strategy for Sydney proposes that up to 70% of Sydney's growth in new dwellings take place within existing urban areas, with remaining growth being accommodated as new urban development in fringe locations.

We have capitalised on these arrangements to foster positive relationships across Government, the development industry and among the community, and this is fundamental to our success. We draw on our relationships to bring stakeholders together in resolving deadlocked or sensitive issues – using consensus and conciliation to address constraints and to broker solutions for our sites.

We use our projects to develop and market test innovative practices that promote emerging Government policy. We then apply these innovations in partnership with the development industry to lead and accelerate the introduction of innovation into mainstream practice.

And we do all this while maintaining a strong commercial focus which ensures we remain self funding. We continue to invest in new projects, initiatives and innovations in order to guarantee sustainable financial, social and environmental returns to Government over the long term.

MAKING THINGS HAPPEN

Landcom's projects are focused within future Growth Sectors and along urban renewal corridors.

We are working on projects that support major business centres and maintain a satisfactory supply of land within developing areas before new Growth Sectors can be brought on line. Our projects within the recently announced South West and North West Growth Sectors provide Landcom with a unique opportunity to set the benchmark in terms of urban design, housing diversity and environmental sustainability for the massive private sector development that is to follow.

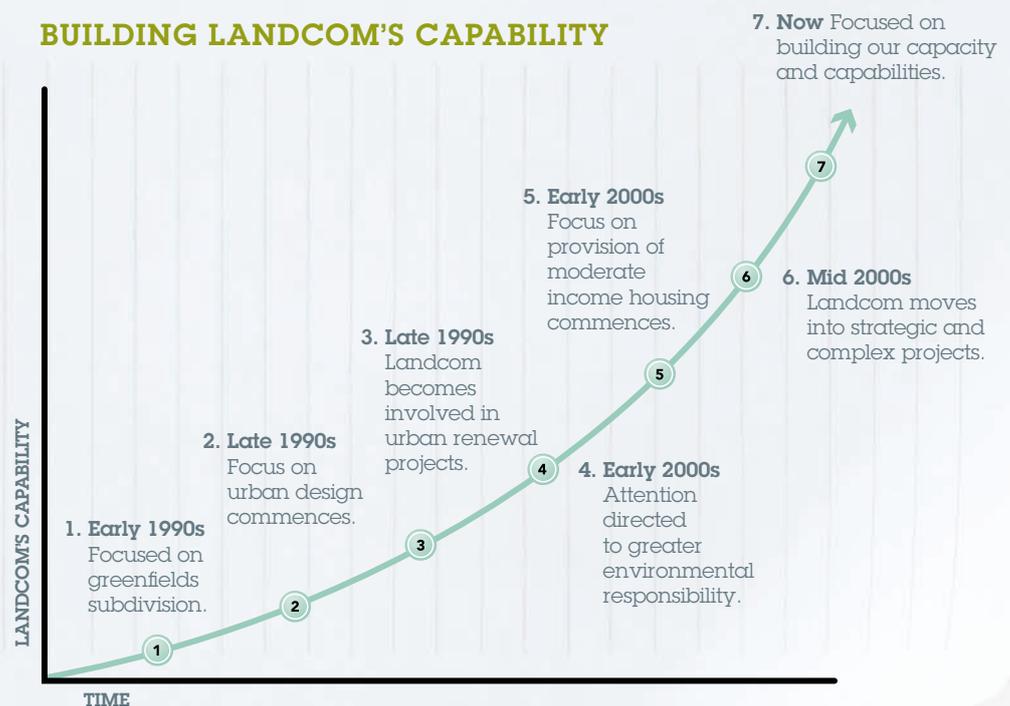
We are using our projects to promote "infrastructure led" development, where essential services that are either within our direct control or our sphere of influence – such as transport, open space, community, social, environmental and economic infrastructure – are delivered in an orderly way, in line with demand.

FUTURE OPPORTUNITIES

While Landcom's primary focus is on the Sydney region, we are also active in outer metropolitan regions such as the Hunter and the Illawarra. With the Metro Strategy now in place, regional strategies are to follow, with a draft plan for the Hunter already announced and similar plans for the Central Coast and the Illawarra expected early in 2006/2007.

There is an emerging role for Landcom in assisting its Local Government partners to deliver sustainable development outcomes in accordance with these strategies, particularly around designated regional cities such as Parramatta, Liverpool, Penrith, Gosford, Newcastle and Wollongong. Landcom also expects to increase its focus on the delivery of higher density development within existing urban areas, assisting our State and Local Government partners to deliver their urban renewal targets in a sustainable way.

BUILDING LANDCOM'S CAPABILITY



Strategic and Complex Projects



Rouse Hill Regional Centre, artist's impression

One of Landcom's most important roles is to take on strategic or complex projects in which the wider development industry may be either unwilling or unable to become involved.

We bring stakeholders together and work to resolve constraints, which enables us to better define the risk. We then either develop the site ourselves or package up the result as an opportunity for the private sector.

Over time, Landcom has assembled a strong portfolio of strategic projects that are capable of demonstrating best practice in social, environmental and economic sustainability. Our involvement in bringing to fruition the Rouse Hill Regional Centre and in the redevelopment of the Prince Henry site at Little Bay are two excellent examples of Landcom in action.

ROUSE HILL REGIONAL CENTRE

Construction commenced during the year on the first stage of the Rouse Hill Regional Centre, a \$1.5 billion development that is set to transform the region, serving a population of 250,000 and creating 12,000 new jobs.

Being developed in a partnership arrangement between Landcom, the Department of Planning, Lend Lease and the General Property Trust, the Centre will deliver a more traditional main street shopping precinct.

A fully integrated development is proposed, comprising up to 200,000 sqm of commercial and retail floor space, 1,800 new homes, extensive community facilities and open space. The project will provide vital transport, community facilities and other infrastructure early in the development and in line with demand. A transport interchange is being built with

A major upgrade of Windsor Road is also proposed, which will provide access to the M2 and M7 motorways.

In spite of its scale, the project cleverly integrates a wide range of environmental initiatives. More than 30% of the site will be open space and a \$10 million scheme is proposed to rehabilitate the Caddies Creek riparian corridor. Parking will be predominantly underground, ensuring the project is pedestrian and bike friendly. These environmental initiatives will result in an ecological footprint 19% smaller than a standard centre of equivalent size.

The Centre underpins existing and future Government investment in the North West Growth Sector and will be the benchmark for future development.



12,000

new jobs will be created at the Rouse Hill Regional Centre.

Over time, Landcom has assembled a strong portfolio of strategic projects that are capable of demonstrating best practice in social, environmental and economic sustainability.

provision for heavy rail and will form a gateway to the Centre. Construction of a bus transit-way to Parramatta is already underway and is due for completion before the first stage opens.



Left: Artist's impression, Aboriginal Health and Medical Research Council, Prince Henry, Little Bay Right: Prince Henry, Little Bay

PRINCE HENRY AT LITTLE BAY

The issues surrounding this former hospital are complex. They include long-standing Government commitments to existing site users and controversy surrounding the hospital's closure. Added to the mix is the fact that the site contains significant Aboriginal and European heritage, as well as remnant bushland of state and national significance, a geological site, wetlands, Little Bay Beach and a wide range of community uses.

As site owner and masterplanner, Landcom has played a crucial role in bringing together all stakeholders, creating workable solutions to optimise the site's value while also addressing the community's expectations.

Landcom's vision has been to create a development that is seamlessly integrated with its natural setting and the surrounding community. Our masterplan has managed a fine balance between old and new, skillfully integrating the site's heritage and environmental values and combining them with a mix of new land uses. The project will ultimately deliver 900 homes in a diverse range of dwelling types, aged care accommodation, a medical centre and community

facilities, while keeping 80% of the site in public ownership and creating a showcase of coastal urban renewal.

The development features an impressive array of social and environmental sustainability initiatives, including a comprehensive management plan for heritage items and the ecologically endangered community of Eastern Suburbs Banksia Scrub, an award winning Water Sensitive Urban Design Strategy, energy efficient design and solar energy initiatives that exceed current standards.

Now that major issues have been resolved and controls for the site established, we are partnering with the private sector to deliver most of the development.

Our development partners for this project are: Stockland, Sunland and St Lukes/Multiplex.

Landcom has played a crucial role in bringing together all stakeholders, creating workable solutions to optimise the site's value while also addressing the community's expectations.

900

homes in a diverse range of dwelling types at Prince Henry at Little Bay.

Creating Opportunities for our Partners



Discovery Point, Wolli Creek

Landcom believes in creating opportunities, not constraints.

We pass on the opportunities we create through our projects to benefit both Government and the community we serve. However, our ability to deliver is very much dependent on the partnerships we establish and the relationships we foster.

PRIVATE SECTOR PARTNERSHIPS

We deliver many of our projects through project delivery agreements with the development industry. These agreements offer a number of advantages.

From our point of view, they allow us to set a clear direction for a project by resolving site constraints and by establishing

suitable planning and project standards upfront. The involvement of the development industry, particularly once development commences on site, increases our capacity to deliver, leverages better quality products and more sustainable outcomes. It allows Landcom to bridge the gap between commercial reality and Government policy, with the ability to achieve its objectives being guaranteed through its control of the final built form.

From the point of view of our private sector partners, our delivery agreements provide for an equitable sharing of risk. We do this by removing the obstacles to development, packaging up opportunities for the private sector in a way which defines and limits the project risk.

Rather than operating in competition, Landcom unlocks sites and creates opportunities for the building and development industry, whenever this is appropriate.

Partnering opportunities for the private sector are expected to increase in the future. We intend to maximise our opportunities, set the parameters for development and then, where relevant, allocate the delivery aspects to the private sector.

GOVERNMENT PARTNERSHIPS

Landcom negotiates formal delivery agreements for projects with a range of Government land owning agencies, such as the Department of Community Services at Renwick and the Department of Housing at Minto. These agreements allow the land owning agency to remain an equity partner in the project and to share in the financial and social outcomes.

We also believe in fostering closer partnerships and strategic alliances with those Government and local council stakeholders with which we conduct most of our business.

PARTNERING WITH SYDNEY WATER

In September 2005, Landcom signed a Memorandum of Understanding with Sydney Water, allowing for the design and construction of major sewer and potable water lead-in works for Landcom's Middleton Grange project. This not only benefits Landcom's development, but is instrumental in allowing the entire Release Area to proceed.

LANDCOM PARTNERED PROJECTS

Newbury:	Mirvac
Greenway Views:	Australand
Oran Park:	Greenfield Development Corporation
Blue Gum:	Urban Pacific
Prince Henry:	Stockland, St Lukes/Multiplex, Sunland
Second Ponds Creek:	Australand
Discovery Point:	Australand
Macarthur Gardens:	Stockland
Rouse Hill:	Lend Lease/GPT



Green Square Town Centre, artist's impression

Throughout the year, formal agreements were executed with Sydney Water, Integral Energy and Telstra, resulting in a number of tangible benefits both to Landcom and to the agencies concerned and promoting closer cooperation in matters of mutual interest. They delivered greater efficiencies to Landcom's approval processes, as well as a number of sustainability initiatives.

Taking a wider view, the promotion of these alliances resolves critical infrastructure issues, improves the Government's performance

in delivering transport, energy and water and fosters greater cooperation across Government in promoting the delivery of its urban management agenda.

STRIVING TO DO BETTER

While Landcom already has a strong track record in negotiating partnering arrangements and strategic alliances, its future effectiveness depends on extending and fostering these arrangements.

After surveying its private sector partners during the year, Landcom undertook to engage with them more formally. We held a Better Practices Workshop in November 2005. The aim of the Workshop was to present our findings and to bring our partners up to date on what we were doing to improve the way Landcom does business.

We also commissioned a detailed survey during the year into the effectiveness of our relationships with Local Government.

The results of this survey were generally positive and the findings highlighted several councils which expressed an interest in partnering with Landcom on strategic projects. While further work is still to be done in developing these arrangements, the close relationship developed during the year between Landcom and the Council of the City of Sydney – established to progress the \$2.25 billion Green Square Town Centre project – will provide an excellent foundation.

Landcom is well aware that it doesn't hold all the answers. However, the strength of our partnering arrangements is that they encourage joint answers to the common issues facing both the public and the private sector. It remains a highly effective way to create opportunities, share ideas and deliver solutions.

PARTNERING WITH CITY OF SYDNEY

After negotiations had previously stalled over the future development of the Green Square Town Centre, the City of Sydney agreed to the formation of a high level taskforce – comprising Councillors and Planning Delegates – to cooperate with Landcom in resolving outstanding planning and infrastructure difficulties. Agreement was reached on our initiatives for the proposed Town Centre by August 2005, and on the negotiation of a formal partnership arrangement with Landcom regarding the provision of essential infrastructure. By April 2006, controls for the Town Centre had been exhibited, adopted by Council and forwarded to the Minister for Planning.

After listening to our stakeholders, we completely revised our Expression of Interest and Tender documentation during the year. The revised documents feature simplified requirements and reduced red tape. Most importantly, they minimise the time and cost involved for the private sector to respond.



Park Central, Campbelltown

Learning about Sustainable Neighbourhoods



Students at Flinders Public School, Shellharbour

One of Landcom's more challenging objectives is to promote greater sustainability awareness among its customers and throughout the broader community.

Our research has shown us that overall sustainability awareness among our consumers is low and that changing consumer behaviour and understanding is going to be difficult, requiring a longer-term view.

"MY NEIGHBOURHOOD" INITIATIVE

With such a challenging task before us, we took the view that it should start from the beginning.

With this in mind, we set ourselves the task of developing and delivering a "sustainability education programme" suitable for primary school students. The intention was to reach out to young people at a time when they are starting to develop an awareness of the issues that affect their neighbourhood and the environment.

Called "My Neighbourhood", this educational initiative was developed by Landcom in partnership with the Department of Education and Training and has been expressly designed for the NSW school curriculum. It is a fully interactive, computer-based initiative, specifically targeting the interests of 8 to 10 year old children.

The programme introduces primary school students to the built environment and simply aims to raise their awareness.

My Neighbourhood provides five separate learning experiences for children, in a fun environment. Activities include recording the nature of the local neighbourhood and creating a simulated "walk through"; exploring the sights and sounds of different types of neighbourhoods, including what makes them unique; working out the circumstances where different kinds of development work best and, finally, the ability to "build" their own 3D neighbourhood, using the lessons learned along the way. The programme, produced on CD-ROM with an accompanying Teachers' Guide, has been distributed free of charge to all Government, Catholic and independent primary schools in NSW – approximately 2,600 schools in all. The programme is also freely available online at landcom.com.au/education.

LONGER-TERM BENEFITS

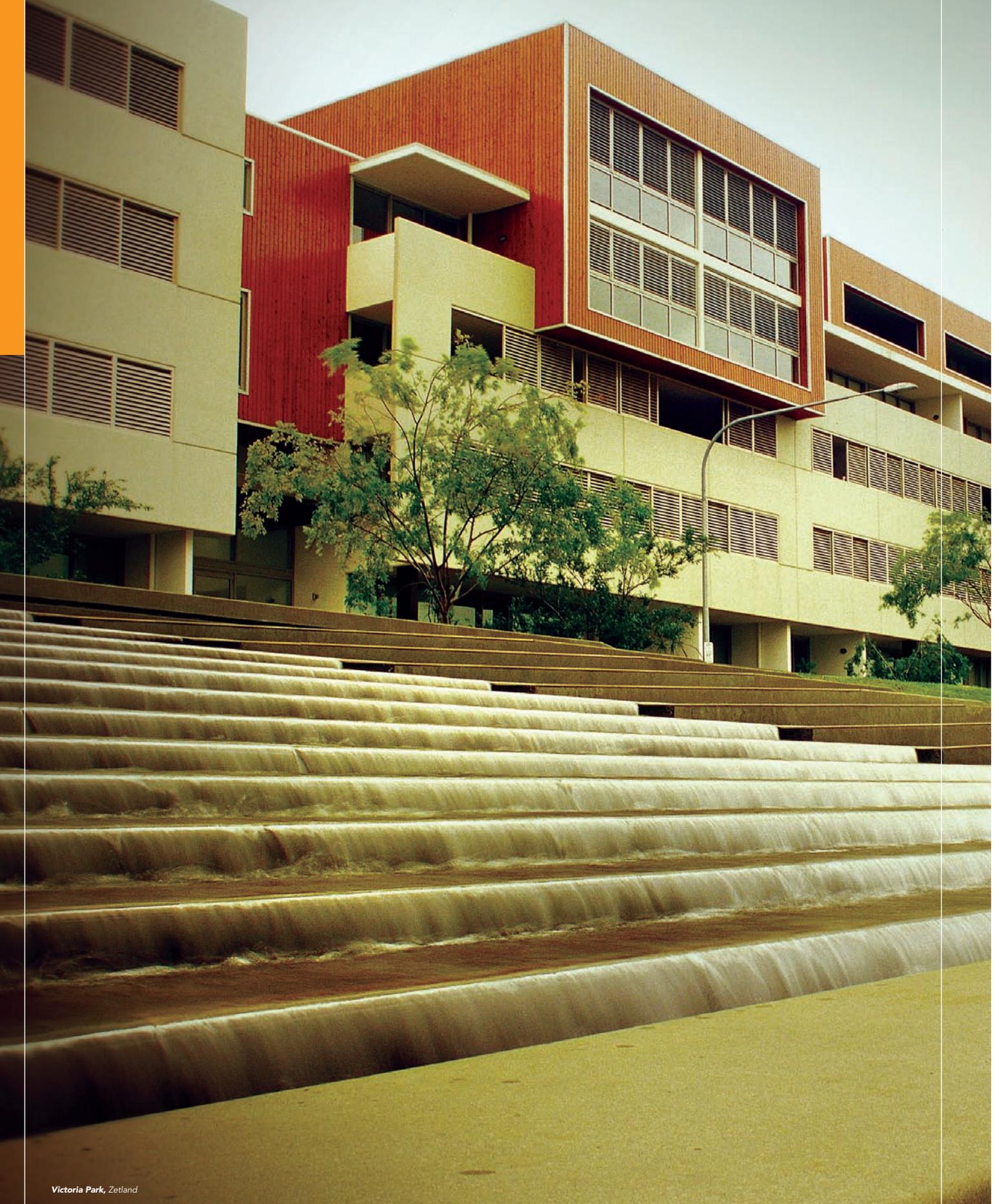
By thinking outside the square, Landcom has been able to apply its experience in a different way to increase community understanding of the benefits of sustainability at a grass roots level.

Healthy communities tend to be those that provide opportunities for people to participate in decisions that affect them. My Neighbourhood provides students with the skills to begin to join in public discussion by educating them about the issues and how different stakeholders are affected.

Approximately 2,600 schools have received the teaching resource, "My Neighbourhood".



Influencing Design



Victoria Park, Zetland



Hunterford, Oatlands

For Sydney's growth to continue to be sustainable, its outward expansion must be contained and higher densities within existing urban areas will need to be strongly encouraged.

While there are signs that this is already happening, with higher densities and apartment living becoming increasingly the norm, many of the changes have been very unpopular.

Sydneysiders still tend to want large homes, privacy from their neighbours and safe streets. They are also increasingly demanding a wider choice of housing and affordable products. While many of these expectations may seem impossible to fulfil, particularly in higher density developments, the answer lies in good design.

Sydneysiders still tend to want large homes, privacy from their neighbours and safe streets.

At Landcom, we have been promoting the benefits of good design within our own developments for some time. We stand by our strong track record of delivering projects that set new benchmarks for the development industry, at Victoria Park, Hunterford, Newbury and elsewhere. However, we accept that there is always room for improvement.

EXPERT PROJECT REVIEW PANEL

We use a Project Review Panel of external specialists to independently assess our projects and to promote improvements. We refer our projects to the Panel for review several times during the planning and development phase, seeking design input, constructive criticism and creative solutions to problems. By seeking independent assessment at the beginning of the planning and design process, we have been able to address potential flaws early. This maximises our ability to make meaningful improvements.

MEMBERS OF THE PROJECT REVIEW PANEL

Peter Dransfield
Director, Layrir Pty Ltd

Professor Ed Blakely
Director, Planning Research Centre at the University of Sydney.

David Chesterman AM
Founding Director of the architectural firm, Jackson Teece Chesterman Willis.

Richard Johnson MBE
Director, Johnson Pilton Walker Architects.

Roderick Simpson
Principal, Simpson Wilson Architecture and Urban Design.

Susan Young
Director, UrbisJHD.

OUR STREET DESIGN GUIDELINES

This year, Landcom produced guidelines on street design, the first in a series that will eventually include built form and open space guidelines.

Our Street Design Guidelines are significant in that they have been developed from an urban design perspective, providing a balanced view of social, environmental and aesthetic needs, while also satisfying engineering or traffic safety requirements.

Put simply, they encourage streets that people like.

The Guidelines promote best practice in street design and include a number of model street examples. They provide practical solutions to common issues such as improving "connectivity" (how streets can increase access, spread traffic loads and integrate new and old communities) and "functionality".

Landcom sought out a diverse range of independent experts to assist it in developing the Guidelines. This external input has ensured that the Guidelines are robust and capable of responding to all possible stakeholder interests. They have been well received within Local Government across New South Wales and interstate and they are being used to assist councils in wider discussions with the development industry on a range of other projects.

The Street Design Guidelines are available on the accompanying CD-ROM. 

Our Approach to Sustainability Reporting



Newbury, Stanhope Gardens

Our commitment to sustainable development means that we aim to ensure our developments, products and services have no net adverse effect on the environment, the economy or the community in which we operate. Landcom's objective is to move beyond a "minimum harm" philosophy by adopting practices that add value and enhance community life, the environment and the economy.

WHAT SUSTAINABILITY MEANS TO US

In addition to being commercially viable, our business philosophy is also guided by four sustainability principles. We endeavour to:

1. deliver a sustainable quality of life;
2. conserve resources;
3. minimise our impact on biodiversity; and
4. minimise pollution.

A number of key performance indicators and targets underpin each of these principles and are publicly reported every year.

For example, we promote a sustainable quality of life by being a socially responsible employer and by ensuring we are a socially responsible developer for our customers and the communities we serve. We measure our performance by gauging our success in this area against indicators such as provision of moderate income housing, community development, community consultation, heritage conservation, stakeholder relationship management, employee satisfaction and many more.

Indicators such as integrated urban water cycle management, energy efficiency and waste minimisation underpin our objective of conserving resources. And our efforts in reducing the impact of our operations on biodiversity are measured by indicators such as native vegetation and riparian corridor management.

Sometimes our sustainability objectives overlap. For example, making our developments more energy efficient reduces greenhouse gases, which in turn reduces pollution. Similarly, introducing integrated urban water cycle management within our projects improves stormwater management, which in turn reduces urban runoff.

INTEGRATING SUSTAINABILITY INTO OUR BUSINESS

We have integrated our sustainability philosophy into our business processes and our day-to-day operations. Sustainability targets are set in our business plans and included in the individual performance agreements negotiated with our staff.

We also pass on our sustainability performance criteria and targets as essential requirements for our private sector partners, either as part of Landcom's supplier pre-qualification process or as requirements within our Tender documents and development agreements.

The sustainability criteria adopted for our partners and those for our supplier pre-qualification can be found on the accompanying CD-ROM. ☐

Process diagrams illustrating the integration of sustainability into our business can also be found on the accompanying CD-ROM. ☐

THE GLOBAL REPORTING INITIATIVE

This Report is in accordance with the requirements of the Global Reporting Initiative's 2002 Sustainability Reporting Guidelines. ☐

SUSTAINABILITY REPORTING BOUNDARIES

Every Landcom project is monitored against sustainability criteria and performance targets through our sustainability reporting system. Detailed tracking of our projects helps us to better understand, on a practical level, what we need to do to implement our sustainability philosophy.

While we masterplan and manage major infrastructure works on most of our projects, we tend to deliver building construction through partnering arrangements with private sector developers or builders. Our products, the methods we employ to deliver these products and our ability to exercise direct control over built form outcomes have determined our sustainability indicators and reporting boundaries. For the purposes of Landcom's sustainability reporting, its projects have been divided into two groups that reflect the level of its influence and control, as follows:

1. Projects where the end product delivered to the consumer is "land".

Most of this land is sold to the public as individual house lots or to private business interests as industrial land. Landcom has little control over the final built form where it no longer owns the land. For these projects, the most effective control mechanism is through the development approvals process exercised by the consent authority.

2. Projects where the end product delivered to the consumer is dwellings (i.e. "built form" projects).

Landcom tends to have more control under these arrangements, especially when it delivers dwellings in a partnered arrangement with another developer or with builders. Under this scenario, Landcom can exercise additional control to promote key sustainability and urban design objectives.

Our sustainability indicators have been tailored so that they are relevant for the two types of project referred to above. Therefore, not all indicators are applicable to all our projects. We also report on our corporate responsibility and governance performance through a series of supplementary indicators (see page 42).

SUSTAINABILITY INDICATORS AND PERFORMANCE TARGETS

Landcom's sustainability indicators were developed in conjunction with its key stakeholders during an extensive consultation programme conducted over 2001/2002. The details of this consultation process were reported in the "Towards Sustainability 2002" report. 

The selection of our sustainability indicators was based on the following:

- the significance and relevance of the indicator to our core business;
- whether the indicator enables us to demonstrate a change in our performance over time;
- our ability to exercise direct control or influence over the indicator;
- whether the indicator could be easily understood and communicated;
- whether clear and measurable targets could be developed to illustrate our performance against the indicator; and
- the likelihood of data being readily available to enable the reporting of our performance against the indicators, as well as our ability to retrieve accurate and meaningful data from third-party sources (contractors and builders, etc).

Landcom conducted comprehensive research for a number of its adopted sustainability indicators so that realistic and measurable targets could be set. This research was necessary to ensure that Landcom, while setting robust targets, did not nominate targets that imposed an undue burden on its private-sector partners.

Adherence to our sustainability indicators is not the only means by which we deliver sustainable development. However, they are intended to give an overall picture of the potentially significant impacts of our core business.

To ensure that they remain relevant to our business, they are subject to regular review.

REVIEW OF INDICATORS

Defining sustainability indicators is not always easy and we continue to look for better ways to meaningfully report our progress in some areas.

In 2005/2006, we engaged the Total Environment Centre and Corporate Responsibility to review our current indicators, along with the sustainability reports we have produced over the past four years. We asked them to make recommendations for improvements. We also asked a number of industry associations (such as the Housing Industry Association, the Urban Development Institute of Australia and the Property Council of Australia) for their feedback, along with our developer partners, employees, contractors and builders. Full details of the stakeholder reports we received are available on the accompanying CD-ROM. 

Most of the recommendations related to improving the presentation of information and better navigation. However, suggestions were offered about a number of indicators, including transport and accessibility, land use efficiency and density, affordable housing and access to green space.

In 2006/2007 we will integrate these stakeholders' suggestions/recommendations in a comprehensive review of Landcom's sustainability indicators. This review will be conducted in conjunction with a reference group that will include internal and external stakeholders.

Finally, we have recognised that there is a gap in how we measure Landcom's performance in terms of social sustainability. During 2005/2006, we developed a draft Social Sustainability Policy for Landcom to provide guidance on social risk assessment principles and "objective setting" for our projects. These principles are currently being trialled across a number of our projects. We also formed an expert social sustainability reference group to help us develop measurable and meaningful social indicators.

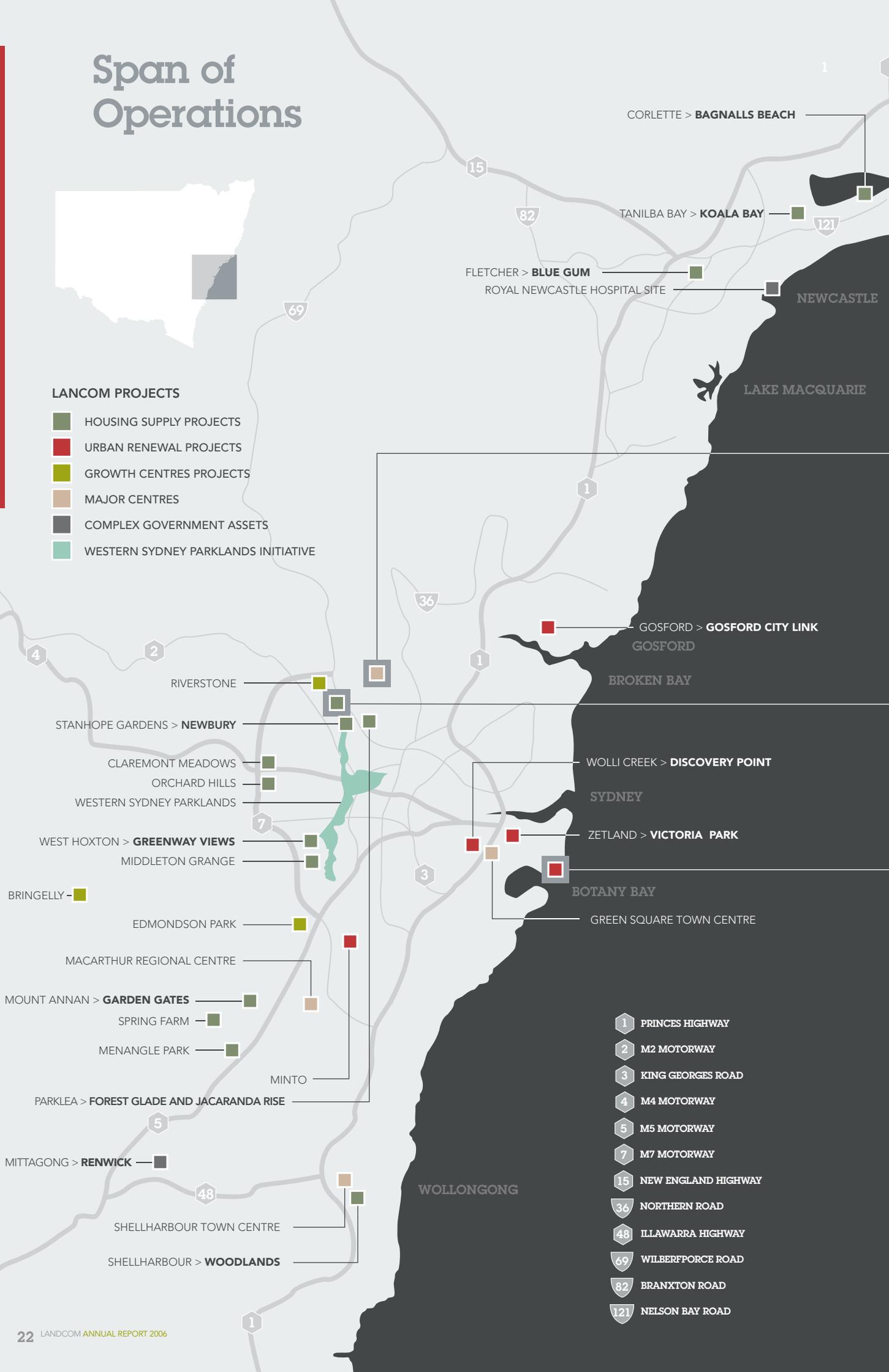
Defining sustainability indicators is not always easy and we continue to look for better ways to meaningfully report our progress.

Span of Operations



LANCOM PROJECTS

- HOUSING SUPPLY PROJECTS
- URBAN RENEWAL PROJECTS
- GROWTH CENTRES PROJECTS
- MAJOR CENTRES
- COMPLEX GOVERNMENT ASSETS
- WESTERN SYDNEY PARKLANDS INITIATIVE



- 1 PRINCES HIGHWAY
- 2 M2 MOTORWAY
- 3 KING GEORGES ROAD
- 4 M4 MOTORWAY
- 5 M5 MOTORWAY
- 7 M7 MOTORWAY
- 15 NEW ENGLAND HIGHWAY
- 36 NORTHERN ROAD
- 48 ILLAWARRA HIGHWAY
- 69 WILBERFORCE ROAD
- 82 BRANXTON ROAD
- 121 NELSON BAY ROAD

PORT STEPHENS



32 ha

of public open space at this regional centre will include 27ha of riparian corridor conservation area.

ROUSE HILL > REGIONAL CENTRE

12,000

new jobs will be created as a result of this regional centre development.

MAJOR CENTRES PROJECT

88 ha

of contiguous public open space will be provided in Second Ponds Creek including 60 ha of riparian and biodiversity conservation corridors.

SECOND PONDS CREEK



HOUSING SUPPLY PROJECTS

3,200

dwellings will be delivered in Second Ponds Creek over the next 10 to 15 years providing a diverse range of housing in North West Sydney.

URBAN RENEWAL PROJECTS

PRINCE HENRY > LITTLE BAY



80%

of Prince Henry at Little Bay will remain in public ownership. The heritage significance of the site will be protected, including 19 heritage buildings, a geological site, 4.2 ha of Eastern Suburbs Banksia Scrub, and archaeological and Aboriginal features and artefacts.

900 homes

Prince Henry at Little Bay will deliver 900 homes and a wide range of community facilities.

HOUSING SUPPLY PROJECTS



Blue Gum

Minimi Road, Fletcher

LGA: Newcastle

Area: 119 ha

Development Proposed:

690 dwellings, 41 ha including riparian corridor and biodiversity conservation areas, retail facilities, school and community centre.

Key Facts:

Landcom's Blue Gum Estate is providing an important source of greenfield land and housing supply in the Hunter Region. The Estate is being developed in a partnership arrangement with the private sector in accordance with Landcom's detailed masterplan and development parameters. Solar water heating, integrated water cycle management, the incorporation of moderate income housing and community development initiatives are requirements of the formal agreement negotiated between Landcom and its delivery partner.

Current Status:

Urban Pacific has been selected as Landcom's private sector partner to provide the key infrastructure and the delivery of built form.



Greenway Views

Carmichael Drive, West Hoxton

LGA: Liverpool

Area: 21 ha

Development Proposed:

320 dwellings, a high school, riparian corridor rehabilitation, embellishment of local playing fields and provision of a cycleway along the adjoining Western Sydney Parklands.

Key Facts:

Landcom's Greenway Views Estate, being developed in a partnering arrangement with Australand, is providing an important source of greenfield land and housing supply while future releases are planned and developed within the Metro Strategy's South West Growth Sector. The development features a rationalised boundary with the adjoining Western Sydney Parklands and fully rehabilitated riparian corridors and wetland areas. The latest BASIX water and energy efficiency targets were incorporated within this development well before these targets were introduced as minimum standards. A renewable energy initiative has also been included, which will provide 16 KW solar power generating capacity within the Estate and solar water heating.

Current Status:

Development approval for the entire release area has been granted and staged construction has commenced. First lots were released and the high school opened in February 2006.



Menangle Park

Menangle Road, Campbelltown

LGA: Campbelltown

Area: 300 ha

Development Proposed:

Up to 2,200 dwellings.

Key Facts:

The Menangle Park Release Area will provide an important source of greenfield land and housing supply in Sydney's south west. The possible enforcement of existing mining licences had the potential to delay development of this key site by up to 30 years. Landcom, a major land owner within the area, has brought together multiple State agencies to resolve these complex mining issues and is now turning its attention to remaining planning and environmental constraints.

Current Status:

Landcom is proceeding with detailed planning following a recent Government decision that urban development can proceed.

URBAN RENEWAL PROJECTS



Discovery Point

Princes Highway, Wolli Creek

LGA: Rockdale

Area: 7.8 ha

Development Proposed:

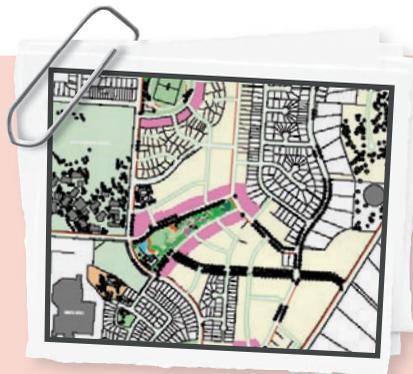
1,100 dwellings, 55,000 sqm of commercial and retail area, heritage conservation and 2.5 ha (or 1/3 of the total site) as foreshore park.

Key Facts:

Landcom brought together a range of State Government land owners and developed a comprehensive planning framework to realise this major urban renewal project at the edge of the strategic CBD-airport corridor. Located on a rail interchange, this is a transport-oriented development being delivered in partnership with Australand. It incorporates the revitalisation of the Cooks River foreshore, innovative water recycling initiatives, as well as the restoration of several heritage buildings. High density apartments support the Airport Rail Link and the business floor space provides accessible commercial and retail space for secondary airport functions.

Current Status:

This project is in the delivery phase. One residential tower has been completed and a second is under construction. The foreshore park, along with the restoration of Tempe House and St Magdalen's Chapel has also been completed.



Minto

Ben Lomond Road, Minto

LGA: Campbelltown

Area: 84 ha

Development Proposed:

Over 1,100 dwellings, public open space and a multi-use community centre.

Key Facts:

Landcom is partnering with the Department of Housing and Campbelltown City Council to redevelop an existing public housing estate at Minto. The redevelopment will lower the proportion of public housing from 100% to 30%, which is intended to reduce the issues that have troubled this Estate in the past by providing much greater housing and socio-economic diversity. Landcom's solution for this site will provide a model for addressing poor standard public housing elsewhere and also generates funding for the Department of Housing to provide public housing in alternative locations.

Current Status:

Concept plan was approved in June 2006. Construction is due to commence in early 2007.



Victoria Park

Joynton Avenue, Zetland

LGA: City of Sydney

Area: 25.2 ha

Development Proposed:

Up to 2,500 dwellings, 35,000 sqm of commercial and retail area, open space and community facilities.

Key Facts:

This award winning project is one of Landcom's most ambitious undertakings and has been the catalyst for the massive redevelopment now occurring in and around Green Square. The development was specifically designed to accommodate a rapidly changing housing market and caters for a wide range of housing types. The project has been used to develop and prove a range of cutting edge design and environmental features now being rolled out across Landcom projects. It provides a working showcase for excellence for the development industry.

Current Status:

This project is well into the delivery phase with over 1,000 apartments already delivered on site along with key infrastructure, community facilities and open space. The development is being progressively delivered by the private sector in accordance with Landcom's detailed masterplan and design requirements.



Second Ponds Creek

Hambledon Road, Schofields

LGA: Blacktown
Area: 330 ha

Development Proposed:

3,200 dwellings and approximately 88 ha of contiguous open space including 60 ha of riparian and biodiversity corridors.

Key Facts:

Second Ponds Creek provides a crucial source of housing supply while future land releases are planned and developed in the North West Growth Sector. The project is being developed by Landcom in partnership with Australand. It features a major open space, conservation and riparian corridor, to be managed in perpetuity via an innovative environmental trust arrangement brokered by Landcom. A package of financial and other incentives has also been developed to encourage future residents to invest in energy efficient initiatives, including solar power. The project will deliver a substantial upgrade to Schofields Road – connecting Rouse Hill Regional Centre to the Blacktown-Richmond rail line.

Current Status:

The Second Ponds Creek project is in the delivery phase. Civil works for services, infrastructure and public domain are currently underway, with bushland conservation and regeneration works to be undertaken by Greening Australia.



Middleton Grange

Mclver Avenue, Middleton Grange

LGA: Liverpool
Area: 40 ha

Development Proposed:

655 dwellings, public open space, riparian corridor rehabilitation and community facilities.

Key Facts:

Middleton Grange is the first major development within the South Hoxton Park Release Area, providing a source of greenfield land and housing supply while future land releases are planned and developed within the South West Growth Sector. Landcom has delivered the bulk infrastructure to the entire Release Area, including recycled water. The Estate will feature a Demonstration Village aimed at improving market awareness of the benefits of sustainable building design. The Village includes "life cycle" housing concepts – homes which can adapt to accommodate the changing needs of residents over time.

Current Status:

Development consent for the first stage of the Release Area has been granted and construction of this stage is to commence during 2006/2007.



Mt Annan/Spring Farm

Mount Annan

LGA: Camden
Area: 120 ha

Development Proposed:

2,060 dwellings across both sites, public open space, neighbourhood centre and community facilities.

Key Facts:

Mount Annan/Spring Farm are adjacent Landcom owned sites that will provide a source of greenfield land and housing supply while future land releases are planned and developed within the proposed South West Growth Sector. Landcom has been active in resolving environmental constraints, site masterplanning and in infrastructure delivery throughout the area over the past decade.

Current Status:

Mount Annan is in the delivery phase, with housing sales underway. Undeveloped land within Mount Annan and Spring Farm is being packaged as a partnering opportunity for the private sector.



Prince Henry

Anzac Parade, Little Bay

LGA: Randwick
Area: 83 ha

Development Proposed:

900 dwellings, restoration of 19 heritage buildings, conservation of 4.2 ha of Eastern Suburbs Banksia Scrub, community facilities and open space.

Key Facts:

Landcom's Prince Henry development is significant for its sensitive environmental, social and heritage issues and its coastal location. Landcom's solution for the redevelopment of the former hospital has addressed all these issues, while still realising the site's potential value. While it will provide 900 homes in a diverse range of dwelling types, including aged care, the development also features an impressive array of social and environmental sustainability initiatives. These include: conservation of Aboriginal and European heritage items; extensive community facilities; a comprehensive management plan for



Endangered Ecological Communities on site; an award winning, integrated water cycle management strategy; energy efficient design initiatives that exceed current standards (including solar water heating); and an ongoing consumer education strategy to promote sustainable living practices among future residents. All this while returning 80% of the site to the public as open space for community purposes.

Current Status:

Remediation works are complete and site works are underway. A number of community uses are now housed on the site within new facilities like Jarrah House, as well as in restored heritage buildings. The first homesites have been sold and agreements have been negotiated with Stockland, Sunland and St Lukes/Multiplex to deliver the medium density and aged care components.

COMPLEX GOVERNMENT ASSETS



Renwick

Bong Bong Road, Mittagong

LGA: Wingecarribee
Area: 116 ha

Development Proposed:

600 dwellings, village centre including retail, childcare and community facilities, 30 ha of open space including parks, local woodland and extensive riparian corridor.

Key Facts:

Landcom is developing this surplus Government asset in a partnering arrangement with the site owner, the Department of Community Services. The site represents an important opportunity for Landcom to demonstrate its development capability in an emerging regional market. Located along the strategic Sydney-Canberra corridor, this land has been identified in Wingecarribee Council's 1999 Strategic Plan as the next area earmarked for residential development in the Southern Highlands. The proposal will feature a range of social and environmental sustainability initiatives and aims to respect and reinterpret the unique highlands character.

Current Status:

The Renwick project is in the planning stage. A draft Local Environmental Plan has been endorsed by Council and gazettal is anticipated during 2006/2007.



Newbury

Old Windsor Road, Stanhope Gardens

LGA: Blacktown City

Area: 157 ha

Development Proposed:

1,800 dwellings, district shopping, leisure and community facilities, open space and two schools.

Key Facts:

This project set a new benchmark in the standard of urban design within Release Areas, and the built form concepts that Landcom pioneered here are now being applied across a number of greenfield developments. Landcom's masterplan and detailed design guidelines for the site ensured that greater prominence was given to solar orientation and energy efficient house design. These principles are now being delivered throughout the Estate by Mirvac, in a partnering arrangement with Landcom. Newbury provides a source of greenfield land and housing supply while future land releases are planned and developed within the proposed North West Growth Sector.

Current Status:

Newbury is in the delivery phase and housing sales are underway. Most major community facilities (a primary school, parks, district shopping centre, recreation centre and so on) have been delivered.

GROWTH CENTRES PROJECTS



Oran Park/Bringelly

The Northern Road, Bringelly

LGA: Camden

Area: 1,300 ha

Development Proposed:

2,000 dwellings, town centre, public open space, riparian conservation corridors, community facilities and schools.

Key Facts:

The Oran Park landholding is the largest in the South West Growth Sector and among the first planned for release. The first stage of this project is being delivered by Landcom through a partnering arrangement with the Greenfield Development Corporation. It represents a unique opportunity for Landcom to work with the Growth Centres Commission to coordinate the major infrastructure required for the Growth Sector and enables Landcom to set the benchmark on dwelling density, urban design, infrastructure delivery and town centre development for the major development that will follow.

Current Status:

The Oran Park/Bringelly project is in the masterplanning stage.



Edmondson Park

Camden Valley Way, Hume Highway and Zouch Road

LGA: Liverpool

Area: 795 ha (entire Release Area)

Development Proposed:

The Release Area will have a total of 7,500 dwellings; Landcom's landholdings will deliver approximately 800 dwellings. The Release Area includes a town centre comprising 25,000 sqm retail and commercial area, neighbourhood community facilities, schools, and 150 ha of regional open space including 116 ha of ecologically endangered Cumberland Plain Woodland communities.

Key Facts:

Edmondson Park is a major Release Area which is at the forefront of the comprehensive planning processes proposed for the adjacent South West Growth Sector. While the Release Area is highly fragmented, Landcom has coordinated and funded precinct and infrastructure planning on behalf of all stakeholders. Landcom will also deliver on key government objectives of early delivery of higher density housing around the proposed town centre and the long-term management of ecologically endangered Cumberland Plain Woodland communities.

Current Status:

The local environmental plan supporting the rezoning of the entire Release Area was gazetted in March 2006.



Royal Newcastle Hospital

Shortland Esplanade, Newcastle

LGA: Newcastle

Area: 1.28 ha

Development Proposed:

Up to 450 dwellings and 3,000 sqm commercial area.

Key Facts:

This project is a unique opportunity for Landcom to convert a redundant health facility to apartments and associated commercial/retail uses – demonstrating leading edge design in a regional location, while still respecting the site's heritage significance and sensitive coastal location. The site itself is iconic, superbly located on the beachfront and yet still within the city centre. Working in partnership with the Department of Health, Landcom will deliver a landmark residential project, setting the standard for Newcastle in terms of project scale, design quality and environmental sustainability.

Current Status:

Landcom has submitted a concept plan for consideration under Part 3A of the Environmental Planning and Assessment Act and has sought preliminary interest from the development industry to deliver the project.

MAJOR CENTRES



Green Square Town Centre

Botany Road, Zetland

LGA: City of Sydney

Area: 14 ha

Development Proposed:

2,850 dwellings, 120,000 sqm of commercial and retail area.

Key Facts:

This \$2 billion development will be the commercial and residential centerpiece for Sydney's largest urban renewal area and will incorporate the latest trends in transport oriented development, and energy and water efficient design.

The project is complex, involving multiple Government and private land owners, site contamination and infrastructure augmentation. Landcom is working in partnership with the City of Sydney to deliver a commercially viable town centre and infrastructure funding method, including the potential integration of water reuse opportunities. Landcom's innovative "Development Rights Scheme" will fund the required infrastructure expansion and will also encourage existing owners to develop their land.

Current Status:

Council has endorsed the draft Local Environmental Plan for the town centre, with gazettal anticipated during 2006/2007.



Macarthur Regional Centre

Surrounding Macarthur Railway Station, Campbelltown

LGA: Campbelltown

Area: 148 ha

Development Proposed:

Up to 2,400 dwellings, public open space (including Marsden Regional Park), rehabilitation of Birunji Creek riparian corridor, aged care, medical and community facilities.

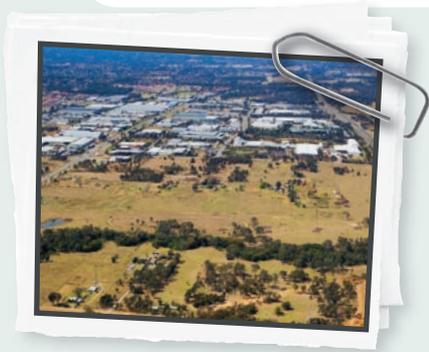
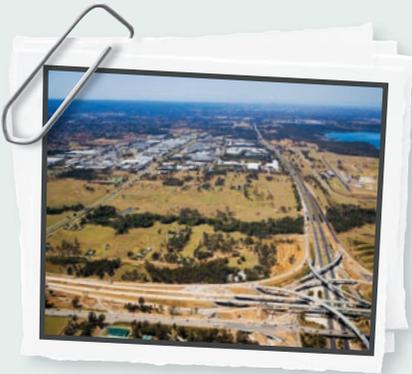
Key Facts:

This is an amalgamation of 3 separate projects which capitalise on the superior access to transport, shopping and community facilities available around the Campbelltown/Macarthur Regional Centre. It brings to fruition a central element of the Macarthur Regional Strategy, setting new standards in housing diversity and providing a practical demonstration of the Government's preferred model for future development across the Growth Sectors. Landcom's Park Central development delivered energy and water efficiency targets well in advance of BASIX requirements being introduced, incorporating initiatives such as rain water tanks and solar water heating.

Current Status:

Landcom's Park Central development is in the delivery phase and well advanced, while delivery of Landcom's Macarthur Gardens project has commenced under a partnering arrangement with Stockland. The UWS Campbelltown project, a proposed partnering arrangement between Landcom and the University of Western Sydney, is currently under investigation.

WESTERN SYDNEY PARKLANDS INITIATIVE



Bungarrabee Development Precinct – Huntingwood and Doonside

Brabham Drive and Great Western Highway; Doonside Road and Eastern Creek Road

LGA: Blacktown

Area: 56 ha at Huntingwood;
88 ha (45–55 ha developable) at Doonside

Development Proposed:

Employment area with potential for 500 jobs at Huntingwood; and approx 800 dwellings, open space and connections to the adjoining Western Sydney Parklands at Doonside.

Key Facts:

Landcom is project managing the rezoning, concept approval and sale of both these sites, on behalf of the Department of Planning. The sites adjoin the Western Sydney Parklands and development proceeds will ultimately be used for development of the Regional Park. Landcom will ensure that both developments take into account their

sensitive relationship with adjoining parklands. In the case of Doonside, submissions received during the Western Sydney Parklands Ideas Competition are being incorporated into a Concept Plan for the adjoining portion of the Parkland.

Current Status:

Both sites are in the investigation/planning stage.



Shellharbour Town Centre

Memorial Drive, Shellharbour

LGA: Shellharbour

Area: 12 ha

Development Proposed:

15,000 sqm retail and commercial area, 100 dwellings, a cinema and a public park.

Key Facts:

Landcom has used its Shellharbour Town Centre site to integrate a “main street” style retail and entertainment precinct within an existing commercial centre serving a sub-regional population of over 100,000. Landcom has planned and delivered the base line infrastructure, allowing the private sector to develop new retail, commercial and entertainment facilities in accordance with strict design guidelines. The main street has developed into a central focus for the entire Town Centre, connecting two previously disconnected “centres” to the east and west.

Current Status:

The Shellharbour Town Centre project is in the final stages of development.

Rouse Hill Regional Centre

Windsor Road, Baulkham Hills

LGA: Baulkham Hills

Area: 124 ha

Development Proposed:

Up to 1,800 dwellings, 200,000 sqm retail and commercial area, community and recreation facilities, 32 ha of public open space including 27 ha of riparian corridor conservation area.

Key Facts:

This \$1.5 billion regional shopping and business centre at Rouse Hill will cater for the future demands of the North West Growth Sector and will eventually serve a regional population the size of Canberra. The site is owned by the Department of Planning and is being developed by Lend Lease and General Property Trust, in a partnering arrangement with Landcom and the Department of Planning. Landcom is managing the project on the Government's behalf and has developed both the planning and project delivery framework. Despite its size, the project has a significantly lower ecological footprint when compared to similar regional centre developments and features the reestablishment of the Caddies Creek riparian corridor.

Current Status:

Construction of the town centre is currently underway and residential construction is due to commence in December 2006.

2005/2006 Performance Summary

A DETAILED LIST OF PROJECTS REPORTED IN 2005/2006 IS PROVIDED ON PAGE 31.

For the Complete Indicator Data Tables, please refer to the CD-ROM. 

INDICATOR	DESCRIPTION	TARGET	2005/2006 PERFORMANCE	2004/2005 PERFORMANCE	2003/2004 PERFORMANCE	2002/2003 PERFORMANCE	
1	Urban Water Cycle Management (see page 32)	Percentage reduction in water consumption compared to the base case.	40% 2008	37%	43%	31%	22%
		Percentage reduction in the mean annual load of total nitrogen (TN).	45% 2008	35%	21%	19%	15%
		Percentage reduction in the mean annual load of total phosphorus (TP).	45% 2008	45%	38%	33%	26%
		Percentage reduction in the mean annual load of total suspended solids (TSS).	80% 2008	59%	48%	45%	No data
2	Moderate Income Housing (see page 37)	Percentage of total yield (lots, house/land packages, dwelling units) that is delivered within the moderate income housing range.	7.5% 2008	6.2%	12%	7%	3%
3	Effectiveness of Community Consultation (see page 42)	Percentage of Landcom projects where community consultation was done using a stakeholder consultation plan in accordance with Landcom's Stakeholder Consultation Workbook.	100% 2005	100%	83%	55.6%	16.7%
4	Community Facilities (see page 37)	Number of school sites provided.	NA	0	2	3	0
		Number of courts for playing sport delivered (e.g. tennis, basketball, multi-purpose sport, etc).	NA	1	1	6	8
		Number of community halls or community hall sites provided.	NA	0	0	2	9
		Number of playgrounds provided.	NA	2	3	4	10
5	Welcome Programme (see page 37)	Percentage of projects with more than 200 homesites that had a Welcome Programme.	100% 2008	70%	62%	55%	40%
		Percentage of households that had a Welcome Programme visit within 2 weeks of home occupation.	100% 2008	60%	64%	96%	20%
6	Consumer Education on Sustainable Living (see page 42)	Percentage of projects that have marketing material that includes consumer education on sustainable living.	100% 2008	0	0	17% (2 out of 12 projects)	0%
7	Reuse and Recycling of Construction and Demolition Materials (see page 33)	Percentage of recovery (reuse and recycle) of total construction and demolition waste materials generated from civil works contracts delivered in that year.	95% 2006	98%	92%	96%	93%
		Percentage of recovery (reuse and recycle) of total construction and demolition waste materials generated from building construction projects delivered in that year.	76% 2014	No data	No data	No data	No data
8	Energy Efficiency (see page 33)	Reduction in greenhouse gas emissions, compared with base case, as per the Energy Smart Communities Policy.	40% 2008	14.5%	15.5%	10%	6.6%
9	Influencing Design (see page 38)	Percentage of projects where Landcom influences the builders' product by specifying design criteria.	NA	75% (3 out of 4 projects)	86% (6 out of 7 projects)	100% (9 out of 9 projects)	77%

INDICATOR		DESCRIPTION	TARGET	2005/2006 PERFORMANCE	2004/2005 PERFORMANCE	2003/2004 PERFORMANCE	2002/2003 PERFORMANCE
10	Sustainable or Renewable Energy Supply (see page 34)	Percentage of dwellings fitted with gas boosted solar hot water system.	100% 2008	32% (53 out of 167)	36% (91 out of 251)	44% (99 out of 226)	0%
		Percentage of projects greater than 500 dwellings that include a component of renewable energy supply, either on-site or off-site, as per the Energy Smart Communities Policy.	100% 2008	NA (Note 1)	100%	NA	NA
11	Native Vegetation Management (see page 35)	Loss of "high conservation significance" Endangered Ecological Communities.	No loss	29.4 ha cleared 119.1 conserved	14.0 ha cleared 30.9 ha conserved	0.44 ha cleared 9 ha conserved	NA
		Loss of "moderate conservation significance" Endangered Ecological Communities.	No target	59.09 ha cleared 16.4 ha conserved	3.1 ha cleared 7.5 ha conserved	8 ha cleared 2.3 ha conserved	1 ha cleared 0.6 ha conserved
		Loss of "low conservation significance" Endangered Ecological Communities.	No target	65.4 ha cleared 18.6 ha conserved	33.5 ha cleared 14.6 ha conserved	11.9 ha cleared 6.6 ha conserved	0.15 ha cleared 4.83 ha conserved
		Area of Endangered Ecological Communities replanted.	No target	29.1 ha replanted	63.3 ha	9.5 ha	10.4 ha
		Percentage of projects where Endangered Ecological Communities or Threatened Species are found that have an appropriate Vegetation Management Plan.	100% 2008	100%	100%	70%	67%
		Loss of native vegetation as potential habitat for Threatened Species.	No target	201.1 ha cleared 179.5 ha conserved (Note 2)	47.9 ha cleared 52.3 ha conserved	16.4 ha cleared 10.9 ha conserved	NA
12	Riparian Corridor Management (see page 36)	Loss of riparian corridors for Category 1 – high significance streams.	No loss	NA	0%	NA	NA
		Greater than 40 m of riparian corridor from top of bank for Category 1 – high significance streams.	100% 2008	NA	100%	NA	NA
		Length of in-stream breaks resulting from Landcom's design for Category 1 – high significance streams.	No breaks	NA	0 m	NA	NA
		20-30 m of riparian corridor from top of bank for Category 2 – moderate significance streams.	100% 2008	100%	100%	100%	100%
		Length of in-stream breaks resulting from Landcom's design for Category 2 – moderate significance streams.	No target	0 m	0 m	0 m	775 m realignment
		5-10 m setback from top of bank for Category 3 – low significance streams.	100% 2008	100%	100%	100%	100%
		Length of in-stream breaks resulting from Landcom's design for Category 3 – low significance streams.	No target	460 m piping	0 m	150 m piping	0 m
		Provide appropriate Riparian Corridor Management Plans (RCMPs) for all Landcom projects where riparian land exists.	100% 2004	100%	60%	43%	50%
13	Conservation of Indigenous Heritage (see page 38)	Percentage of projects with indigenous heritage issues where consultation occurred.	100%	100%	100%	100%	100%
		Percentage of significant indigenous heritage objects and places within Landcom projects that were conserved.	100%	NA (Note 3)	100%	100%	NA
		Percentage of projects with significant indigenous heritage issues that have a Conservation Management Plan developed.	100%	NA (Note 3)	100%	100%	100%

INDICATOR		DESCRIPTION	TARGET	2005/2006 PERFORMANCE	2004/2005 PERFORMANCE	2003/2004 PERFORMANCE	2002/2003 PERFORMANCE
14	Conservation of Non-indigenous Heritage (see page 38)	Percentage of significant heritage items conserved (except where unsafe or contaminated).	100%	100%	100%	89%	100%
		Percentage of significant heritage places conserved.	100%	NA (Note 3)	NA	100%	100%
		Percentage of projects with heritage listed items and places that will have a Heritage Conservation Management Plan.	100%	100%	100%	100%	100%
15	Regulatory Compliance (see page 43)	Percentage of projects that have achieved full regulatory compliance with Protection of the Environment Operations Act and other environment, OH&S and planning legislation.	100%	73%	93%	100%	100%
		Percentage of contracts that have environmental audits carried out.	100%	45%	64%	85%	21%
		Percentage of civil environmental audit scores greater than 75%.	100%	80%	100%	100%	89%
		Percentage of builder environmental audit scores greater than 75%.	100%	11% (1 out of 9)	43%	27%	25%
		Percentage of civil environmental audit scores less than 50%.	0%	0%	0%	0%	0%
	Percentage of builder environmental audit scores less than 50%.	0%	89%	0%	31%	50%	
16	Profitability (see page 41)	Sales revenue: Revenue is the total income Landcom receives including revenue from the sale of land, profit from joint ventures, project management services and miscellaneous items.	NA	\$317,276,000	\$326,939,000	\$333,253,723	\$281,222,000
17	Profitability (see page 41)	Sales margin: Sales margin is calculated as sales revenue on land sales less the total cost of developing that land divided by the sales revenue.	NA	38.9%	45%	48.8%	51.2%
18	Profitability (see page 41)	Return on sales: Return on sales is calculated as Landcom's net operating profit after tax divided by the total revenue from the sale of land.	NA	14%	19.2%	26.3%	29.5%
19	Profitability (see page 41)	EBIT: This is calculated as Landcom's earnings before interest and tax.	NA	\$72,610,000	\$99,315,000	\$132,180,000	\$127,130,000
20	Profitability (see page 41)	Return on equity: This is calculated as the earnings after tax divided by total shareholder equity.	NA	12.3%	17.2%	24.6%	26.1%
21	Profitability (see page 41)	Return on total operating assets: This is calculated as Landcom's profit after taxes divided by total operating assets.	NA	6.4%	8.4%	15.1%	16.5%
22	Financing Capacity (see page 41)	Debt to equity ratio – measure of the amount of debt funding (net) as a percentage of equity utilised by Landcom as at the end of the financial year.	NA	18.3%	23.6%	8.0%	9.5%
23	Returns to Government (see page 41)	Dividend and tax equivalent returned to the NSW Government during the reporting period.	NA	\$61,738,000	\$73,518,000	\$87,978,000	\$83,081,000
24	Job Creation (see page 41)	Total number of jobs created through Landcom's activities.	NA	6,050	7,868	5,270	4,470
		Total economic output generated from Landcom's activities.	NA	\$474,195,644	\$616,675,900	\$413,026,700	\$350,351,900

Note 1 The relevant projects masterplanned this year were not at a stage where the component of renewable energy could be defined.

Note 2 "Habitat" includes Endangered Ecological Communities where habitat is suitable for Threatened Species.

Note 3 While consultation had occurred on projects with potential indigenous and non-indigenous heritage values, the significance of objects and places had not been finalised during the reporting period.

NA Not applicable.

List of Projects Reported in 2005/2006

Landcom is reporting on a number of indicators in this report. Fifteen of these are project indicators, identified as Indicators 1-15 in the 2005/2006 Performance Summary Table (pp28-30).

Landcom reports the performance of its projects at 2 points in the development process, namely at completion of masterplans and construction stages. The indicators reported on a project within the reporting period will vary depending on the stage of the project completed during that period.

PROJECT	LOCAL GOVERNMENT AREA	SUBURB	REPORTING STAGE	LANDCOM'S PRODUCT (NOTE 2)	TOTAL NUMBER OF LOTS/ DWELLINGS PLANNED	NUMBER OF LOTS/ DWELLINGS REPORTED (DELIVERED IN 2005/2006)	INDICATORS REPORTED IN 2005/2006 (NOTE 3)
Bonaccordo	Blacktown	Quakers Hill	Delivery	Built Form	36	6 dwellings	1, 2, 4, 6, 8, 10
Forest Glade	Blacktown	Parklea	Delivery	Built Form	205	Whole site	5
Garden Gates	Camden	Mount Annan	Delivery	Land	654	71 lots	1, 2, 4, 5, 6, 9
Greenway Views	Liverpool	West Hoxton	Delivery	Built Form	320	20 dwellings	1, 2, 4, 5, 6, 8, 10
Guardian Grove	Baulkham Hills	Kellyville	Delivery	Land	73	Whole site	5
Jacaranda Rise	Blacktown	Parklea	Delivery	Land	99	Whole site	5
Lakeview	Shellharbour	Shellharbour	Delivery	Land	100	18 lots	1, 2, 4, 6, 9
Koala Bay	Port Stephens	Tanilba Bay	Delivery	Land	290	23 lots	2
Macarthur Gardens	Campbelltown	Campbelltown	Delivery	Built Form	898	15 dwellings	1, 2, 4, 5, 6, 8, 10
Merriville Rise	Baulkham Hills	Kellyville Ridge	Delivery	Land	211	Whole site	5
Newbury	Blacktown	Stanhope Gardens	Delivery	Land & Built Form	1,730	32 dwellings	1, 2, 4, 5, 6, 8, 10
Park Central	Campbelltown	Campbelltown	Delivery	Built Form	405	52 dwellings	1, 2, 4, 5, 6, 8, 10
Tallowood Hills	Baulkham Hills	Kellyville	Delivery	Land	542	Whole site	5
The Glen	Baulkham Hills	Kellyville	Delivery	Land	245	Whole site	5
Waterford	Bankstown	Punchbowl	Delivery	Built Form	119	27 dwellings	1, 2, 4, 6, 8, 10
Woodlands	Shellharbour	Flinders	Delivery	Land	997	47 lots & 15 dwellings	1, 2, 4, 5, 6, 8, 9, 10
Bagnalls Beach	Port Stephens	Corlette	Masterplan	Land	300	Whole site	3, 11, 12, 14
Charlestown	Lake Macquarie	Charlestown	Masterplan & Delivery	Land	32	32 lots	1, 2, 3, 4, 6, 9, 11, 12, 13, 14
Edmondson Park	Liverpool	Edmondson Park	Masterplan	Land	790	Whole site	3
GreenSquare	Sydney City	Zetland	Masterplan	Land & Built Form	2,500	Whole site	3, 11, 12, 14
Minto	Campbelltown	Minto	Masterplan	Land & Built Form	1,161	Whole site	3, 11, 12, 13, 14
Renwick	Wingecarribee	East Mittagong	Masterplan	Land	600	Whole site	3, 11, 12, 14

Note 1 Indicators 7 and 15 are not reported by project. Indicator 7 is based on contracts completed over the year, and Indicator 15 is based on contracts awarded over the year.

Note 2 Refer to page 21 for Land and Built Form definitions.

Note 3 Refer to 2005/2006 Performance Summary on pages 28 – 30 for indicator number references.

Environmental Indicators

WATER

INTEGRATED URBAN WATER CYCLE MANAGEMENT

Purpose

This indicator examines how Landcom manages the interaction between urban development and the water cycle including potable water, wastewater and stormwater. Landcom aims to promote water conservation and enhance water quality in existing urban catchments.

Targets

- 40% reduction in potable water use in all Landcom projects in comparison to the average typical household water use in Sydney.
- Use of non-potable water sources for public open space irrigation in all new projects.
- Achieving best practice water quality targets for stormwater runoff from all Landcom projects by 2008. The key water quality targets are 45% reduction in the mean annual load of total nitrogen (TN) and total phosphorus (TP) and 80% reduction in the mean annual load of total suspended solids (TSS).
- Maintaining post development storm discharges to the natural catchment storm discharge levels for the 1.5 year Average Recurrence Interval (ARI) event.

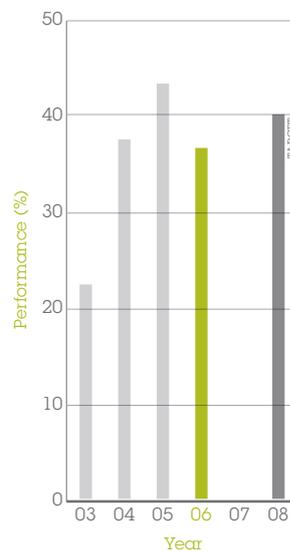
Results

A total of 80% of all projects in delivery during the year (i.e. 8 out of 10) had project specific Water Sensitive Urban Design (WSUD) strategies in place. This was an increase from last year's figure of 47%.

Water Conservation

Landcom achieved a 37% reduction in potable water consumption compared to average household water use in Sydney. While this figure is slightly lower than last year, we remain on track to achieve our 2008 target.

Non-potable water was used for open space irrigation in other developments during the year – at Park Central and Newbury. Stormwater and greywater recycling initiatives were integrated into the design at Prince Henry Hospital. And agreement was reached with Sydney Water to provide recycled water for most non-potable uses at our Rouse Hill Regional Centre, Second Ponds Creek, Middleton Grange and Edmondson Park projects. For further information, please refer to the CD-ROM. 



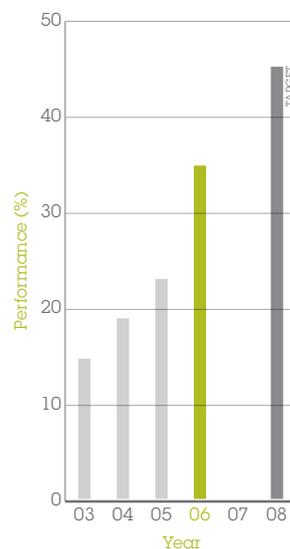
Water Conservation

Water Quality

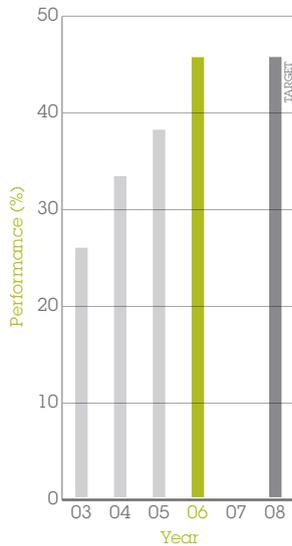
The WSUD measures implemented to improve water quality during the year resulted in a 35% reduction in the mean annual load of total nitrogen and a 45% reduction in the mean annual load of total phosphorus. A 59% reduction in the mean annual load of total suspended solids was also achieved.

Landcom improved its performance in each of these water quality indicators this year, particularly in relation to the phosphorus indicator, where we have already achieved our 2008 target of 45%.

No Ramsar listed wetlands will be affected by stormwater discharges from projects planned or delivered during the year. For further information, please refer to the CD-ROM. 



Total Nitrogen Reduction



Total Phosphorus Reduction

Flow Management

Over the year, 80% of our developments provided on-site detention, either at a precinct or a regional level, to manage the peak discharges of frequent storm events (i.e. up to a 1.5 year Average Recurrence Interval event). This is an improvement on last year's figure of 67%. For further information, please refer to the CD-ROM.

BASIX Compliance

Detached dwellings within our Woodlands, Macarthur Gardens and Greenway Views projects were constructed with BASIX approval and these projects achieved BASIX scores of 40 and above.

Many of our projects were approved prior to the introduction of BASIX, but still complied with the BASIX 40 target. These included detached homes within our Newbury, Waterford and Park Central estates.

WASTE

REUSE AND RECYCLING OF CONSTRUCTION AND DEMOLITION MATERIALS

Purpose

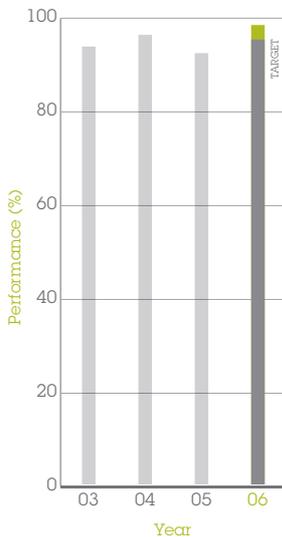
Landcom aims to reduce construction and demolition waste going to landfill by promoting reuse and recycling practices.

Targets

- To recover 95% of the total construction and demolition waste generated from Landcom civil works contracts by 30 June 2006.
- To recover 76% of waste materials generated from building construction by 30 June 2014.

Results

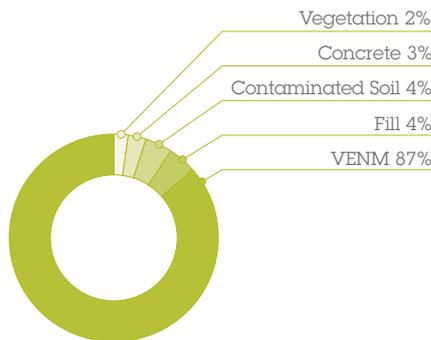
A total of 98% of recyclable waste generated by civil works during 2005/2006 was either reused or recycled. This is a slight increase from last year and exceeds this year's target of 95%. Most of the remaining waste was contaminated with friable asbestos material and was unable to be recycled. This was primarily from Landcom's Prince Henry site where 290,000 tonnes of soil contaminated with asbestos was removed and disposed of at appropriately licensed facilities.



Civil Contract Waste Recycling

Recycling Performance

The five most common components of recyclable waste generated from Landcom projects in 2005/2006 are illustrated in the following chart. Virgin Excavated Natural Material (VENM) made up the highest portion of waste recycled (87%) and refers to material such as clean clay, sand and soil.



% Waste Recycled

Office Recycling

During the year, Landcom exclusively purchased Green Wrap paper for printing and copying. A total of 2,300 reams of A4 and 116 reams of A3 sized paper was purchased. Green Wrap paper includes a 60% recycled component in A4 paper and a 50% recycled component in A3 paper. In addition, Landcom recycled approximately 13 tonnes of used paper.

Landcom also collects bottles and cans for recycling from its head office.

Under the Waste Avoidance and Resource Recovery Act 2001, Landcom is required to report every 2 years to the Department of Environment and Conservation (DEC) on the progress it has made in reducing waste, increasing resource recovery (including reuse and recycling), and in increasing the use of materials with recycled content.

Landcom provided its latest Waste Reduction And Purchasing Policy (WRAPP) report in accordance with the DEC reporting requirements in August 2005. This covered the reporting period 2003/2005. For further information, please refer to the CD-ROM.

ENERGY

ENERGY EFFICIENCY

Purpose

This indicator measures built form energy efficiency where Landcom has control over the built form. Landcom aims to ensure that its building products are designed and equipped to minimise energy use.

Target

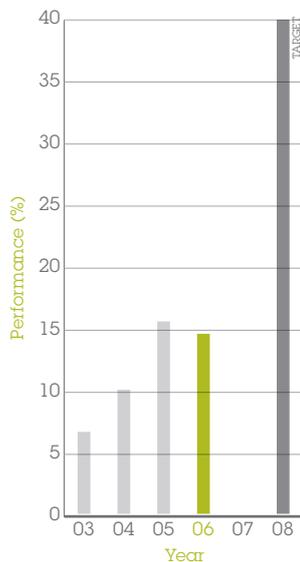
A 40% reduction in greenhouse gas emissions from our developments compared to the average Landcom dwelling constructed in the base year 2002.

Result

During the year, Landcom achieved a 14.5% reduction in greenhouse gas emissions from dwellings constructed within its built form projects (estimated 122 tonnes per year). This calculation is based on estimated annual energy use for heating, cooling, cooking and hot water. For further information, please refer to the CD-ROM.

BASIX Compliance

All dwellings approved since BASIX 25 was introduced (i.e. 36 out of a total of 167) were in compliance with those requirements and scored an average of 36 BASIX points. The remaining 131 homes were approved prior to the introduction of BASIX.



Greenhouse Gas Savings

SUSTAINABLE OR RENEWABLE ENERGY SUPPLY

Purpose

This indicator measures sustainable or renewable energy technologies installed in Landcom developments. Sustainable or renewable energy technologies refer to energy generation options that produce lower polluting emissions than traditional coal fired power plants. Sources of sustainable or renewable energy may include wind power, solar power and sewage gas.

Targets

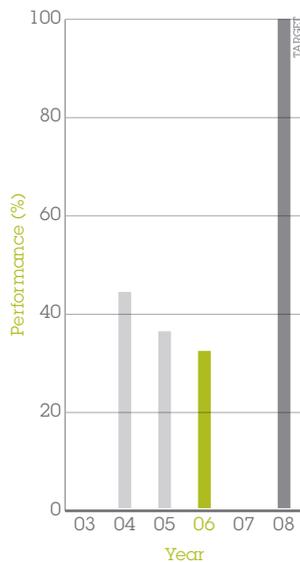
- All dwellings are to be fitted with gas boosted solar water heaters sufficient to meet 60% of annual hot water requirements except where there is no gas or where solar panels are not appropriate.
- All projects greater than 500 dwellings (or projects with a commercial component or town centre) are to include a percentage of on-site or off-site renewable energy supply.

Results

A total of 32% of all dwellings delivered during the year (i.e. 53 out of 167) had gas boosted solar hot water systems installed. The result is less than the outcome we achieved in 2004/2005 (36%) and a further decline from the 44% delivered in 2003/2004. For further information, please refer to the CD-ROM.

The following projects, currently in planning, include proposals for renewable energy generation:

- Rouse Hill Regional Centre:** The viability of urban scale wind turbines was investigated during the year and found not to be feasible due to insufficient wind speed. Landcom is now investigating renewable or sustainable energy technologies as an alternative to wind turbines.
- Prince Henry at Little Bay:** 70 kW solar power capacity is planned for Stage 1, to be phased in over the next 3 years.
- Greenway Views:** 16 kW solar power capacity is planned for Precinct 1 of this project and is currently being delivered.



Percentage of Homes Constructed with Solar Hot Water Systems

OFFICE ENERGY USE AND GREENHOUSE GAS EMISSIONS

Purpose

Landcom aims to provide information on energy used and greenhouse gas emissions generated as a result of its corporate operations. These operations are defined as Landcom's head office in Parramatta, regional offices at Newcastle and Campbelltown and its vehicle fleet (excluding vehicles supplied as part of salary packaging arrangements).

Target

This indicator is calculated and reported in accordance with the requirements of the Government Energy Management Policy (GEMP). For more information on the GEMP, refer to the following website <http://www.deus.nsw.gov.au/eeg/gemp/index.htm>

Results

The electricity usage stated in Table 1 is limited to Landcom's head office in Parramatta.

Table 1: Corporate Greenhouse Gas Emissions

DESCRIPTION	2005/2006	2004/2005	2003/2004	2002/2003
Energy used (electricity in kWh)	306,899	349,991	305,080	256,040
Petrol consumed (litres)	22,172	14,212	18,280	49,268
CO ₂ emissions (tonnes)	403	367	333	356

Table 2: Environment Performance Score (EPS) Performance

TARGET YEAR	EPS TARGET FOR VEHICLES	LANDCOM SCORE
2005/2006	10 out of 20	11.6 out of 20
2006/2007	11 out of 20	-
2007/2008	12 out of 20	-

We are now collecting data from our regional, project and sales offices (excluding Prince Henry project office), which would increase Landcom's total usage to 484,925 kWh for 2005/2006.

By taking action to improve our Australian Building Greenhouse Rating from 1.5-star to 3.5-star, we reduced electricity use in our head office when compared to last year. Furthermore, Landcom purchased green power for 89% of the electricity used in its offices.

For more information:

<http://www.greenpower.gov.au/pages/>

In order to offset CO₂ emissions from our vehicles, Landcom joined the Greenfleet Programme in 2005. Greenfleet planted 187 native trees this year to sequester 47.3 CO₂-e tonnes of carbon dioxide (CO₂) over the life of the trees. This represents the estimated emissions produced from our vehicle fleet.

For more information:

<http://www.greenfleet.com.au/>

Landcom has also prepared a "Fleet Improvement Plan" which has been developed in accordance with the requirements of the NSW Government Cleaner Vehicles Action Plan. In line with this Plan, Landcom plans to reduce greenhouse gas emissions from its fleet by 10% by 2007/2008, using its 2004/2005 results as a baseline.

Landcom's vehicles are required to meet an average annual Environment Performance Score (EPS) target. This is calculated using a vehicle scoring system adopted for the NSW Clean Car Benchmarks, which rates vehicles' impacts in terms of greenhouse emissions and air quality. The targets and Landcom's performance to date are represented in Table 2 below.

For more information:

<http://www.statefleet.ogp.commerce.nsw.gov.au/Greening+the+Government+Fleet/Greening+the+Government+Fleet.htm>

BIODIVERSITY

NATIVE VEGETATION MANAGEMENT

Purpose

This indicator measures Landcom's impact on Endangered Ecological Communities (EEC) encountered on Landcom projects. While acknowledging that urban development can adversely affect biodiversity, Landcom aims to minimise adverse impact on Endangered Ecological Communities and Threatened Species from its activities.

Targets

- No net loss of Endangered Ecological Communities' habitat of "high conservation significance".
- Establish Vegetation Management Plans (VMPs) for all Landcom projects where this indicator applies.

Appropriate offsetting ratios are negotiated with the NSW Department of Environment and Conservation for each project.

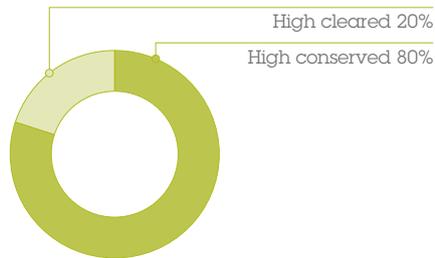
Results

This indicator is reported for projects that received masterplan or subdivision plan approval in 2005/2006.

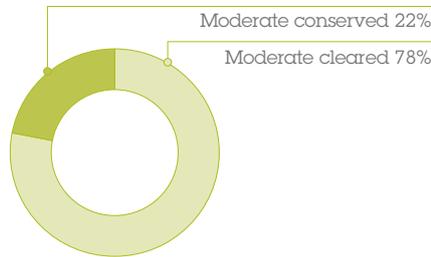
Endangered Ecological Communities

Table 3 shows the areas of Endangered Ecological Communities that will be cleared, conserved or replanted.

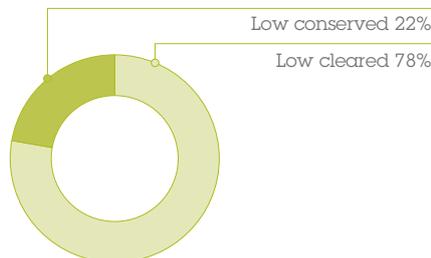
The following diagrams illustrate the proportion of Endangered Ecological Communities with high, moderate and low conservation significance that will either be cleared or conserved. For further information, please refer to the CD-ROM.



High Conservation Significance EEC



Moderate Conservation Significance EEC

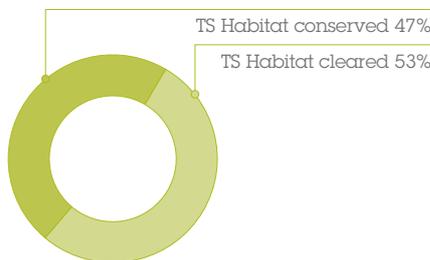


Low Conservation Significance EEC

Threatened Species Habitat

Threatened Species (TS) Habitat includes all bushland occurring on Landcom's project sites that is a potential habitat for Threatened Species. Threatened Species Habitat usually includes the Endangered Ecological Communities described above, where these have been identified as suitable habitat. However, this will vary from project to project.

A total of 380.6 ha of native vegetation that is Threatened Species Habitat was identified on Landcom projects during the year. Of this, 201.1 hectares will be cleared to accommodate urban development in the following local government areas: Liverpool; Mittagong; Port Stephens; and Lake Macquarie. The remaining 179.5 ha will be conserved and enhanced. The proportion of Threatened Species Habitat to be retained and cleared is represented in the chart below. For further information, please refer to the CD-ROM.



Habitat Suitable for Threatened Species Cleared and Conserved

All clearing will be carried out in accordance with approvals from relevant authorities.

Threatened Species recorded within the Threatened Species Habitats identified during the year include:

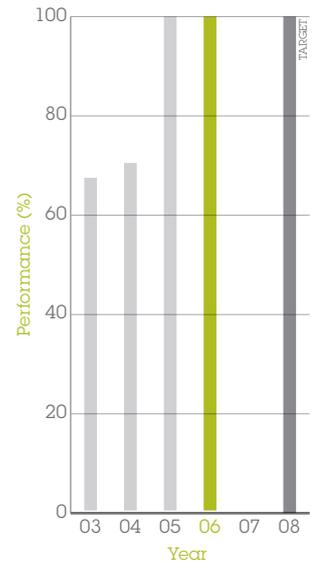
Persoonia glaucescens, Squirrel Glider (*Petaurus norfolcensis*), Glossy Black Cockatoo (*Calyptorhynchus lathami*), Gang-gang Cockatoo (*Callocephalum fimbriatum*), Tiger Quoll (*Dasyurus maculatus maculatus*), Little Bent-wing Bat (*Miniopterus australis*), Masked Owl (*Tyto novaehollandiae*), Powerful Owl (*Ninox strenua*), Cumberland Plain Snail (*Meridolum corneovirens*), Greater Broad-nosed Bat (*Scoteanax rueppellii*), Eastern Freetail Bat (*Mormopterus norfolkensis*), Common Bent-wing Bat (*Miniopterus shreibersii oceanensis*), and Large-Footed Myotis (*Myotis adversus*).

Table 3: Endangered Ecological Communities

CONSERVATION SIGNIFICANCE	CLEARED	CONSERVED	REPLANTED
High	29.4 ha	119.1 ha	
Moderate	59.09 ha	16.4 ha	
Low	65.4 ha	18.6 ha	
Total	153.89 ha	154.1 ha	29.1 ha

Vegetation Management Plans

100% of Landcom projects where Endangered Ecological Communities or Threatened Species were found had a Vegetation Management Plan prepared to manage the site. For further information, please refer to the CD-ROM.



Vegetation Management Plans

RIPARIAN CORRIDOR MANAGEMENT

Purpose

This indicator measures Landcom's performance in the conservation of riparian corridors identified on its projects, in conjunction with an assessment of stream significance. Landcom aims to conserve riparian corridors that have significant conservation value and to repair those that are degraded.

Targets

- No loss of stream length for "Category 1 – high significance" streams and no net loss of associated riparian corridor.
- Greater than 40 m of riparian corridor for Category 1 – high significance streams.
- 20-30 m of riparian corridor for Category 2 – moderate significance streams.
- 5-10 m of riparian corridor for Category 3 – low significance streams.
- No piping or filling of any sections of streams that are of Category 1 – high significance or Category 2 – moderate significance.
- Establish Riparian Corridor Management Plans (RCMPs) for all Landcom projects where this indicator applies.

Results

Information for this indicator covers all projects that received masterplan approval with the footprint of riparian zones determined. During 2005/2006, only the Renwick project fell within this category.

A total of 3,646 m of stream was identified within the Renwick project, including:

- 1,700 metres of Category 2 – moderate significance.
- 1,946 metres of Category 3 – low significance.

There were no Category 1 – high significance streams present.

Landcom achieved 100% compliance with the targets set for riparian corridor conservation for Category 2 – moderate significance and Category 3 – low significance streams.

A total of 460 m of the Category 3 streams will be piped and filled, leaving 1,486 m.

An appropriate Riparian Corridor Management Plan was provided for the project. Rehabilitation and, where necessary, reconstruction of the creek channel will occur to provide a riparian corridor. This work will involve the use of species endemic to the area. The reinstatement of the Endangered Ecological Community, *Southern Highlands Shale Woodland*, will form part of this work. For further information, please refer to the CD-ROM. 



3,186 m

of riparian zone along the central creeks of the Renwick project will be rehabilitated and replanted with indigenous native vegetation from the Endangered Ecological Community, *Southern Highlands Shale Woodland*.

Social Indicators

MODERATE INCOME HOUSING

PROVISION OF MODERATE INCOME HOUSING

Purpose

Landcom aims to provide affordable housing opportunities to households earning a moderate income of between \$47,000 and \$71,000 per year (2006 figures). The focus is to provide opportunities for moderate income earners to purchase their own home without significant subsidies.

Target

To deliver 7.5% of our total land and/or housing product as moderate income housing by 30 June 2008.

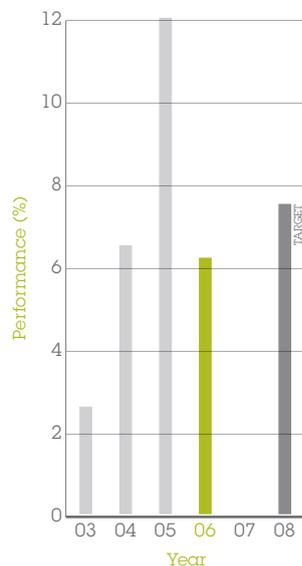
Results

During the reporting period, land prices considered affordable to families on moderate incomes ranged from \$100,000 to \$140,000. House and land packages considered affordable to moderate income families fell in the range of \$220,000 to \$260,000.

In 2005/2006, Landcom delivered 22 lots at Koala Bay in Port Stephens for between \$120,000 and \$140,000, which is considered affordable to moderate income households.

High land prices in Sydney have made it difficult to provide housing that is affordable to moderate income earners. As a result, Landcom has been investigating shared equity financing models for moderate income households, in partnership with the Commonwealth Bank of Australia. The feasibility of this model will depend on the finance product being fair and equitable to the moderate income homeowner, while also being attractive to the investment market.

While our results have been mixed, Landcom also continues to deliver diverse housing products that are more affordable than traditional house and land packages, including townhouses and accessory dwelling units.



Moderate Income Housing Provision

COMMUNITY DEVELOPMENT

COMMUNITY FACILITIES

This indicator is under review.

Purpose

This indicator provides information on community facilities included in Landcom projects, such as sporting fields, playgrounds and parks. Landcom aims to provide facilities that are appropriate for the communities it creates.

Target

At present, we report on the number of community facilities we provide in our projects, such as schools, community halls, sporting fields, children's playgrounds and public parks. Specific targets have not been set for this indicator because the requirements for each project are largely determined by the needs of the particular locality and the requirements of the relevant council.

Results

Landcom delivered the following community facilities in 2005/2006:

- 8.7 ha of passive open space at our Woodlands, Lakeview and Charlestown projects.
- One multi-purpose sports court facility at Woodlands.
- One playground at our Waterford project and one at Woodlands.

WELCOME PROGRAMME

This indicator is under review.

Purpose

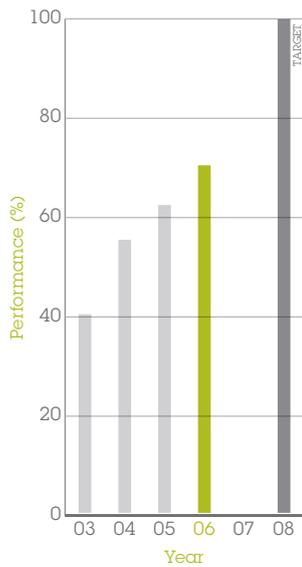
This indicator measures how effectively we deliver one of Landcom's community development initiatives. Our Welcome Programme contributes to the social sustainability of new communities by fostering a sense of belonging for new residents, promoting a culture of welcome and hospitality, and by helping new residents settle in to the life of the local and broader community.

Target

Landcom aims to have a Welcome Programme in every estate with 200 or more dwellings by 30 June 2008. Our goal is to make the initial welcome visit within 2 weeks of new residents moving in. We also introduce Welcome Programmes within smaller estates wherever appropriate.

Results

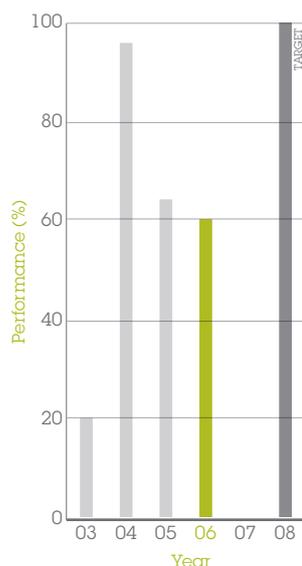
During 2005/2006, 70% of our projects with 200 or more dwellings had a Welcome Programme in place.



Welcome Programmes

Within these projects, 60% of households were welcomed within 2 weeks of moving in. Another 30% had a face-to-face visit in 2 to 4 weeks. For 10% of households, we were not able to make a face-to-face visit, despite several attempts by the Welcome Facilitators. In these cases, Facilitators left a Welcome Kit and a Letter of Introduction.

As well as making more than 500 visits, the Facilitators organised 123 community events and activities, attended by around 25,000 people. During 2005/2006, the programme was delivered by 3 partner agencies: North West Community Care; UnitingCare Narellan; and Spirited Communities.



Welcome Programme Visit Within 2 Weeks

In the north west of Sydney, we ran Welcome Programmes for all our projects regardless of size. During the year, these included our Forest Glade, Guardian Grove, Jacaranda Rise, Merriville Rise, The Glen, Newbury and Tallwood Hills estates.

From 2006/2007, we intend to introduce a Strategic Social Plan for all our projects that will include project-specific community development strategies. Strategic Social Plans will incorporate elements of our traditional Welcome Programme, as appropriate for the particular location and community.

URBAN DESIGN

INFLUENCING DESIGN

This Indicator is under review.

Purpose

This indicator measures how Landcom influences the quality and sustainability of project home designs where it has no direct control over the end product.

Target

Landcom's aim is to put processes in place that influence builder designs on all projects where it does not directly control the built product.

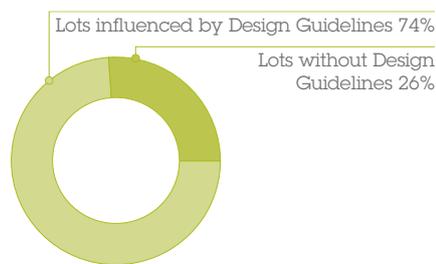
Results

Projects

During 2005/2006, 75% of all relevant projects had design guidelines aimed at influencing builder product (i.e. a total of 3 out of 4 projects).

Design Guidelines

A total of 74% of lots within relevant projects were subject to design guidelines (i.e. a total of 124 lots out of 168 possible lots).



Lots Influenced by Design Criteria Guidelines

HERITAGE

CONSERVATION OF INDIGENOUS HERITAGE

Purpose

Landcom aims to consult relevant indigenous communities about Landcom developments and conserve objects and places that have indigenous cultural significance.

Targets

- Always consult with relevant local indigenous groups on projects with indigenous heritage issues.
- Conserve all objects and places of significance in all Landcom projects as determined in consultation with local indigenous groups and the Department of Environment and Conservation.
- Establish Heritage Conservation Management Plans for all projects with significant indigenous heritage issues.

Results

Consultation

Of the projects masterplanned this year, 3 were identified as potentially having significant indigenous heritage values (Bagnalls Beach, Renwick and Edmondson Park). Consultation with local indigenous groups is ongoing for all 3 of these projects.

Conservation of Significant Objects

While a number of objects were identified within the Renwick and Edmondson Park projects during the year, the significance of these items has not yet been determined. Advice on the significance and conservation of these objects will be provided in future years.

No indigenous heritage objects were found on other projects.

Conservation of Significant Places

Bagnalls Beach is the only project with an area that may be identified as having indigenous heritage values. However, the significance of this area was undetermined by the end of the current reporting period. The area is likely to be retained in its natural state regardless of the outcome.

CONSERVATION OF NON-INDIGENOUS HERITAGE

Purpose

Landcom aims to conserve all significant non-indigenous cultural items and places in its developments.

Targets

- Conserve all significant non-indigenous heritage items and places found on Landcom projects.
- Establish Heritage Conservation Management Plans for all Landcom projects with non-indigenous heritage items or places.

Results

In 2005/2006, this indicator only applied to the Renwick and Green Square projects and detailed results for these projects are set out overleaf.

Non-indigenous heritage items were also identified on the Edmondson Park site.

However, further study of those items will be required to determine whether they will be preserved in situ. The outcome of this work will be reported when completed.

Conservation of Significant Items

Four items of non-indigenous heritage significance have been identified on the Renwick project. These items will be conserved and include Pine Trees along Bong Bong Road, Silo Buildings, Challoner Cottage and De Lauret Cottage.

Conservation of Significant Places

One place was identified for conservation on the Green Square Town Centre site, known as the former South Sydney Hospital site.

Heritage Conservation Management Plans

Heritage Conservation Management Plans have been prepared for all items and places identified as significant.

EMPLOYEES

EMPLOYEE SATISFACTION

Purpose

This indicator provides an assessment of the overall satisfaction of Landcom's permanent and long-term contract employees. Landcom conducts regular staff surveys to measure the Corporation's performance against a number of employee satisfaction indicators.

Target

Landcom aims to maintain a high level of employee satisfaction.

Results

In September 2005, Landcom participated in the Hewitts "Employer of Choice" Survey to understand its position in the external market with regard to its corporate objective "to become the first choice of quality employees seeking to build a reputation in the development industry".

In total, 91 staff completed the survey and Landcom's overall engagement score was 59%. The engagement score for all organisations participating in the 2005 survey was 54%, with the public sector achieving a 47% score and the property industry a 61% score.

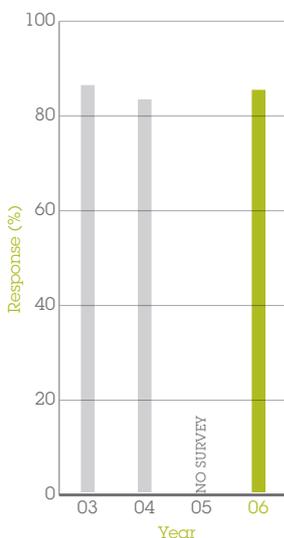
In March 2006, Landcom conducted a Staff Attitude Survey. Overall, the results of the survey were very positive, with a substantial increase in satisfaction scores in the areas of customer service and career development. A total of 85% of all staff surveyed responded positively to the following statement: "Considering everything, Landcom is a good place to work".

This result reflects Landcom's commitment to the development of its people, having delivered a comprehensive training programme in 2005/2006, focusing on the areas of customer service, writing skills, leadership and coaching.

Landcom employee interests are represented by the Public Sector Association (PSA). All Landcom employees can choose to join the Public Sector Association. Approximately 26% of employees are currently members of the Public Sector Association.



of all staff surveyed responded positively to the following statement: "I feel proud to tell people I work for Landcom".



Staff Satisfaction Survey Response

EMPLOYEE RETENTION RATE

Purpose

This indicator measures the effectiveness of Landcom's human resources management and employee relations by disclosing the Corporation's annual employee retention rate.

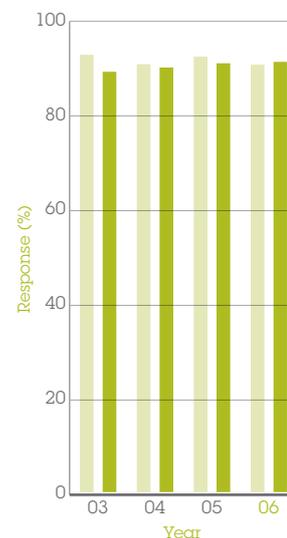
Target

Landcom aims to perform better than the NSW public sector annual employee retention rate.

Results

Landcom's employee retention rate for 2005/2006 was 90.3%, with 14 permanent staff resigning from a total of 144. This was similar to last year's result of 92% and the 2003/2004 result of 90.4%. It is marginally lower than the NSW public sector retention rate of 90.9%.

- Landcom Staff Retention Rate
- NSW Public Sector Average



Landcom Employee Retention Rate

TRAINING

Purpose

This indicator measures Landcom's efforts in providing training for its staff and service providers, as well as raising awareness within our industry of issues such as better design, housing choice, sustainable development and affordable housing.

Target

A strategic priority for Landcom is to pursue a role as a national leader in innovation in the development industry. Landcom hosts training, seminars, courses and industry forums as an effective way of exchanging ideas and promoting issues and initiatives which have a high profile or are of strategic importance to the Government.

Results

Internal Training

TRAINING/SEMINARS/FORUM	DATE HELD	AUDIENCE	PURPOSE
Finance for Non-finance People	July 2005	All newly recruited staff members	To bring all staff members, particularly from the operational divisions, to a common understanding of general and Landcom-specific financial principles.
Presentation Skills	July 2005 and December 2005	Those staff members requiring development and confidence in making effective presentations	To equip prospective Landcom presenters with the skills and confidence to prepare and make persuasive and interactive presentations.
Performance Management Skills	August 2005	All newly recruited staff members	To equip staff members/managers with the skills and confidence to prepare and negotiate performance management agreements.
Estate Master	August 2005 and November 2005	All staff required to use the Estate Master feasibility assessment tool	To ensure staff are competent in using the Estate Master feasibility software.
Negotiation and Conflict Management Skills	August 2005 and June 2006	Those staff required to negotiate and develop solutions with others	To develop confidence and capability in negotiating and relating to others.
Leadership Programme	August – October 2005	Staff members who have direct reports	To develop and nurture leadership capability.
Managing Contractors, Consultants and Risk	August 2005	All staff from the operational divisions	To ensure that staff are trained in contract management and compliance.
Contaminated Land Management	September 2005	All staff from the operational divisions	To ensure staff are up to date with regard to legislative requirements and management of land contamination.
Ergonomics and Safety	November – December 2005 and March 2006	All staff	To ensure staff are trained in correct work posture and health.
Writing Skills	November 2005 – April 2006	All staff required to write technical documents	To enhance technical writing skills.
Energy Efficiency and Peak Demand Management	May 2006	All staff	To present staff with findings from energy research study.
“The Landcom Way”	December 2005	All newly recruited staff members	To introduce participants to the way Landcom does business.
Equal Employment Opportunity (EEO)/Ethnic Affairs Priority Statement (EAPS)/Fair Treatment at Work	March 2006	All newly recruited staff members	To ensure all staff are aware of their responsibilities in EEO and fair treatment at work and to ensure staff and managers are aware of how to manage any incidents.

Industry Forums

In November 2005, Landcom held the “Take Action: Make a Difference” corporate responsibility forum. Speakers included: Dickon Robinson, Managing Director of the Peabody Enterprises (part of the Peabody Group, UK); Alison Zillar, Executive Director of the Australia Street Company; and Dr Simon Longstaff, Executive Director of the St James Ethics Centre.

Landcom’s partners and stakeholders were invited to the forum, which covered issues ranging from environmental and social sustainability to governance and business ethics.

ABORIGINAL EMPLOYMENT OPPORTUNITIES

Purpose

This indicator monitors Landcom’s efforts in providing employment and training opportunities in favour of people of Aboriginal or Torres Strait Islander background.

Target

Landcom has, in the past, sought to establish a cadetship programme for tertiary students of Aboriginal or Torres Strait Islander background. The purpose of the cadetship is to support members of the Aboriginal or Torres Strait Islander communities by offering them a scholarship to finance their tertiary studies. The cadetship combines the skills gained from their studies with practical work experience offered by Landcom.

Results

To date, Landcom has been unsuccessful in recruiting an Aboriginal or Torres Strait Islander cadet.

Due to a realignment of resources following the Landcom Review, this position was placed on hold during 2005/2006. It is anticipated that recruitment for an Aboriginal or Torres Strait Islander cadet will recommence in 2007.

Economic Indicators

PROFITABILITY

Purpose

Landcom's objective is to operate as a successful corporate entity with at least the same level of efficiency as any comparable private sector company. Indicators 16 to 21 provide a measure of Landcom's profitability.

Target

Landcom aims to operate as a successful business and maximise the net worth of the State's investment in its operations.

Results (see Table 1 below)

FINANCING CAPACITY

Purpose

This indicator provides a comparison between Landcom's external financing arrangements and capital provided through the State Government's shareholder equity, and profits retained from previous years. Landcom's maximum debt levels are established through periodic capital structure reviews undertaken by Landcom and the NSW Treasury.

Target

Landcom aims to provide a responsible balance between its net debt and total equity.

Results (see Table 2 below)

RETURNS TO GOVERNMENT

Purpose

This indicator measures Landcom's annual returns to the State Government.

Target

Landcom's objective is to provide an appropriate return to the State Government.

In 2005/2006, this represented 100% of Landcom's net profit.

Landcom pays an income tax equivalent to Government. The tax rate is currently set at 30% of net profit. Landcom also pays all other NSW charges and taxes imposed on private sector organisations, including stamp duty and land tax. These funds are available to the NSW Government to finance operations and capital works.

Results (see Table 3 below)

JOB CREATION AND ECONOMIC OUTPUT

Purpose

This indicator measures the economic output and employment generated from our activities.

Target

There is no specific target other than to demonstrate tangible ways of how we contribute to the economy of NSW.

Results (see Table 4 below)

Jobs and economic output are generated within the development and associated industries as a product of Landcom's activities. Accordingly, the following multiplier formulas are used to calculate employment and economic output generated as a function of Landcom's capital investment: the Australian Bureau of Statistics summarises the multipliers for output and employment in the construction industry. They show that for every 1 million dollars spent on construction output (houses, non-residential buildings etc) in 1996/1997, a possible \$2.9million in output would be generated in the economy as a whole, giving rise to 9 jobs in the construction industry (the initial employment effect), and 37 jobs in the economy as a whole from all effects.

Table 1: Profitability

DESCRIPTION	2005/2006	2004/2005	2003/2004	2002/2003
Sales revenue	\$317,276,000	\$326,939,000	\$333,253,723	\$281,222,000
Sales margin	38.9%	45%	48.8%	51.2%
Return on sales	14%	19.2%	26.3%	29.5%
EBIT	\$72,610,000	\$99,315,000	\$132,180,000	\$127,130,000
Return on equity	12.3%	17.2%	24.6%	26.1%
Return on total operating assets	6.4%	8.4%	15.1%	16.5%

Table 2: Financing Capacity

DESCRIPTION	2005/2006	2004/2005	2003/2004	2002/2003
Debt to equity ratio	18.3%	23.6%	4.1%	3%

Table 3: Returns to Government

DESCRIPTION	2005/2006	2004/2005	2003/2004	2002/2003
Returns to Government	\$61,738,000	\$73,518,000	\$87,978,000	\$83,081,000

Table 4: Job Creation and Economic Output

DESCRIPTION	2005/2006	2004/2005	2003/2004	2002/2003
Total number of jobs created through Landcom's activities	6,050	7,868	5,270	4,470
Total economic output generated from Landcom's activities	\$474,195,644	\$616,675,900	\$413,026,700	\$350,351,900

Governance Indicators

EFFECTIVENESS OF COMMUNITY CONSULTATION

 This indicator is under review.

Purpose

This indicator measures how effective Landcom is in communicating with Government, its business partners and local communities. Landcom aims to develop effective consultation strategies to ensure we understand what people want and to help us provide land and housing that meet Government and community expectations.

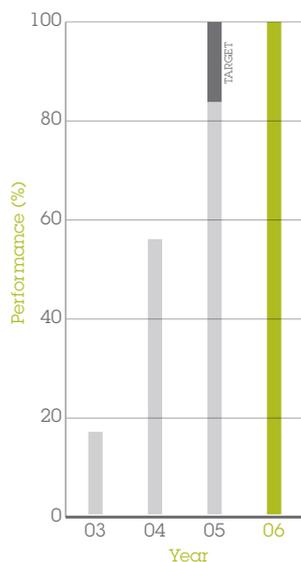
Target

To prepare and implement consultation plans for all projects, identifying all key stakeholders and contacting them for participation.

Results

Consultation Plans

All of Landcom's projects planned during 2005/2006 had formal stakeholder consultation plans in place. These were projects where the local council did not undertake community consultation.



Stakeholder Consultation Plans

Stakeholder Engagement and Participation

Landcom contacted all stakeholders that were identified in formal consultation plans and a stakeholder participation rate of 78% was achieved for projects where a formal consultation plan was in place.

STAKEHOLDER RELATIONSHIP MANAGEMENT

Purpose

This indicator provides a qualitative description of the stakeholder engagement programme that Landcom conducted throughout the reporting period in relation to its sustainability reporting.

Target

Landcom aims to brief and consult regularly with its social and environmental stakeholders to ensure that its sustainability reporting system remains relevant and can accommodate new trends and requirements.

Results

In 2005/2006, Landcom engaged URS Australia to conduct a stakeholder consultation programme to ascertain the views of Landcom's key stakeholders with respect to Landcom's sustainability performance and reporting. Fourteen individuals, representing Landcom's development partners and project managers, participated in the process, together with 11 internal stakeholders representing Landcom's Board and staff.

In addition, Landcom conducted specific targeted consultation with the Total Environment Centre (TEC) and representatives of the Global Reporting Initiative (GRI).

Landcom will review the outcomes from this process with a view to incorporating, where possible, stakeholders' feedback into our sustainability performance and reporting processes.

Stakeholder consultation reports are available on the accompanying CD-ROM. 

CONSUMER EDUCATION ON SUSTAINABLE LIVING

Purpose

This indicator measures Landcom's efforts in promoting sustainability, raising awareness of sustainable products and educating consumers about sustainable living. Landcom aims to promote a sustainability culture among its consumers and the broader community.

Target

Include consumer education on sustainable living in all Landcom projects by June 2008.

Results

Landcom's Consumer Education on Sustainable Living Programme has been developed in partnership with Greening Australia and EcoSmart™. The Programme was trialled at Park Central at Campbelltown in late 2005.

A key feature of the Programme was a sustainable living event held at Park Central, with EcoSmart conducting educational tours of homes within the Estate – advising on approaches to sustainable living through improved energy efficiency, water efficiency and thermal comfort. Approximately 200 local residents attended the event, with around 25 attending the EcoSmart education sessions.

In addition, Landcom developed a fully interactive computer-based programme designed for 8 to 10 year old children during the year, in partnership with the Department of Education and Training. The programme, called "My Neighbourhood", introduces students to built environment and sustainability concepts through a range of different learning experiences. For more information on the initiative, please refer to page 17.

REGULATORY COMPLIANCE

Purpose

This indicator provides information about any regulatory non-compliance that may have resulted from Landcom's operations during the reporting period. Landcom aims to achieve full regulatory compliance and ensure that all its contractors also achieve the same level of compliance.

Targets

- Achieve full compliance with relevant planning, environmental, and health and safety legislation on all Landcom projects.
- Conduct environmental audits on all civil works contractors during construction stages.
- Achieve a minimum score of 75% on all environmental audits.
- Collect information from all third-party contractors about any breaches of compliance that may have occurred due to actions taken by the contractor on Landcom's behalf.

Results

Regulatory Compliance

During the year, 73% of Landcom projects achieved full regulatory compliance with the Protection of the Environment Operations Act and other environment, occupational health and safety, and planning legislation.

While Landcom itself did not receive any notices or penalties, 3 penalties were issued under the Protection of the Environment Operations Act to contractors working on the following Landcom projects:

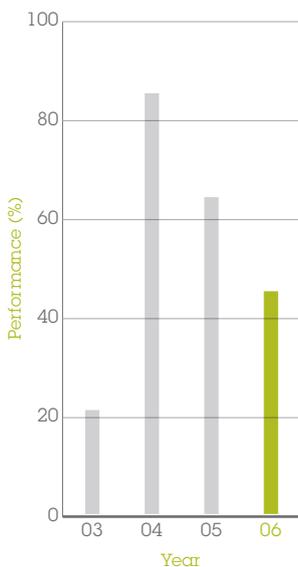
- Park Central – for tracking sediment onto the roadway;
- Prince Henry – for civil works occurring outside of the hours specified by the development consent conditions; and
- Garden Gates – for dirty water escaping from the site after a rain event.

Environmental Audits

Environmental audits were conducted on 45% of civil contracts in progress during 2005/2006 (i.e. 5 out of 11 contracts). 80% (4 out of 5) of audits that were undertaken achieved a score greater than 75%.

The contracts that were not audited were at various stages of completion and it is expected that these projects will be audited in the last half of 2006.

Landcom is redirecting its auditing efforts to focus on building activities where there is a perceived risk of poorer environmental practices. Landcom conducted 9 audits on builders during 2005/2006, with only 1 of these audits scoring above 75%. Landcom will continue to work with builders in order to improve these results (refer to Indicator 26 for discussion of the Builder Training Programme).



Percentage of Contracts with Environmental Audits Undertaken

VOLUNTARY COMPLIANCE

Environmental Management Systems

Landcom has an accredited Environmental Management System (EMS) which conforms with the requirements of AS/NZS ISO 14001, the Australian/New Zealand standard for Environmental Management Systems. Landcom's EMS was first accredited in November 2000 and it is independently verified by SIA-Global on an annual basis. For further information, please refer to the CD-ROM.

Global Reporting Initiative

The Global Reporting Initiative (GRI) is an internationally recognised group whose mission is to develop Sustainability Reporting Guidelines (SRG) that are capable of universal application. These guidelines are intended for public corporations wishing to report on the economic, environmental and social dimensions of their activities, products and services.

Landcom voluntarily reports in accordance with the guidelines produced by the Global Reporting Initiative.

For more information: <http://www.globalreporting.org/>

For further information, please refer to the CD-ROM.

Australian Building Greenhouse Rating

The Australian Building Greenhouse Rating (ABGR) Scheme is a voluntary initiative to help building owners and tenants across Australia benchmark their greenhouse performance.

Administered nationally by the NSW Department of Energy, Utilities and Sustainability (DEUS) and locally by leading state greenhouse agencies, the ABGR Scheme rates buildings from 1 to 5 stars, with 5 stars representing exceptional greenhouse performance.

Landcom's Energy Smart Communities Policy sets Landcom's target for commercial buildings at a minimum 4.5 star rating in accordance with the ABGR tool.

For more information: <http://www.abgr.com.au/>

SUPPLY CHAIN MANAGEMENT

SUPPLIER PRE-QUALIFICATION

Purpose

This indicator provides information on:

- the number of partnering tenders for development that have been called, which required Landcom's private sector partners to adhere to particular sustainability criteria; and
- the total number of suppliers that possess pre-qualification based on sustainability criteria.

Target

Landcom aims to promote responsible environmental and social sustainability practices further down the construction industry supply chain through its own projects. The objective is to encourage Landcom's industry partners to establish these practices with their other clients.

Results

Landcom's key supply chain management processes are as follows:

- the inclusion of sustainability criteria and targets in all partnering tenders and project delivery agreements for development that are negotiated with the private sector;
- the inclusion of sustainability criteria and targets in all building contracts under Landcom's direct control;
- the inclusion of sustainability targets in all design briefs;
- the inclusion of environmental and health and safety criteria in pre-qualification and ongoing performance management of civil works contractors, project managers and landscape contractors.

Process diagrams illustrating the integration of sustainability into our business can be found on the accompanying CD-ROM.

Training

Four Builder Training Sessions were held during 2005/2006, with 46 builders and project managers attending. The sessions were aimed at educating builders on environmental issues on building projects and options for improved environmental performance.

This year's programme focused on Landcom's south west Sydney projects, including Macarthur Gardens, Park Central, and Garden Gates.

Tender Processes

The following development partnering tenders called during the year included Landcom's sustainability criteria and targets:

PROJECT	SUCCESSFUL TENDERER
Woodlands, Shellharbour	Mirvac
Blue Gum, Fletcher	Urban Pacific

Challenges

While Landcom takes pride in its achievements, it acknowledges that there is always room for improvement.

This year, we have faced challenges in meeting our moderate income housing and renewable energy targets. We have also flagged the environmental performance of our contract builders working on Landcom sites as a concern and we recognise the continuing difficulties in delivering effective biodiversity management and social sustainability across our projects.

MODERATE INCOME HOUSING

Landcom remains committed to meeting its target for provision of moderate income housing. However, we continue to face difficulty in delivering housing products that are affordable for moderate income households.

While Landcom delivered 6.2% of its housing product during the year at a price considered affordable to moderate income households, this result was lower than its target of 7.5% by 2008 and down from last year's result of 12%.

The significant increase in land values in Sydney has driven this outcome. Despite the recent slowdown in the Sydney property market, land prices generally remain outside levels that are affordable for moderate income householders.

In an attempt to address this issue at a "grass roots" level, Landcom has been working in partnership with the Commonwealth Bank of Australia to develop a Shared Equity Model. Together, we hope to provide a simple but feasible financial product – one that assists moderate income earners to enter the property market by purchasing their own home while still providing an arrangement that is financially attractive to institutional investors.

By seeking to encourage institutional investors into this area of the market, Landcom is hoping to deliver some substantial social benefits.

RENEWABLE ENERGY

Landcom's target is to install solar hot water systems within all its "built form" projects by 2008. However, during the year, solar hot water systems were only installed within 32% of all homes constructed during the year (i.e. 53 out of 167). This is a reduction from 36% in 2004/2005 and 44% in 2003/2004.

Despite this decline, we will continue to pursue our target.

BUILDERS' ENVIRONMENTAL PERFORMANCE

Landcom audits its civil contracts to monitor the environmental performance of builders working on its projects and to improve environmental management on its building sites. Landcom's target is for all builders working on Landcom sites to achieve an audit score of greater than 75%.

This year, 9 audits were undertaken, but only 1 audit scored over 75%. In order to address this issue, Landcom will continue to offer environmental training to all builders working on its projects over the next 12 months.

BIODIVERSITY CONSERVATION AND MANAGEMENT

Sydney must manage its population growth. While the Government has taken a responsible approach by requiring that up to 70% of this growth take place within existing urban areas over the next 25 years, the balance will occur as new urban expansion. And even though this new growth is planned within two designated Growth Sectors, it is inevitable that these areas, currently non-urban, will contain areas of biodiversity.

There is a fundamental conflict between retaining existing biodiversity and the need to maintain a responsible approach to Sydney's growth. While Landcom conserved approximately 154 ha of land containing Endangered Ecological Communities on projects that were planned during the year, it also cleared virtually the same area of residentially zoned land.

Even though the majority of this cleared land was identified as being of low or moderate conservation significance, the need to maintain a constant balance between development and biodiversity remains an ongoing challenge for the organisation and the development industry in general.

We are committed to lessening the impact of our developments as much as possible, through careful design and offsetting.

Furthermore, for the conservation areas within our projects, we are developing long-term management mechanisms and funding to ensure the conservation outcomes in perpetuity. Our Edmondson Park and Second Ponds Creek developments are recent examples of this approach.

SOCIAL SUSTAINABILITY

Achieving social sustainability is essentially about planning for healthy communities. A healthy community is one that functions well as a whole, where the individuals in that community have the opportunities and freedoms to live their lives in a healthy, fulfilled and self-determined way.

Landcom's goal is to ensure that it puts the right building blocks in place for healthy communities to prosper. However, one of our biggest challenges is that not all the actions required to achieve healthy communities are within our control or area of responsibility.

This highlights the importance of our role as a facilitator. To achieve our social objectives, we need to have the commitment of all stakeholders early in the planning process and we need to ensure they work with us through the life of each project.

Diverse communities tend to be strong communities. To enable diverse communities, we need to provide a diverse range of housing to cater for their needs. However, there are challenges to achieving diversity, too. Planning controls that are established to protect neighbourhood character often reduce the housing diversity that can be achieved. To address this challenge, we will continue to work closely with Local Government to ensure their planning policies support long-term social sustainability objectives, while also protecting neighbourhood character.

For a list of actions addressing our key sustainability challenges please refer to the CD-ROM. 

Independent Audit Report

FOR THE YEAR ENDED 30 JUNE 2006



GPO BOX 12
Sydney NSW 2001

INDEPENDENT AUDIT REPORT

LANDCOM

To Members of the New South Wales Parliament

Audit Opinion

In my opinion, the financial report of Landcom (the Corporation):

- presents fairly the Corporation's financial position as at 30 June 2006 and its performance for the year ended on that date, in accordance with Accounting Standards and other mandatory financial reporting requirements in Australia, and
- complies with section 41B of the *Public Finance and Audit Act 1983* (the Act), and the *Public Finance and Audit Regulation 2005*.

My opinion should be read in conjunction with the rest of this report.

Scope

The Financial Report and Directors' Responsibility

The financial report comprises the balance sheet, income statement, statement of changes in equity, cash flow statement and accompanying notes to the financial statements for the Corporation for the year ended 30 June 2006.

The directors of the Corporation are responsible for the preparation and true and fair presentation of the financial report in accordance with the Act. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for accounting policies and accounting estimates inherent in the financial report.

Audit Approach

I conducted an independent audit in order to express an opinion on the financial report. My audit provides *reasonable assurance* to Members of the New South Wales Parliament that the financial report is free of *material* misstatement.

My audit accorded with Australian Auditing Standards and statutory requirements, and I:

- assessed the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors in preparing the financial report, and
- examined a sample of evidence that supports the amounts and disclosures in the financial report.

An audit does *not* guarantee that every amount and disclosure in the financial report is error free. The terms 'reasonable assurance' and 'material' recognise that an audit does not examine all evidence and transactions. However, the audit procedures used should identify errors or omissions significant enough to adversely affect decisions made by users of the financial report or indicate that the directors had not fulfilled their reporting obligations.

My opinion does *not* provide assurance:

- about the future viability of the Corporation,
- that it has carried out its activities effectively, efficiently and economically, or
- about the effectiveness of its internal controls.

Audit Independence

The Audit Office complies with all applicable independence requirements of Australian professional ethical pronouncements. The Act further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General, and
- mandating the Auditor-General as auditor of public sector agencies but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Audit Office are not compromised in their role by the possibility of losing clients or income.

A handwritten signature in black ink, appearing to read 'Peter Boulous'.

P J Boulous CA
Director, Financial Audit Services

SYDNEY
27 September 2006

Directors' Declaration

FOR THE YEAR ENDED 30 JUNE 2006

LANDCOM

DIRECTORS' DECLARATION

In the opinion of the Directors of Landcom:

- (a) The Financial Report:
 - (i) exhibits a true and fair view of the financial position of Landcom as at 30 June 2006 and of their performance, as represented by the results of their operations and their cash flows for the year ended on that date;
 - (ii) complies with applicable Accounting Standards, Urgent Issues Group Interpretation Views and other mandatory and statutory reporting requirements including Part 3 of the Public Finance and Audit Act 1983 and the associated requirements of the Public Finance and Audit Regulation 2005.
- (b) We are not aware of any circumstances, which would render any particulars included in the financial report to be misleading or inaccurate.
- (c) There are reasonable grounds to believe that the Corporation will be able to pay its debts as and when they fall due.

Signed in accordance with a resolution of the Directors:



W. KIRKBY-JONES
Chairman



SEAN O'TOOLE
Managing Director

Income Statement

FOR THE YEAR ENDED 30 JUNE 2006

	Notes	2006 \$'000	2005 \$'000
Continuing operations			
Sales revenue		317,276	326,939
Finance income	2(a)	4,690	4,237
Cost of sales		(193,707)	(179,902)
Gross profit		128,259	151,274
Other income	2(b)	2,605	2,739
Marketing expenses	3	(9,651)	(11,726)
Employee related expenses	4	(17,233)	(18,573)
Other operating expenses	5	(24,671)	(19,011)
Change in fair value of investment property	14	(791)	–
Depreciation and amortisation expense	6	(1,364)	(1,140)
Profit from continuing operations before income tax equivalent expense and finance costs		77,154	103,563
Finance costs	7	(15,562)	(12,701)
Share of net profit/(loss) of joint ventures accounted for using the equity method	16	146	(11)
Profit before income tax equivalent expense		61,738	90,851
Income tax equivalent expense	8	(17,456)	(28,194)
Net profit for the year	25	44,282	62,657

The above Income Statement is to be read in conjunction with the attached notes.

Balance Sheet

AS AT 30 JUNE 2006

	Notes	2006 \$'000	2005 \$'000
ASSETS			
Current assets			
Cash and cash equivalents	9	109,057	119,011
Trade and other receivables	10	22,590	28,940
Inventories	11	128,626	143,567
Other	12	7,644	9,672
Total current assets		267,917	301,190
Non-current assets			
Trade and other receivables	10	26,658	28,550
Inventories	11	381,827	396,772
Property, plant and equipment	13	5,089	5,858
Investment properties	14	3,800	4,482
Intangible assets	15	238	369
Investments accounted for using the equity method	16	224	4,447
Deferred tax assets	17	5,022	3,673
Other	12	5,786	-
Total non-current assets		428,644	444,151
TOTAL ASSETS		696,561	745,341
LIABILITIES			
Current liabilities			
Trade and other payables	18	58,645	64,450
Borrowings	20, 27	30,000	59,949
Current tax liabilities		9,637	13,755
Provisions	19	67,135	63,806
Deferred tax liabilities	21	677	1,109
Other	22	44	44
Total current liabilities		166,138	203,113
Non-current liabilities			
Trade and other payables	18	19,272	23,671
Borrowings	20, 27	144,697	145,000
Provisions	19	6,892	9,667
Other	22	22	65
Total non-current liabilities		170,883	178,403
TOTAL LIABILITIES		337,021	381,516
NET ASSETS		359,540	363,825
EQUITY			
Contributed equity	23	275,847	275,847
Asset revaluation reserve	24	218	284
Retained earnings	25	83,475	87,694
TOTAL EQUITY		359,540	363,825

The above Balance Sheet is to be read in conjunction with the attached notes.

Cash Flow Statement

FOR THE YEAR ENDED 30 JUNE 2006

	Notes	2006 \$'000	2005 \$'000
Cash flows from operating activities			
Receipts from customers		347,995	358,866
Interest received		6,030	4,184
Payments to suppliers and employees		(243,136)	(337,399)
Income tax equivalent paid		(23,355)	(32,262)
Borrowing costs		(14,741)	(11,498)
Other payments		(11,237)	(1,185)
Net cash flows from/(used in) operating activities	26(b)	61,556	(19,294)
Cash flows from investing activities			
Distributions received from joint ventures		4,369	136
Payments for investments in joint venture entities		–	(500)
Proceeds from sale of property, plant and equipment		278	338
Purchase of property, plant and equipment		(724)	(1,929)
Purchase of investment property		(109)	–
Net cash flows from/(used in) investing activities		3,814	(1,955)
Cash flows from financing activities			
Proceeds from borrowing		50,000	105,024
Repayment of borrowings		(80,000)	(20,000)
Dividends paid to NSW Treasury		(45,324)	(50,163)
Net cash flows from/(used in) financing activities		(75,324)	34,861
Net increase/(decrease) in cash and cash equivalents		(9,954)	13,612
Cash and cash equivalents at the beginning of period		119,011	105,399
Cash and cash equivalents at the end of period	26(a)	109,057	119,011

The above Cash Flow Statement is to be read in conjunction with the attached notes.

Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2006

	2006 \$'000	2005 \$'000
Total equity as at 1 July 2005	363,825	346,423
Adjustment on adoption of AASB 132 and AASB 139 to retained earnings	(4,314)	–
Transfer from asset revaluation reserve	29	69
Net income recognised directly in equity	(4,285)	69
Profit for the year	44,282	62,657
Total recognised income and expense for the period	39,997	62,726
Transactions with equity holders in their capacity as equity holders:		
Dividends provided for or paid	(44,282)	(45,324)
Total equity as at 30 June 2006	359,540	363,825

The above Statement of Changes in Equity is to be read in conjunction with the attached notes.

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2006

REPORTING ENTITY

Landcom is a NSW statutory State Owned Corporation established on 1 January 2002 by the Landcom Corporation Act 2001 (the Act). Landcom is a for-profit entity.

This financial report for the year ended 30 June 2006 has been authorised for issue by the Board on 22 September 2006.

Landcom undertakes and participates in residential, commercial, industrial and mixed development projects and provides advice and services related to urban development, on a commercial basis, to government agencies and others.

In addition to its freehold land development activities, Landcom is a joint venturer in:

1. Quakers Hill Project Joint Venture;
2. West Pennant Hills Project Joint Venture.

Landcom also provides management services to the Crown Lands Homesites Program and RailCorp's Chullora Redevelopment.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1.1 Basis of Preparation

The financial statements are a general purpose financial report, which has been prepared in accordance with the State Owned Corporation Act 1989 and Australian Accounting Standards (which include Australian Equivalents to International Financial Reporting Standards (AIFRS)) and the requirements of the Public Finance and Audit Act 1983 and regulations.

The financial statements have been prepared in accordance with the requirements of Part 3 of the Public Finance and Audit Act 1983 and the Public Finance and Audit Regulation 2005, except that the following exemptions have been granted by the Treasurer:

- exemption from preparing manufacturing, trading and profit and loss statements; required to prepare a summarised Income Statement (i.e. summarising major categories of revenues and expenses);
- exemption from reporting amounts set aside for renewal or replacement of fixed assets;
- exemption from reporting amounts set aside to any provision for known commitments;
- exemption from reporting amounts appropriated for repayment of loans, advances, debentures and deposits; and
- exemption from reporting material items of income and expenditure on a programme or activity basis.

Property, plant and equipment and investment property are measured at fair value. Other financial report items are prepared in accordance with the historical cost convention.

Judgements, key assumptions and estimations that management has made are disclosed in the relevant notes to the financial report.

1.2 Statement of Compliance

The financial report and notes comply with the Australian Accounting Standards, which include AIFRS. Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

This is the first financial report prepared that is based on AIFRS and comparatives for the year ended 30 June 2005 have been restated accordingly, unless otherwise permitted. In accordance with AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards* and Treasury Mandates, the date of transition to AASB 132 *Financial Instruments: Disclosure and Presentation* and AASB 139 *Financial Instruments: Recognition and Measurement* was deferred to 1 July 2005. As a result, comparative information for these 2 standards is presented under the previous Australian Accounting Standards which applied to the year ended 30 June 2005. Under previous Accounting Standards, financial instruments were recognised at cost, with the exception of TCorp Hour-Glass Facilities and Managed Fund Investments, which were measured at fair value. Reconciliations of AIFRS total equity and profit before tax for 30 June 2005 to the balances reported in the 30 June 2005 financial report are detailed in Note 1.25 below.

The following is a summary of the significant accounting policies adopted by Landcom in the preparation of the financial report. The accounting policies have been consistently applied, unless stated otherwise. All amounts are rounded to the nearest one thousand dollars and expressed in Australian dollars.

1.3 Income Recognition

Income is measured at the fair value of the consideration or contribution received or receivable.

- (a) Land sales are recognised on settlement of a legally binding contract and receipt of the agreed settlement price. Landcom did not have any pre-completion sales contracts in place at 30 June 2006.
- (b) Interest and other investment income is recognised in the period in which it is earned.
- (c) Management fees are based on the general principle that there is a

right to be compensated for services rendered and it is probable that economic benefits will result and the income can be reliably measured.

- (d) Rental income is recognised in accordance with AASB 117 *Leases* on a straight-line basis over the term of the lease.
- (e) Interest revenue through amortisation is recognised using the effective interest method as set out in AASB 139 *Financial Instruments: Recognition and Measurement*.

1.4 Expenditure Recognition

Operating and working expenses are expensed in the year in which they are incurred. Where they are directly attributable to the management of construction contracts, a proportion is capitalised to land under development (works in progress) (refer Note 1.8).

1.5 Employee Benefits

All liabilities for employee benefits are fully provided for in accordance with AASB 119 *Employee Benefits* (refer to Note 19). Employee benefits applicable to Landcom are shown below.

Salaries and Annual Leave

Liabilities for salaries (including non-monetary benefits) are calculated at undiscounted nominal amounts based on the amounts expected to be paid when the liabilities are settled. Annual leave is recognised and measured in respect of employees' services up to the reporting date at undiscounted nominal amounts based on the amounts expected to be paid when the liabilities are settled.

Non-vesting Sick Leave

Unused non-vesting sick leave does not give rise to a liability, as it is not considered probable that sick leave taken in the future will be greater than the benefits accrued in any reporting period.

Long Service Leave

Long service leave is measured on a present value basis in accordance with AASB 119 *Employee Benefits* for all employees with 5 or more years of service in the public sector. The provision is calculated using estimated future increases in salary rates including related on-costs.

Superannuation

Calculation of the total liability for superannuation is based on actuarial advice. The superannuation liability in the Balance Sheet is the difference between the gross liabilities and the stake in the funds at reporting date in respect of Landcom's employees.

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2006

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1.5 Employee Benefits (continued)

Redundancy Payments

The liability is based on the payments expected to be made as a result of restructures which have been formally advised, to employees and unions.

Payroll Tax

The liability is calculated at the applicable tax rate on the part of the unpaid employee benefit liabilities existing at the reporting date which are subject to payroll tax.

1.6 Insurance

Landcom carries a comprehensive range of insurances covering property, public liability, motor vehicles and other contingencies through the NSW Treasury Managed Fund of self-insurance for Government agencies. The expense (premium) is determined by the Fund Manager based on past experience. These insurance policies are reviewed annually to ensure that they are adequate and were current at 30 June 2006. No major claims exist under these policies at 30 June 2006 other than those disclosed under Note 29 (Contingent Liabilities).

1.7 Leases

Operating lease payments, where the lessor effectively retains substantially all of the risks and benefits of ownership of leased items, are included in operating expenditure as incurred.

The cost of improvement to or on leasehold property is capitalised and disclosed as leasehold improvements, and amortised over the unexpired period of the lease term or the estimated useful lives of the improvements, whichever is the shorter.

Lease incentive under a non-cancellable operating lease, like a rent-free period, is recognised as an asset (leasehold right) and as a liability (lease incentive) at the inception of the lease in an amount equal to the present value of the minimum lease payments. Leasehold right (asset) is amortised to rental expense during the rent-free period. Lease incentive (liability) is reduced by allocating lease rental payments between rental expenses and reduction of the liability at the beginning of lease payment period until the end of the lease term.

In late 2001, Landcom entered into a lease agreement for one of its offices. Included in the lease agreement was a "6 months rent-free period". This incentive is being amortised over the life of the initial 6-year lease term.

1.8 Capitalisation of Expenses – Development Costs and Cost of Sales

Landcom charges all direct expenditure on development works to relevant projects. All operating expenditure is initially charged to and disclosed in the Income Statement when it is incurred. Some salary charges and related expenses are subsequently capitalised to projects together with other administrative overheads.

Overheads are capitalised to projects based on 7% of actual development expenditure incurred on individual projects, except for one project, where overheads are capitalised at a rate of 2% of actual expenditure.

1.9 Income Tax Equivalent Expense

Landcom is subject to notional taxation in accordance with the State Owned Corporation Act 1989. From 1 July 2003, taxation liability has been assessed according to the National Tax Equivalent Regime of the NSW Treasury, which proposes, as far as practical, the adoption of the Commonwealth Income Tax Assessment Act 1936 (as amended) as the basis for determining taxation liability. Tax effect accounting has also been adopted from 1 July 2003.

1.10 Dividends to the NSW Treasury

Landcom is required to pay dividends to the Consolidated Fund of NSW Treasury in accordance with the State Owned Corporations Act 1989. Dividends are currently paid at 100.0% of profit after tax. During 2004/2005, dividends were paid at 74.3% of profit after tax, restated for the financial impacts of the adoption of AEIFRS.

1.11 Goods and Services Tax

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

- i. where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO), it is recognised as part of the cost of acquisition of an asset or as part of an item of expense;
- ii. for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from or payable to the Australian Taxation Office is included as part of receivables or payables.

Cash flows are included in the Cash Flow Statement on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

1.12 Cash and Cash Equivalent Assets

Cash comprises cash on hand and at the bank.

Landcom placed funds on deposit with NSW Treasury Corporation (TCorp). These funds are invested in the Hour-Glass Facility Trusts and can be redeemed at short notice. The value that best represents the maximum credit risk exposure is the net fair value.

1.13 Trade and Other Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These financial assets are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method, less an allowance for any impairment of receivables. Any changes are accounted for in the Income Statement when impaired, derecognised or through the amortisation process.

Short-term receivables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

Interest is charged on overdue settlement monies where agreed settlement dates are not met. The rate of interest applied during the year was 11.10%. Sales are made on varying terms, but generally on a 30-day exchange and 30-day settlement basis.

1.14 Inventories – Land Classification

Inventories comprise undeveloped land, works in progress and developed land. Undeveloped land with medium to long-term development potential is classified as a non-current asset. Land is classified as works in progress while it is under development, that is, from the time contracts are signed for work to proceed. Developed land is land, which has been subdivided and registered on completion of all development activity. Developed land and works in progress are expected to be sold within the next 12 months. As the process of development progresses, land projects are reclassified from undeveloped land to works in progress, then, on completion, to developed land for sale.

1.15 Inventories – Land Valuation

All land is valued at the lower of cost and net realisable value. Cost includes acquisition, development and capitalised overhead. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2006

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1.16 Land, Buildings (Sales Offices) and Leasehold Improvements

Land and buildings (sales offices) are revalued every 5 years in accordance with Treasury guidelines (see Note 1.23). The last revaluation was performed in June 2003 by an independent certified practising valuer. These values were based on land and building sales in the areas in which the properties are located.

Sales office buildings are depreciated over 14 years.

Land is not a depreciable asset.

Leasehold improvements are valued at cost and amortised over the unexpired period of the lease term.

1.17 Plant and Equipment

Plant and equipment are recorded at the cost of acquisition, plus major renovation or improvement costs, if any, and are shown at cost less accumulated depreciation. Depreciation on all plant and equipment is calculated on the basis of the useful life of the asset to Landcom using the straight-line method. The written down value of plant and equipment as at 30 June 2006 approximates fair value. Plant and equipment costing \$500 and above individually are capitalised.

The following estimated useful lives are used in the calculation of depreciation for major items:

Computer equipment is 4 years.

Office equipment is 5 to 25 years.

Impairment

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

1.18 Trade and Other Payables

All trade payables are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Payables are recognised initially at fair value, usually based on transactional cost or face value. Subsequent measurement is at amortised cost using the effective interest rate method. Short-term payables are measured at the original invoice amount where the effect of discounting is immaterial.

Amounts owing to suppliers are settled in accordance with the policy set out in the Treasurer's Directions. If trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or statement

is received. The Treasurer's Directions allow the Minister to award interest for late payment. No interest for late payment was made during the year.

Landcom also holds monies in trust paid by prospective buyers of land, as either holding deposits or on exchange of contracts pending settlement.

1.19 Borrowings

All borrowings are recorded at face value net of any premium or discounts. Loans are not held for trading and are recognised at amortised cost using the effective interest method. Premiums and discounts are amortised over the life of the borrowings and charged to the Income Statement. Borrowing costs are recognised as an expense when incurred in accordance with Treasury's Mandate to general Government sector agencies. Gains and losses are recognised in the Income Statement when the liabilities are derecognised as well as through the amortisation process.

1.20 Derivatives

NSW Treasury Corporation, who has been contracted to manage Landcom's debt portfolio, enters into Futures Agreements on Landcom's behalf. This type of derivative financial instrument is recognised in the financial statements on inception. The net amount receivable/payable and any gains/losses incurred are progressively brought to account.

1.21 Financial Instruments

Financial instruments give rise to positions that are a financial asset of Landcom and a financial liability (or equity instrument) of the other party. For Landcom, these include cash assets, receivables, payables and borrowings.

Information is disclosed in Note 27 in respect of the credit risk and interest rate risk of financial instruments. All such amounts are carried at net fair value unless otherwise stated.

1.22 Joint Ventures

Interest in joint venture entities is accounted for under the equity method in the financial report.

1.23 Revaluation of Property, Plant and Equipment

Physical non-current assets are valued in accordance with the "Valuation of Physical Non-Current Assets at Fair Value" Policy and Guidelines Paper (TPP 05-03). This policy adopts fair value in accordance with AASB 116 *Property, Plant and Equipment* and AASB 140 *Investment Property*. Information on investment property is separately discussed in Note 1.26.

Property, plant and equipment is measured on an existing use basis, where there are no feasible alternative uses in the existing natural, legal, financial and socio-political environment. However, in the limited circumstances where there are feasible alternative uses, assets are valued at their highest and best use.

Fair value of property, plant and equipment is determined based on the best available market evidence, including current market selling prices for the same or similar assets. Where there is no available market evidence, the asset's fair value is measured at its market buying price, the indicator of which is depreciated replacement cost.

Landcom revalues each class of property, plant and equipment at least every 5 years or with sufficient regularity to ensure that the carrying amount of each asset in the class does not differ materially from its fair value at reporting date. The last revaluation was completed on 30 June 2003 and was based on an independent assessment.

When revaluing non-current assets by reference to current prices for assets newer than those being revalued (adjusted to reflect the present condition of the assets), the gross amount and the related accumulated depreciation are separately restated.

For other assets, any balances of accumulated depreciation at the revaluation date in respect of those assets are credited to the asset accounts to which they relate. The net asset accounts are then increased or decreased by the revaluation increments or decrements.

Revaluation increments are credited directly to the asset revaluation reserve, except that, to the extent that an increment reverses a revaluation decrement in respect of the same asset previously recognised as an expense in the Income Statement, the increment is recognised immediately as revenue in the Income Statement.

Revaluation decrements are recognised immediately as expenses in the Income Statement, except that, to the extent that a credit balance exists in the asset revaluation reserve in respect of the same asset, they are debited directly to the asset revaluation reserve.

Revaluation increments and decrements are offset against each individual asset and not within a class of assets.

Where an asset that has previously been revalued is disposed of, any balance remaining in the asset revaluation reserve in respect of that asset is transferred to retained earnings.

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2006

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1.24 Provisions

The provision to complete projects captures all unpaid development costs which were included in the original land development schedule. It is raised as an estimate based on known costs at the time when the land is ready for sales release. The provision also includes the value of works completed at 30 June 2006 of any performance building contracts entered into by Landcom.

Provisions for future rectification works relate to any matter outstanding on Landcom projects which have for all intents and purposes been completed. These provisions were originally raised as an estimate of remedial works required on completed projects for which the New South Wales Land and Housing Corporation was responsible prior to the transfer of the former Landcom

on 1 July 1993. All future costs that may result in connection with these completed projects are recognised as provisions. No additional provision was raised during the year for future rectification works.

If the time value of money is material, provisions are discounted at the pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability.

1.25 The Financial Impact of Adopting Australian Equivalents to International Financial Reporting Standards (AEIFRS)

Landcom has applied the AEIFRS for the first time in the 2005/2006 financial report. The key areas where changes in accounting policies have impacted the financial report are disclosed below. Some of these impacts arise because AEIFRS requirements are different from previous AASB requirements (AGAAP). Other impacts arise from options

in AEIFRS. To ensure consistency at the whole of government level, NSW Treasury has mandated options that must be applied by NSW public sector agencies. The impacts disclosed below reflect Treasury's mandates and policy decisions.

The impacts of adopting AEIFRS on the total equity and profit before tax reported under previous AGAAP are shown below. There are no differences between the cash flow statement presented under AEIFRS and the cash flow statement presented under previous AGAAP.

(a) Reconciliation – 1 July 2004 and 30 June 2005

	Notes	30/06/05 \$'000**	01/07/04 \$'000*
Reconciliation of total equity under previous AGAAP to total equity under AEIFRS:			
Total equity under previous AGAAP			
Adjustments to accumulated funds		(373,055)	(356,034)
Derecognition of capitalised interest	3	8,749	9,435
Defined benefit superannuation adjustment for change in discount rate	4	4,088	2,152
Effect of discounting long-term long service leave	5	(107)	–
Tax effect adjustment	6	(3,299)	(1,928)
Adjustments to other reserves			
Write back of asset revaluation reserve for investment properties	2	(195)	(42)
Write off asset revaluation reserve for decrement	1	(6)	(6)
Total equity under AEIFRS		(363,825)	(346,423)

* = adjustments as at the date of transition.

** = cumulative adjustments as at date of transition plus the year ended 30 June 2005.

	Notes	\$'000*
Reconciliation of profit after tax under previous AGAAP to profit before tax under AEIFRS:		
Year ended 30 June 2005		
Profit after tax as previously reported under AGAAP		62,022
Investment properties	2	153
Borrowing costs (expensed)/credited as cost of sales	3	686
Defined benefit superannuation	4	(1,936)
Long-term long service leave	5	107
Income tax expense	6	1,625
Profit after tax under AEIFRS:		62,657

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2006

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Notes to tables

1. *AASB 116: Property, Plant and Equipment* requires for-profit entities to recognise revaluation increments and decrements on an individual asset basis, rather than a class basis. This change has decreased retained earnings and increased the asset revaluation reserve by \$6,000 as a consequence. This treatment was not required under previous AGAAP.

2. Under *AASB 140: Investment Property* and Treasury's mandates, investment property must be recognised at fair value. In contrast to the previous treatment as property, plant and equipment, investment property recognised at fair value is not depreciated and changes in fair value are recognised in the Income Statement rather than the asset revaluation reserve. This means that any asset revaluation reserve balances relating to such property have been written back to accumulated funds. Depreciation expense has also reduced by \$153,000 for 30 June 2005 as a consequence.

3. Previous AGAAP required borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset to be capitalised and other borrowing costs to be expensed. *AASB 123: Borrowing Costs* provides the option to expense or capitalise borrowing costs. NSW Treasury's mandate requires all General Government Sector agencies to expense all borrowing costs. This has increased the recognised value of assets and reduced cost of sales by \$686,000 for 30 June 2005 as a consequence.

4. *AASB 119: Employee Benefits* requires the defined benefit superannuation obligation to be discounted using the government bond rate as at each reporting date, rather than the long-term expected rate of return on plan assets. Where the superannuation obligation is not assumed by the Crown, then the defined benefit superannuation liability has been increased (or decreased the asset for those agencies in an over funded position) and increased the superannuation expense by \$1,936,000 for 30 June 2005 as a consequence. During 2004/2005 the long-term bond rate fell by nearly 1%, resulting in a significant increase in the superannuation liability and expense.

5. *AASB 119* requires present value measurement for all long-term employee benefits. Previous AGAAP provided that annual leave was measured at nominal value in all circumstances. Landcom has long-term long service leave benefits and accordingly now measures these benefits at present value, rather than nominal value. This has decreased employee benefits liability and employee benefits expense by \$107,000 for 30 June 2005.

6. *AASB 112: Income Taxes* uses a balance sheet approach that requires the differences between the accounting and tax value of assets and liabilities to be recognised as deferred tax assets or liabilities. Previous AGAAP used an operating statement method that accounts for tax by adjusting accounting profit for temporary and permanent differences to derive taxable income. The *AASB 112* approach altered the quantum and timing of tax assets and liabilities recognised. The balance sheet approach resulted in the recognition of a deferred tax asset and deferred tax liability in relation to timing differences that were generally not recognised under previous AGAAP and as a result there was a reduction to the income tax expense for 30 June 2005 of \$1,625,000.

(b) Financial Instruments

In accordance with NSW Treasury's mandates, Landcom has applied the exemption provided in *AASB 1: First-time Adoption of Australian Equivalents to International Financial Reporting Standards* not to apply the requirements of *AASB 132 Financial Instruments: Presentation and Disclosures* and *AASB 139: Financial Instruments Recognition and Measurement* for the 2004/2005 comparative information. Therefore the comparative information for 2004/2005 for financial instruments has been presented in accordance with previous AGAAP. These Standards have been applied from 1 July 2005.

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2006

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Instruments – 1 July 2005 first-time adoption impacts

As discussed in Note 1.2, the comparative information for 2004/2005 for financial instruments has not been restated and is presented in accordance with previous AGAAP (refer Note 1.25(a) above). AASB 132 and AASB 139 have been applied from 1 July 2005. Accordingly, the 1 July 2005 AEIFRS opening equity adjustments for the adoption of AASB 132/AASB 139 follow:

	Notes	Accumulated funds \$'000
Total opening 1 July 2005 AEIFRS equity		(363,825)
Long-term payables at amortised cost	c	(2,600)
Long-term receivables at amortised cost	c	6,914
Restated opening 1 July 2005 AEIFRS equity (after applying AASB 139)		(359,511)

(c) Long term payables/receivables at amortised cost.

Under AASB 139, these types of payables/receivables must initially be recognised at fair value, and thereafter at amortised cost. The fair value of a long-term payable/receivable that carries no interest or below market interest is estimated as the present value of all future cash outflows/receipts, discounted using the prevailing market rates of interest for a similar instrument with a similar credit rating (based on the NSW TCorp government bond rate). Amortisation of the payable/receivable is recognised as interest revenue/expenses. Previously, such payables/receivables were measured at nominal amount or face value. This change has reduced the amount of the payables/receivables.

1.26 Investment Properties

Landcom owns a property classified as an investment property under AASB 140 *Investment Property*. Under AASB 140, investment properties are initially measured at cost including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value supported by market evidence at the balance sheet date. Gains or losses arising from changes in fair value of investment properties are included in the Income Statement in the year in which they arise. No depreciation is charged on investment properties.

Investment properties are derecognised when they have either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal.

Any gains or losses on the derecognition of an investment property are recognised in the Income Statement in the year of derecognition.

1.27 Intangible Assets

Computer software costs (licences) and website costs are treated as intangible assets. The useful lives of these intangible assets were estimated as finite and the cost method was utilised for their measurement. Intangible assets are subsequently measured at fair value only if there is an active market. As there is no active market for Landcom's intangible assets, the assets are carried at cost less any accumulated amortisation. Intangible assets are tested for impairment where an indicator of impairment exists.

1.28 Recoverable Amount of Assets

At each reporting date, Landcom assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, Landcom makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Recoverable amount is the greater of fair value less costs to sell and value in use.

1.29 Impairment of Financial Assets

All financial assets, except those measured at fair value through profit and loss, are subject to an annual review for impairment. An allowance for impairment is established when there is objective evidence that the entity will not be able to collect all amounts due.

For financial assets carried at amortised cost, the amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the impairment loss is recognised in the Income Statement.

When an available for sale financial asset is impaired, the amount of the cumulative loss is removed from equity and recognised in the Income Statement, based on the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss previously recognised in the Income Statement.

Any reversals of impairment losses are reversed through the Income Statement, where there is objective evidence, except reversals of impairment losses on an investment in an equity instrument classified as "available for sale" must be made through the reserve. Reversals of impairment losses of financial assets carried at amortised cost cannot result in a carrying amount that exceeds what the carrying amount would have been had there not been an impairment loss.

1.30 Deferred Expenditure

Deferred expenditure is booked at cost and amortised as expense on settlement.

1.31 Comparative Information

Comparative figures have been restated based on AEIFRS with the exception of financial instruments information, which has been prepared under the previous AGAAP Standard (AAS 33) as permitted by AASB 1.36A. The transition to AEIFRS for financial instruments was 1 July 2005.

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2006

	2006 \$'000	2005 \$'000
2(a) FINANCE INCOME		
Interest from bank	764	666
Interest from investment	1,718	1,788
Interest from loan receivable	644	1,398
Unwinding of the discount rate	1,447	–
Interest from late settlement	117	385
	4,690	4,237
2(b) OTHER INCOME		
Management fee – Crown Lands Homesites Program	1,765	1,560
Other management fees	–	187
Rental income	426	471
Other	414	521
	2,605	2,739
3 MARKETING EXPENSES		
Advertising	8,023	10,695
Sales contractors and commission	643	204
Other	985	827
	9,651	11,726
4 EMPLOYEE RELATED EXPENSES		
Salaries and wages	14,777	12,405
Superannuation – defined benefit plans	(2,343)	2,064
Superannuation – defined contribution plans	1,234	983
Long service leave	428	333
Recreation leave	1,108	1,036
Workers' compensation insurance	35	89
Payroll tax and fringe benefit tax	1,232	1,040
Other employee related expenses	762	623
	17,233	18,573
5 OTHER OPERATING EXPENSES		
Auditor's remuneration – audit financial statements	170	143
Operating lease rental expense	1,268	1,120
Maintenance	424	296
Insurance	176	236
General administrative costs	11,026	10,723
State taxes		
Land tax	14,064	11,893
Stamp duty	3	62
Project costs written off	5,769	3,322
Property and accommodation expenses	653	1,018
Consultancy fees	115	271
Bad debts	(4)	10
Gain/(Loss) on value of assets disposed	(23)	115
	33,641	29,209
Transfer of capital costs to inventories	(8,970)	(10,198)
	24,671	19,011

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2006

	2006 \$'000	2005 \$'000
6 DEPRECIATION AND AMORTISATION EXPENSE		
Buildings	125	82
Leasehold improvements	664	477
Plant and equipment	401	319
Intangible assets	174	262
	1,364	1,140

7 FINANCE COSTS

Interest	11,723	9,343
Unwinding of the discount rate	1,629	–
Interest rate swap	–	10
Amortisation of loan premium	(252)	32
Government guarantee fee	2,462	3,316
	15,562	12,701

8 INCOME TAX

The major components of income tax expense for the years ended 30 June 2006 and 2005 are:

Income Statement

(a) Income tax expense

Current income tax charge	19,346	26,510
Adjustments for prior year	(138)	1,539
Deferred income tax		
Relating to origination and reversal of temporary differences	(1,752)	145
Income tax expense reported in the Income Statement	17,456	28,194

Deferred income tax (revenue)/expense included in income tax expense comprises:

Decrease/(Increase) in deferred tax assets	1,349	290
(Decrease)/Increase in deferred tax liabilities	403	(435)
	1,752	(145)

A reconciliation between tax expense applicable to accounting profit before income tax at the statutory income tax rate to income tax expense at the entity's effective income tax rate:

Accounting profit before tax	61,738	90,851
At the statutory income tax rate of 30% (2005: 30%)	18,522	27,255
Expenditure not allowable for income tax purposes	23	(69)
Recognition of temporary differences	(951)	(530)
Under/(Over) provided in prior years	(138)	1,538
Income tax expense/(income) reported in the Income Statement	17,456	28,194

9 CASH AND CASH EQUIVALENTS

Cash at bank and on hand	15,384	58,269
Cash equivalent assets – Hour-Glass Facility Trusts	93,673	60,742
	109,057	119,011

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2006

	2006 \$'000	2005 \$'000
10 TRADE AND OTHER RECEIVABLES		
Current		
Trade receivables	20,223	12,446
Provision for doubtful debts	(9)	(37)
Crown Lands Homesites Program	684	297
NSW Treasury Corporation	23	38
Accrued interest	140	131
Development bonds	1,529	1,616
Loan receivables	–	14,449
	22,590	28,940
Non-current		
Trade receivables	25,526	26,000
Loan receivables	1,132	2,550
	26,658	28,550

The non-current trade receivables of \$25.526 million (30 June 2005: \$26 million) included deferral of payment for sale of land for the project at Wolli Creek of \$12.194 million (30 June 2005: \$18 million), receivable for land sold at Prince Henry \$7.442 million (30 June 2005: \$nil) and \$5.890 million receivable from Department of Community Services for development at Renwick (30 June 2005: \$8.0 million).

Non-current loan receivable represents second mortgages with purchasers of 21 properties sold at Stanhope Gardens amounting to \$1.132 million (30 June 2005: \$2.550 million) as part of Landcom's moderate income housing programme. The second mortgages must be repaid within 14 years or on sale of the properties, whichever comes first. During 2005/2006, one purchaser has repaid the loan.

	2006 \$'000	2005 \$'000
11 INVENTORIES		
Current		
Works in progress of land at cost	61,367	78,158
Developed land at cost	67,259	65,409
	128,626	143,567
Non-current		
Undeveloped land at cost	381,827	396,772
	381,827	396,772
Land held for resale	510,453	540,339
Details of land held for resale are:		
Acquisition costs	286,118	294,480
Development costs	194,209	209,036
Other costs	30,126	36,823
	510,453	540,339

12 OTHER

Current		
Prepayments	7,644	9,672
	7,644	9,672
Non-current		
Deferred expenditure	5,786	–
	5,786	–

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2006

	2006 \$'000	2005 \$'000
13 PROPERTY, PLANT AND EQUIPMENT		
Land		
At fair value	974	1,094
	974	1,094
Buildings		
At fair value	1,628	1,771
Accumulated depreciation	(226)	(136)
	1,402	1,635
Leasehold improvements		
At fair value	3,222	2,882
Accumulated depreciation	(2,015)	(1,351)
	1,207	1,531
Plant and equipment		
At fair value	3,327	3,018
Accumulated depreciation	(1,821)	(1,420)
	1,506	1,598
Net carrying amount	5,089	5,858

Reconciliation:

A reconciliation of the carrying amount of each class of property, plant and equipment at the beginning and end of the current reporting period is set out below:

2006	Land \$'000	Buildings \$'000	Leasehold improvements \$'000	Plant & equipment \$'000	Total \$'000
Net carrying amount at the start of year	1,094	1,635	1,531	1,598	5,858
Additions	–	26	340	315	681
Disposals	(120)	(134)	–	(6)	(260)
Depreciation expense	–	(125)	(664)	(401)	(1,190)
Net carrying amount at the end of the year	974	1,402	1,207	1,506	5,089

Reconciliation:

A reconciliation of the carrying amount of each class of property, plant and equipment at the beginning and end of the previous reporting period is set out below:

2005	Land \$'000	Buildings \$'000	Leasehold improvements \$'000	Plant & equipment \$'000	Total \$'000
Net carrying amount at the start of year	970	1,127	1,338	1,113	4,548
Additions	424	743	670	804	2,641
Disposals	(300)	(170)	–	–	(470)
Depreciation expense	–	(82)	(477)	(319)	(878)
Other movements	–	17	–	–	17
Net carrying amount at end of the year	1,094	1,635	1,531	1,598	5,858

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2006

	2006 \$'000	2005 \$'000
14 INVESTMENT PROPERTIES		
Fair value		
Opening balance as at 1 July	4,482	4,482
Additions	109	–
Net gain/(loss) from fair value adjustment	(791)	–
Closing balance as at 30 June	3,800	4,482

During the current financial year, investment properties were valued at fair value by M J Davis Valuations Pty Ltd, an independent, professionally qualified valuer with recent experience in the location and category of the investment properties. No such valuation was conducted in the prior year.

15 INTANGIBLE ASSETS

Computer software and website

Net carrying amount at start of year	369	375
Additions	43	256
Amortisation	(174)	(262)
Net carrying amount at end of year	238	369

The following estimated useful lives are used in the calculation of amortisation for intangible assets:

Computer software is 4 years.
Website cost is 5 years.

16 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Joint venture entities

Name of joint venture entity	Principal activity	Ownership interest	
		2006 %	2005 %
Quakers Hill Project Joint Venture	Development for retail sales	50	50
West Pennant Hills Project Joint Venture	Development for retail sales	50	50

Landcom's equity in the above joint venture projects is detailed below:

	2006 \$'000	2005 \$'000
Movement in investment in joint venture		
Carrying amount of investment at the beginning of the financial year	4,447	4,094
	4,447	4,094
Equity accounted amount of investments at the beginning of the financial year	4,447	4,094
Share of net profit	146	(11)
Acquisition of additional interest in joint venture entities	–	500
Return of equity	(4,300)	–
Distribution from joint venture entities	(69)	(136)
Equity accounted amount of investment at the end of the financial year	224	4,447

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2006

	2006 \$'000	2005 \$'000
17 DEFERRED TAX ASSETS		
The balance comprises temporary differences attributable to:		
Depreciation	589	461
Provisions	951	779
Sundry	30	33
Fair value adjustments	1,687	–
Unrealised investments	1,185	1,095
Defined benefit deficit	580	1,305
	5,022	3,673
Movements		
Opening balance at 1 July	3,673	3,383
Credited (charge) to the Income Statement	1,349	290
Closing balance as at 30 June	5,022	3,673
18 TRADE AND OTHER PAYABLES		
Current		
Trade payables	22,073	24,417
Security deposits received	3,473	3,827
Bonds and deposits held	4,082	2,016
Accrued expenses	19,806	27,486
Retentions	515	517
Land tax equivalent	8,696	6,187
	58,645	64,450
Non-current		
Trade payables	9,736	13,350
Security deposits received	9,068	9,786
Accrued expenses	468	535
	19,272	23,671
19 PROVISIONS		
Employee benefits – current		
Provision for annual leave	1,326	1,183
Provision for long service leave	2,858	334
Provision for superannuation liability	2,036	4,890
Accrued on-costs	594	169
Other	–	45
	6,814	6,621
Employee benefits – non-current		
Provision for long service leave	153	2,398
Accrued on-costs	20	378
	173	2,776
Total employee benefits	6,987	9,397

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2006

19 PROVISIONS (continued)

Landcom operates three defined benefit schemes – at least a component of the final benefit is derived from a multiple of member salary and years of membership.

All the schemes are closed to new members.

The Pooled Fund holds in trust the investments of the closed NSW public sector superannuation schemes:

- State Authorities Superannuation Scheme (SASS);
- State Superannuation Scheme (SSS);
- State authorities Non-contributory Superannuation Scheme (SANCS).

An actuarial assessment of the superannuation schemes as at 30 June 2006 was carried out by Pillar Administration (Fund's actuary) in accordance with AEIFRS and Treasury Circular NSWTC 06/13 guidelines.

The following tables summarise the components of net benefit expense recognised in the Income Statement and the funded status and amounts recognised in the Balance Sheet for the respective plans as required by AASB 119 and as mandated by NSW Treasury.

	2006 \$'000	2005 \$'000
Total expenses recognised in the Income Statement		
Current service cost	513	502
Interest cost on benefit obligations	1,064	1,002
Expected return on plan assets	(1,073)	(945)
Net actuarial losses/(gains) recognised in the year	(2,847)	1,558
Total included in employee benefits expense	(2,343)	2,117
Actual return on plan assets	2,214	1,668
Benefit asset/(liability)		
Present value of defined benefit obligations	18,981	18,915
Fair value plan assets	(16,945)	(14,025)
	2,036	4,890
Net benefit (asset)/liability to be disclosed in the Balance Sheet	2,036	4,890
Movement in benefit (asset)/liability recognised in the Balance Sheet		
Net asset/(liability) at the start of the year	4,890	3,253
Net (revenue)/expense recognised in the Income Statement	(2,343)	2,118
Contributions	(511)	(481)
Net (asset)/liability to be disclosed in the Balance Sheet	2,036	4,890

The principal actuarial assumptions used in determining pension benefit obligations at the reporting date are shown below:

	2006	2005
Discount rate at 30 June	5.9%	5.2%
Expected return on plan assets at 30 June	7.6%	7.3%
Expected salary increases	4.0%	4.0%
Expected rate of CPI increase	2.5%	2.5%

All Fund assets are invested by Superannuation Trustee Corporation (STC) at arm's length through independent fund managers.

The following is a summary of the defined pension fund as extracted from the plans most recent financial report determined in accordance with AAS 25 Financial Reporting by Superannuation Plans.

	2006 \$'000	2005 \$'000
Accrued benefits	16,569	14,827
Net market value of Fund assets	(16,945)	(14,026)
Net (surplus)/deficit	(376)	801

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2006

	2006	2005
19 PROVISIONS (continued)		
Recommended contribution rates for the entity are:		
SASS Multiple of member contributions	1.90	1.90
SANCS % Member salary	2.50	2.50
SSS Multiple of member contributions	1.60	1.60
The method used to determine the employer contribution recommendations at the last actuarial review was the Aggregate Funding method. The method adopted affects the timing of the cost to the employer.		
Under the Aggregate Funding method, the employer contribution rate is determined so that sufficient assets will be available to meet benefit payments to existing members, taking into account the current value of assets and future contributions.		
The economic assumptions adopted for the last actuarial review of the Fund were:		
Weighted-Average Assumptions		
Expected rate of return on Funds assets	7.3%	7.0%
Expected salary increase rate	4.0%	4.0%
Expected rate of CPI increase	2.5%	2.5%
Nature of asset/liability		
If a surplus exists in the employer's interest in the Fund, the employer may be able to take advantage of it in the form of a reduction in the required contribution rate, depending on the advice of the Fund's actuary.		
Where a deficiency exists, the employer is responsible for any difference between the employer's share of Fund assets and the defined benefit obligation.		
	2006	2005
	\$'000	\$'000
Other provisions – current		
Provision to complete projects	15,424	11,152
Provision for distribution to NSW Treasury	44,282	45,324
Provision for future rectification works	615	709
	60,321	57,185
Other provisions – non-current		
Provision to complete projects	4,719	4,280
Provision for future rectification works	2,000	2,611
	6,719	6,891
Total current and non-current provisions		
Current liability	67,135	63,806
Non-current liability	6,892	9,667
	74,027	73,473

Reconciliations of the carrying amount of each class of provision, except for employee benefits are set out below:

2006	Provision for distribution to NSW Treasury \$'000	Provision for rectification works \$'000	Provision to complete projects \$'000
Carrying amount at beginning of year	(45,324)	(3,320)	(15,432)
Additional provisions recognised	(44,282)	–	(12,806)
Reductions in provisions from payments	45,324	705	6,173
Reductions in provisions from remeasurement	–	–	1,922
Carrying amount at end of year	(44,282)	(2,615)	(20,143)

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2006

	2006 \$'000	2005 \$'000
20 BORROWINGS		
Current		
Unsecured loans at face value	30,000	60,000
Unamortised premiums	–	(51)
	30,000	59,949
Non-current		
Unsecured loans at face value	142,907	145,000
Unamortised discounts	1,790	–
	144,697	145,000
Repayment of borrowings		
Not later than 1 year	30,000	59,949
Between 1 and 5 years	144,697	145,000
Total Borrowings	174,697	204,949

21 DEFERRED TAX LIABILITIES

The balance comprises temporary differences attributable to:

Revalued assets	93	122
Fair value adjustments	542	–
Accrued interest	42	737
Investment in joint venture	–	250
Deferred tax liabilities	677	1,109
Movements		
Opening balance at 1 July	1,109	743
Credited (charge) to the Income Statement	(403)	435
Debited (charge) to equity	(29)	(69)
Closing balance as at 30 June	677	1,109

22 OTHER

Lease incentive

Current liability	44	44
Non-current liability	22	65
	66	109

23 CONTRIBUTED EQUITY

Balance at the beginning of financial year	275,847	275,847
Balance at the end of financial year	275,847	275,847

24 RESERVES

Asset revaluation

Balance at the beginning of the financial year	284	445
Transfer to retained earnings upon disposal of assets	(95)	(230)
Transfer to deferred tax liability in accordance with AASB 112 Income Tax	29	69
	218	284

The asset revaluation reserve is used to record increments and decrements on the revaluation of physical non-current assets.

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2006

	2006 \$'000	2005 \$'000
25 RETAINED EARNINGS		
Balance at beginning of financial year	87,694	68,012
Changes in equity – other than transactions with equity holders as equity holders		
Net profit for the year	44,282	62,657
Transfer from reserves	95	230
Adjustment to opening retained earnings for adoption of National Taxation Equivalent Regime (NTER)	–	2,119
Adjustments on adoption of AASB 132 and AASB 139	(4,314)	–
Equity dividends to NSW Treasury	(44,282)	(45,324)
Balance at end of financial year	83,475	87,694

26 CASH FLOW STATEMENT

(a) For the purpose of the Cash Flow Statement, cash and cash equivalents includes cash at bank, cash on hand and investment in Hour-Glass Facilities with TCorp. Cash at the end of the financial year as shown in the Cash Flow Statement is reconciled to the related items in the Balance Sheet as follows:

Cash and cash equivalents (see Note 9)	109,057	119,011
(b) Reconciliation from the net profit after tax to the net cash flows from operations:		
Net profit	44,282	62,657
Depreciation and amortisation	1,364	1,140
(Profit)/Loss from sale of plant	(23)	115
Bad debts	(4)	10
Write down premium on loans	(252)	32
Share of joint venture entitie (profit)/loss	(146)	11
Interest rate swap	–	10
Change in assets and liabilities		
Increase/(decrease) in provisions	(2,991)	(2,517)
Increase/(decrease) in payables	11,307	(9,646)
Increase/(decrease) in receivables	(13,119)	(3,620)
Increase/(decrease) in inventory	21,138	(67,486)
Net cash (used in)/provided by operating activities	61,556	(19,294)

27 FINANCIAL INSTRUMENTS

(This note is to be read in conjunction with Note 1.21)

(a) Interest Rate Risk

Interest rate risk is the risk that the value of the financial instrument will fluctuate due to changes in market interest rates. Landcom's exposure to interest rate risks and the effective interest rates of financial assets and liabilities, both recognised and unrecognised at the balance date, is minimal. Landcom's debt portfolio is managed by TCorp, the appointed debt management contractor.

(b) Credit Risk

Credit risk is the risk of financial loss arising from another party to a contract or financial position failing to discharge a financial obligation thereunder. Landcom's maximum exposure to credit risk is represented by the carrying amounts of the financial assets included in the Balance Sheet.

There is no significant concentration of credit risk arising in respect of receivables. For investment, Landcom placed funds on deposit with TCorp's Hour-Glass Facility Trusts, which have been rated "AAA" by Standard & Poors.

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2006

27 FINANCIAL INSTRUMENTS (continued)

2006 Financial instrument	Notes	Floating interest rate \$'000	Fixed interest rate maturing in:				Non- interest- bearing \$'000	Carrying amount as per the Balance Sheet \$'000
			1 year or less \$'000	Over 1, but not later than 2 years \$'000	Over 2, but not later than 5 years \$'000	More than 5 years \$'000		
Financial assets								
Cash and cash equivalent assets	9,26	119,050	-	-	-	-	7	109,057
Trade and other receivables	10	26,658	-	-	-	-	22,590	49,248
Total financial assets		135,708	-	-	-	-	22,597	158,305
Weighted average interest rate		5.03%						
Financial liabilities								
Borrowings	20	-	30,000	29,996	114,701	-	-	174,697
Trade and other payables	18	19,272	-	-	-	-	58,645	77,917
Total financial liabilities		19,272	30,000	29,996	114,701	-	58,645	252,614
Weighted average interest rate		6.05%	4.88%	5.51%	6.16%			
Net financial assets/(liabilities)		116,436	(30,000)	(29,996)	(114,701)	-	(36,048)	(94,309)

2005 Financial instrument	Notes	Floating interest rate \$'000	Fixed interest rate maturing in:				Non- interest- bearing \$'000	Carrying amount as per the Balance Sheet \$'000
			1 year or less \$'000	Over 1, but not later than 2 years \$'000	Over 2, but not later than 5 years \$'000	More than 5 years \$'000		
Financial assets								
Cash and cash equivalent assets	9,26	119,004	-	-	-	-	7	119,011
Trade and other receivables	10	14,101	14,449	-	-	-	28,940	57,490
Total financial assets		133,105	14,449	-	-	-	28,947	176,501
Weighted average interest rate		4.67%	12%					
Financial liabilities								
Borrowings	20	-	59,949	30,000	115,000	-	-	204,949
Trade and other payables	18	-	-	-	-	-	88,121	88,121
Total financial liabilities			59,949	30,000	115,000	-	88,121	293,070
Weighted average interest rate			5.80%	4.88%	5.79%			
Net financial assets/(liabilities)		133,105	(45,500)	(30,000)	(115,000)	-	(59,174)	(116,569)

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2006

27 FINANCIAL INSTRUMENTS (continued)

(c) Net Fair Value

As stated in Note 1.21, all financial instruments are carried at net fair value, unless stated otherwise.

(d) Derivatives

Landcom is exposed to financial market risks and has contracted TCorp to manage its debt portfolio. In the management of debt, Landcom, via TCorp, undertakes derivative transactions.

The nature of the business gives rise to gaps in the maturity of its cash flows and to exposures arising from possible changes in the repricing of financial positions upon their maturity.

Landcom, via TCorp, has identified the risks that arise from such gaps and exposures and has established policies to prudently monitor and limit those risks, via derivative financial instruments.

A derivative financial instrument is a contract or agreement whose value is derived from the value of the underlying instrument, reference rate or index. Derivative financial instruments (including swaps, forward rate agreements, futures, options and forwards) are used to alter and modify the natural risks inherent in the Balance Sheet.

Because derivative financial instruments are entered into for the purpose of hedging financial exposures of Landcom, the policy is to account for derivative financial instruments (including gains and losses thereon) in a manner that is not inconsistent with the underlying exposure.

Net Exposure

The market value of Landcom's transaction in derivative financial instruments outstanding at 30 June 2006 is as follows:

	2006 \$'000	2005 \$'000
Derivative financial instruments receivable/(payable)		
Loan receivable/(payable) from/to TCorp	(159)	22
Net amount receivable/(payable) under derivatives financial instruments	(159)	22

28 EXPENDITURE COMMITMENTS

a) Expenditure Commitments

Aggregate expenditure contracted for at balance date but not provided for:

Not later than one year	4,801	98,351
Later than one year but not later than five years	–	47,886
Later than five years	–	22,143
Total (including GST)	4,801	168,380

The total expenditure commitments above include input tax credits of \$0.436 million that are expected to be recoverable from the ATO (30 June 2005: \$4.1 million).

(b) Operating Lease Commitments

Future non-cancellable operating lease rentals not provided for and payable:

Not later than one year	1,299	1,269
Later than one year but not later than five years	989	2,127
Total (including GST)	2,288	3,396

The total lease expenditure commitments above include input tax credits of \$208,000 that are expected to be recoverable from the ATO (30 June 2005: \$308,000).

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2006

29 CONTINGENT LIABILITIES

Landcom has the following significant contingent liabilities incurred in the normal course of business:

- (a) Landcom has commenced the Second Ponds Creek Project. The contract contains certain indemnities and liabilities in the event of forced termination by either party. The contingent liability if the termination should occur is valued at the total land development costs and the building costs properly incurred by the contractor. In return, Landcom would receive property to an estimated total value of the liability. As early termination is considered remote, no attempt has been made to estimate the contingent liability.
- (b) Landcom has commenced the Stanhope Gardens Development Project. The contract contains certain indemnities and liabilities in the event of forced termination by either party. The contingent liability if the termination should occur is valued at the total land development costs and the building costs properly incurred by the contractor. In return, Landcom would receive property to an estimated total value of the liability. As early termination is considered remote, no attempt has been made to estimate the contingent liability.
- (c) Landcom has commenced the Greenway Views Project. The contract contains certain indemnities and liabilities in the event of forced termination by either party. The contingent liability if the termination should occur is valued at the total land development costs and the building costs properly incurred by the contractor. In return, Landcom would receive property to an estimated total value of the liability. As early termination is considered remote, no attempt has been made to estimate the contingent liability.
- (d) Landcom has commenced the Macarthur Gardens Project. The contract contains certain indemnities and liabilities in the event of forced termination by either party. The contingent liability if the termination should occur is valued at the total land development costs and the building costs properly incurred by the contractor. In return, Landcom would receive property to an estimated total value of the liability. As early termination is considered remote, no attempt has been made to estimate the contingent liability.
- (e) Road repairs are required to Landcom constructed roads that have now failed in the Narellan Release Area. A letter from the Director of Housing in October 1988 guaranteed that the Department would undertake repairs of any major structural failures for a period of 20 years. The cost is not quantifiable at this stage.
- (f) Landcom has commenced the Rouse Hill Regional Centre Project. The Department of Planning (DOP) has contracted Lend Lease Pty Ltd and General Property Trust (GPT) to undertake the project. If Lend Lease and GPT create an event of default under the contract, Landcom has an option to purchase the site from DOP for a total amount of \$71 million. As a compensation, Landcom can recover \$50 million from Lend Lease and GPT for default under the contract.
- (g) Landcom has commenced the Blue Gum Project. The contract contains certain indemnities and liabilities in the event of forced termination by either party. The contingent liability if the termination should occur will be based on damages to the contractor. As an early termination is considered remote, no attempt has been made to estimate the contingent liability.
- (h) Landcom has given bank guarantees to various councils/government agencies that certain infrastructure works will be carried out including electrical infrastructure works, construction of community centre, etc. Currently there are nine bank guarantees outstanding. They totalled \$8.5 million. (2005: \$7.4 million).
- (i) Landcom has given an undertaking to service land owned by a former neighbour should the developer who bought the land from Landcom fail to provide services to the property. The estimated cost is \$125,000.
- (j) Landcom has one public liability claim outstanding with a total upper limit of \$80,000 which is covered by insurance.

There are no contingent liabilities arising from joint venture entities.

30 RELATED PARTY TRANSACTIONS

i. Specific Directors

The Directors of the current Landcom Board during the financial year were:

William Kirkby-Jones AM (Chairman)
Sean O'Toole (Managing Director)
Neil Bird AM
Penny Morris AM (Resigned on 2 March 2006)
Chris Carroll
Gae Raby
Robyn Clubb

ii. Specific Executives

M Owens	General Manager Development
K Robinson	General Manager Development
G Joyce	General Manager Development
G South	General Manager Corporate and Finance/Corporate Secretary
D Craig	General Manager Corporate Marketing

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2006

30. RELATED PARTY TRANSACTIONS (continued)

iii. Compensation of Key Management Personnel

	Short-term employee benefits	Bonus	Other	Post-employment benefits	Total
2006	\$'000	\$'000	\$'000	\$'000	\$'000
Directors					
William Kirkby-Jones	91	–	8	8	107
Neil Bird	82	–	–	7	89
Penny Morris	58	–	–	5	63
Chris Carroll	67	–	–	6	73
Gae Raby	62	–	–	6	68
Robyn Clubb	63	–	–	6	69
Executives					
Sean O'Toole	285	30	7	25	347
M Owens	186	20	5	17	228
K Robinson	160	12	3	19	194
G Joyce	168	26	2	53	249
G South	204	20	4	12	240
D Craig	183	16	8	12	219
30 June 2006 total compensation	1,609	124	37	176	1,946

	Short-term employee benefits	Bonus	Other	Post-employment benefits	Total
2005	\$'000	\$'000	\$'000	\$'000	\$'000
Directors					
William Kirkby-Jones	96	–	7	8	111
Neil Bird	84	–	–	8	92
Penny Morris	91	–	–	8	99
Chris Carroll	69	–	–	6	75
Gae Raby	63	–	–	6	69
Robyn Clubb	63	–	–	6	69
Executives					
Sean O'Toole	274	60	5	26	365
M Owens	177	25	6	24	232
K Robinson	151	15	–	18	184
G Joyce	174	30	1	51	256
G South	201	25	4	12	242
D Craig	186	5	9	12	212
30 June 2005 total compensation	1,629	160	32	185	2,006

All transactions by Landcom with Key Management Personnel are conducted on an arm's length basis in the normal course of business and on commercial terms and conditions.

There are no outstanding balances relating to any Key Management Personnel. There have been no guarantees provided or received for any Key Management Personnel. For the year ended 30 June 2006, Landcom has not raised any provision for doubtful debts relating to amounts owed by the Key Management Personnel (2005: \$nil).

END OF AUDITED FINANCIAL STATEMENTS

Statutory Requirements

CHARTER AND FUNCTION

Landcom is constituted under the Landcom Corporation Act 2001 as a State Owned Corporation. The principal objectives of the Corporation are set out on page 6 of this Report.

The principal functions of the Corporation are:

- to undertake and participate in residential, commercial, industrial and mixed development projects; and
- to provide advice and services related to urban development, on a commercial basis, to government agencies and others.

The Corporation may also:

- provide facilities or services that are ancillary or incidental to its principal functions; and
- conduct any business or provide any service (whether or not related to its principal functions) that it considers will further its objectives.

BOARD OF DIRECTORS, MEETINGS AND COMMITTEES

The Board of Directors is constituted under Section 8 of the Landcom Corporation Act 2001. The Board consists of Directors appointed by the Governor of NSW on the recommendation of the voting shareholders, after consultation with the Portfolio Minister. The current Board has varying terms of appointment ranging from 2 to 4 years.

Landcom's Board of Directors consists of a number of non-executive Directors plus the Managing Director.

The Directors are:

Mr William Kirkby-Jones AM – Chairman
 Mr Neil Bird AM – Deputy Chairman
 Mr Sean O'Toole – Managing Director
 Mr Chris Carroll – Director*
 Ms Robyn Clubb – Director
 Ms Penny Morris AM – Director**
 Ms Gae Raby – Director*

Unless otherwise agreed, the Board meets at least monthly. Board meetings are usually held on the fourth Monday of the month.

The Board has also established 4 committees and membership of these committees is reviewed on an annual basis. Membership of the committees during the reporting period was as follows:

Audit and Risk Management Committee

Ms Robyn Clubb – Chairman (appointed effective 2 March 2006, following Ms Morris' resignation)
 Mr Neil Bird AM
 Ms Penny Morris AM – Chairman**
 Ms Gae Raby

Marketing and Sales Committee

Mr Chris Carroll – Chairman*
 Ms Robyn Clubb
 Mr William Kirkby-Jones AM
 Mr Sean O'Toole

Information Technology Committee

Ms Gae Raby – Chairman*
 Mr Neil Bird AM
 Mr William Kirkby-Jones AM
 Mr Sean O'Toole

Remuneration Committee

Committee of the whole Board.

During the reporting period, 13 meetings were held. The number of meetings attended by each Director was as follows:

DIRECTOR	NUMBER OF POSSIBLE MEETINGS ¹	BOARD MEETINGS ATTENDED
W Kirkby-Jones AM	13	12
N Bird AM	13	11
S O'Toole	13	13
R Clubb	13	13
C Carroll*	13	13
G Raby*	13	13
P Morris AM**	13	7

¹ There were 11 meetings and 2 intercessional meetings held during the reporting period.

RISK MANAGEMENT AND INSURANCE ACTIVITIES

RISK MANAGEMENT

Landcom implements a standard approach and methodology for the process and practice of risk management, as set out in the Australian/New Zealand Risk Management Standard AS/NZS 4360:1999.

To ensure that the risk management process works effectively, Landcom has:

- commitment from the Board, Managing Director, executive, operational staff and all staff;
- assigned responsibilities within the organisation; and
- allocated appropriate resources for training and the development of an enhanced risk awareness by all stakeholders.

In the Development divisions, full risk management plans are required to be prepared for all major projects, with risk being monitored on an ongoing basis throughout the project.

* Ms Raby's and Mr Carroll's appointment expired on 31 December 2005. They have continued to attend Board meetings as observers, pending advice on reappointment.

** Ms Morris resigned from the Board effective 2 March 2006.

A risk context has been developed to reflect Landcom's unique operating environment. The risk context is in line with Landcom's corporate objectives. Risk evaluation criteria and definitions have also been developed to ensure that there is consistency in risk evaluation and understanding across all areas of Landcom.

In addition to normal reporting, a full business risk assessment was carried out and actions were implemented through the framework during the reporting period.

BUSINESS CONTINUITY

Landcom continues to review and implement actions relating to the management of business continuity. As part of this process, Landcom's Business Continuity Plan was updated in June 2006. The Plan aims to put in place procedures that minimise the impact of a disaster, enable business to continue if an unwanted event occurs and allow the business to continue operating with minimum impact on stakeholders.

During the reporting period, Landcom's internal auditors performed an audit of the business continuity management framework. The objective of the audit was to provide reasonable assurance that the approach adopted by Landcom for managing business continuity related risks is in line with best practice guidelines.

The results of the audit were released in September 2005 and provided recommendations relating to further testing. Landcom addressed the recommendations by implementing a rolling programme of testing, the results of which have confirmed that Landcom's Business Continuity Plan is effective.

FREEDOM OF INFORMATION STATISTICS

The following table shows the outcome of all requests received under the Freedom of Information Act 1989 in 2004/2005 and 2005/2006.

	TOTAL 2005/2006	TOTAL 2004/2005
Total Number of FOI Requests	8	9
Completed	7	8
Unfinished	1 (carried forward from 2004/2005)	1
What happened to completed requests?		
Granted in full	4	6
Granted in part	1	1
Applicant refused	2	1
FOI Requests Granted in Part or Refused		
Section 22 – Advanced deposit not paid	2	0
Section 25 – Diversion of resources	0	0
Section 25 – Documents available free of charge	0	1
Section 25 – Exempt	1	1
Costs and Fees of Requests Processed		
Assessed costs	>\$40,000	\$0
FOI fees received	\$120	\$120
Discounts allowed	0	0
Days to Process		
0-21	3	5
22-35	2	0
Over 35	2	2
Processing Time		
0-10 hours	2	0
21-40 hours	5	7
Reviews and Appeals		
Number of internal reviews	0	2
Administrative Decision Tribunal	0	1

INSURANCE

The NSW Treasury Managed Fund provides Landcom's insurance cover. The Fund is based on the principles of self-insurance and, therefore, places high priority on the implementation of sound risk management practice. The self-insurance scheme is administered by the Government Insurance Office for risks relating to motor vehicle, property, public liability and directors'/officers' liability. Workers' compensation risks are administered by Allianz.

Landcom completed its 2006/2007 Renewal Declarations for the Treasury Managed Fund in November 2005.

FREEDOM OF INFORMATION

Landcom complies with the Freedom of Information Act 1989.

During the 2005/2006 reporting period, Landcom received 4 Freedom of Information (FOI) applications. Landcom agreed to the release of the information in 1 application and to the partial release of information in the other 3 applications.

Landcom also received 3 requests from agencies seeking permission to release internal working documents concerning Landcom. Landcom granted the release of information to the agencies in all instances.

Landcom's Statement of Affairs was published in the NSW Government Gazette in December 2005 and its Summary of Affairs was published in June 2006.

PRIVACY

Landcom is committed to ensuring that the privacy of individuals is protected and a Privacy Management Plan has been implemented in response to the following:

- the Privacy and Personal Information Protection Act 1998 (NSW); and
- the Privacy Amendment (Private Sector) Act 2000 (Commonwealth) as applicable.

The Plan is based on 12 information principles established as standards for the use of personal information. These principles apply to all Landcom staff.

There were no complaints made relating to the use of personal information during the reporting year.

Landcom's Freedom of Information (FOI) and Privacy Coordinator can be contacted by writing to:

FOI and Privacy Coordinator

Landcom
PO Box 237
Parramatta NSW 2124

PROMOTION

During the year, Landcom produced a number of publications to promote the release of land, with each land release being supported by a sales plan and an advertising campaign. Additionally, corporate information was communicated to Landcom stakeholders through the following: Annual Report 2004/2005; Sustainability Report 2004/2005; Landmarks Spring 2005 and Autumn 2006; and Landcom's website at www.landcom.com.au.

PRODUCTION COST OF ANNUAL REPORT

The overall cost of producing and printing 2,000 copies of the 2005/2006 Annual Report is estimated at \$48,500.

CONSUMER RESPONSE

Landcom is proactive in eliciting, understanding and responding to the needs and concerns of its customers and stakeholders. Customer and stakeholder feedback is actively encouraged at the earliest stages of planning and design through Landcom's Stakeholder Consultation Policy. This process also assists Landcom in ensuring that the land and housing it provides is well targeted and delivers on Government and community expectations.

During 2005/2006, Landcom established a Complaints and Compliments Register. On receipt of a customer complaint or compliment, the receiving officer enters the contact into the system and the appropriate business unit manager is allocated responsibility for the matter. It is a requirement that Landcom responds to all phone complaints within 24 hours and to written complaints within 72 hours. Regular reports are provided to the Landcom Executive to ensure each matter is given the appropriate attention in the required timeframe.

CODE OF CONDUCT

Landcom places paramount importance on integrity, probity and the promotion of a positive and responsive attitude. The Landcom Code of Conduct supports these values and has been issued with the full support of the Landcom Board and the Managing Director.

Landcom's Code of Conduct is supported by its Fraud and Corruption Prevention Policy and Gifts, Benefits and Favours Policy. These policies are in line with the guidelines provided by the Independent Commission Against Corruption (ICAC).

The Code of Conduct provides an ethical framework for the way in which Landcom conducts its business,

reinforcing employee obligations and the Government's broader codes of practice. It applies to all Landcom staff members and Directors. All staff commencing employment with Landcom are briefed on the Code during their induction to the organisation.

In our 2006 Staff Attitude Survey, a total of 80% of all staff surveyed responded positively to the following statement: "Landcom has a culture which emphasises the need for honesty, integrity and transparency in everything we do".

The Code of Conduct was updated in February 2006 and all staff have subsequently completed a Code of Conduct Acknowledgement Form, which accompanied the revised Code of Conduct.

CONSULTANTS

The amount spent on consultants during the 2005/2006 financial year totalled \$115,000. The engagements were for:

- facilitation of Landcom's strategic planning workshop;
- review of Landcom's business systems;
- assessment of Landcom's performance and effectiveness in working with Local Government.

OCCUPATIONAL HEALTH AND SAFETY

Landcom is committed to providing a safe and healthy work environment for its employees, clients, visitors, partners and contractors. Landcom is also committed to making continuous improvements in occupational health and safety and achieves this through effective planning, consultation, implementation, monitoring and review.

An Occupational Health and Safety (OHS) Consultation Committee was formed in May 2005 with a mixture of staff volunteers and Landcom nominated employees in accordance with Landcom's Occupational Health and Safety Policy.

The Committee provides a forum for employees and management to openly discuss occupational health and safety concerns. It ensures that there is an adequate regime of inspection, identification and reduction of occupational health and safety hazards. It also maintains a continuous improvement philosophy to occupational health and safety within Landcom. The Committee holds quarterly meetings and has actioned the following in consultation with employees and management:

- successful completion by all Committee members of a 4-day Workcover NSW Course in OHS Consultation;
- development of inspection checklists for Landcom's commercial and sales offices;
- inspections at all employee locations (head and regional offices, fixed and mobile sales offices, and major site offices);
- submission, administration and monitoring of OHS Action Plans;
- investigation and actioning of employee proposals and management reviews for OHS improvements;
- conducting of organisation wide OHS and ergonomic training.

Landcom incurred 1 lifting injury and 2 journey claims in 2005/2006, resulting in only 2 lost time injuries. This is down from 4 lost time injuries in 2004/2005.

OVERSEAS TRIPS

Two senior Landcom staff members attended an overseas study tour during the year. The tour was organised by the Sydney University's Planning Research Centre and was led by Professor Ed Blakely.

ETHNIC AFFAIRS PRIORITIES STATEMENT 2005-2007 (EAPS)

Landcom's Ethnic Affairs Priorities Statement is delivered through extensive community consultation both before and during the development and marketing/sales phases of projects.

Landcom communicates with the community through its Community Welcome and Development Programme and through stakeholder consultation plans. The Landcom Community Welcome and Development Programme provides services and home "welcome" visits to Landcom customers who rent or purchase a property.

Over the past year, Landcom's Community Welcome and Development Programme made contact with over 500 households in 9 new housing estates. Approximately 10%-15% of these households were from culturally and linguistically diverse backgrounds, where the main language spoken in the home was not English. Specific initiatives were implemented to assist community members who were from non-English speaking backgrounds and to bring different community groups together.

Events held during 2005/2006 included the second Annual International Music and Food Festival and the Festival of Colours in north western Sydney, hosted jointly with the Blacktown Migrant Resources Centre. These community events included performances and promotions by Afghani, Spanish, Indian, Mexican, African, Egyptian, Latin American, South African, Indonesian and New Zealander groups. A "Harmony Day" event was also held at Shellharbour, which was a celebration of diversity and multiculturalism.

During the year, Landcom organised training, facilitated by the NSW Anti-Discrimination Board, for its Community Facilitators on cultural difference, fair treatment and anti-discrimination. The aim of this training was to assist Facilitators to meet the needs of culturally diverse communities and to plan inclusive community events and activities.

Landcom has a Stakeholder Consultation Workbook which provides guidelines to the project teams when planning their community engagement activities. The Workbook includes information for effectively engaging members of ethnic minority groups and providing interpreters and written translation services.

All of Landcom's promotional materials for its residential developments provided references to the availability of interpreter and translation services for its clients. Posters detailing the Department of Immigration and Multicultural Affairs' Translating and Interpreting Services (TIS) were on display in all Landcom sales offices.

Landcom conducted an additional workshop in March 2006 to ensure that all new employees were aware of and understood these initiatives. This workshop followed a comprehensive training programme in 2004/2005 which included 8 workshops addressing discrimination, cultural difference and fair treatment at work.

Merit selection practices are utilised on all Landcom recruitment and job advertisements include the statement "applicants are required to have an understanding of and commitment to the Ethnic Affairs Priority Statement".

Finally, Customer Service Workshops were held for 100 staff throughout the year, focusing on clear and effective communication with all customers.

EAPS 2005-2007: PERFORMANCE REPORT

Landcom implements the principles of multiculturalism through the objectives contained within the Landcom Corporate Plan and the Divisional Business Plans that flow from it. The priorities established for Landcom during 2005/2006 and the details of Landcom's performance against these priorities are set out in the table below:

ETHNIC AFFAIRS INITIATIVE	KEY RESULT AREA	STRATEGIES/TASKS	RESPONSIBILITY	RESOURCES/BUDGET	PERFORMANCE INDICATORS	REPORT 2005/2006	GOALS FOR 2006/2007
Develop and implement stakeholder consultation plans in accordance with Landcom's Stakeholder Consultation Workbook.	Social Justice. [1.9 Planning for Cultural Diversity]	Ensure that each project does not proceed without first having a stakeholder consultation plan. (Australian Bureau of Statistics demographic data to be used to develop the consultation plan, which is inclusive of ethnic communities.)	General Managers, Urban Development and Urban Renewal	Project budgets	100% of projects	100% of current projects had a formal stakeholder consultation plan.	100% of current projects to have a formal stakeholder consultation plan.
		Establish a register of stakeholder consultation plans.	General Manager, Corporate Marketing	Division budget	Register established (timeliness).	Register established.	Current projects to report on implemented community consultation activities.
Conduct formal review of Stakeholder Consultation Workbook to emphasise access to interpreters and translators.	Social Justice. [1.7 Access to interpreters and translators]	Amend, implement and publicise results of review.	General Manager, Corporate Marketing	Division budget	Review complete (timeliness).	Review completed. Workbook emphasises access to interpreters and translators.	
Improve provision of information concerning interpretive and translation services in all relevant Landcom marketing and sales material.	Social Justice. [1.7 Access to interpreters and translators]	Review current marketing and sales material for appropriate information.	General Manager, Corporate Marketing	Marketing budget	Review complete (timeliness).	Translating and Interpreting Services (TIS) established in all offices. References to TIS made on Landcom website. Interpreters used for specific community meetings. Marketing materials now include references to TIS services.	
		Arrange for access to interpretive and translation services.	General Manager, Corporate Marketing	Marketing and/or project budgets	Interpretive and translation services available upon request.		

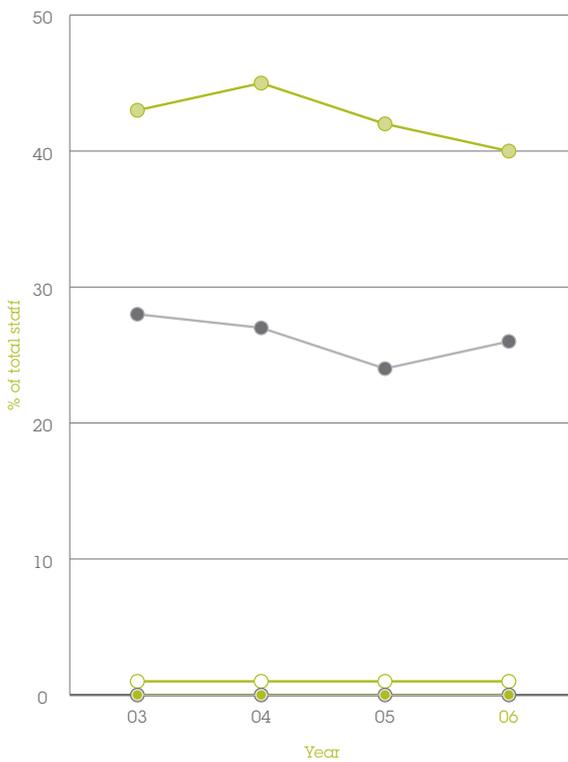
EQUAL EMPLOYMENT OPPORTUNITY REPORT

Landcom is an Equal Employment Opportunity (EEO) Employer and has an EEO Policy and a Code of Conduct in place that details the organisation's commitment to EEO. It is a requirement that all new staff undertake training and in 2005/2006, Landcom conducted EEO training for every staff member.

The particular initiatives set out for Landcom for 2005/2006 within the EEO Plan are highlighted below:

- Produce and promote the Fair Treatment at Work Policy and the Policy on Grievance Procedures.
- Continue to conduct update training on Merit Recruitment Principles.
- Review OHS Policies.
- Implement a Working from Home Policy.
- Promote staff career development within the performance review system, through Career and Development Plans.
- Encourage female candidates (both internal and external) to apply for senior positions.

The following graph provides a breakdown of EEO groups represented throughout Landcom over time.



- Women
- Aboriginal people and Torres Strait Islanders
- People whose first language was not English
- People with a disability
- People with a disability requiring work-related adjustment

NSW GOVERNMENT ACTION PLAN FOR WOMEN

The following actions have been taken to meet the objectives of the NSW Government Action Plan for Women:

- the development of individual career plans for all women, including access to tertiary and professional development programmes;
- the introduction of a Training and Development Programme, including coaching and mentoring;
- access to part-time employment arrangements;
- commitment to implementing a Working from Home Policy.

REMUNERATION OF SENIOR EXECUTIVES AT OR ABOVE SENIOR EXECUTIVE SERVICE (SES) LEVEL 5

The total remuneration is calculated as the total cost of employment, including contributions to a superannuation scheme by Landcom and novated lease payments for a motor vehicle, where such an option has been exercised.

Payment of the "at risk" component is determined based on the performance of both Landcom and the individual senior executive.

EXECUTIVE	POSITION	REMUNERATION PAID 2005/2006	AT RISK PAID 2004/2005	TOTAL	KEY ACHIEVEMENTS
Sean O'Toole	Managing Director	\$309,138 p.a.	\$30,000	\$339,138 p.a.	<ul style="list-style-type: none"> ■ Achieved the financial targets. ■ Managed cash flow consistent with the EBIT target and business results. ■ Developed and implemented marketing and sales strategies to increase market share in order to achieve the EBIT target. ■ Secured and identified strategic sites to deliver future EBIT targets within the constraints of projected capital. ■ Provided resources to drive the implementation of a consistent framework for "The Landcom Way". ■ Worked with the Commonwealth Bank of Australia to test the viability of a shared equity model. ■ Facilitated the delivery of strategic developments within the Growth Sectors, centres and corridors. ■ Strengthened relationships with key stakeholders and partners and demonstrated Landcom's value to its Government partners at all levels and to the development industry.
Geoff Joyce	General Manager Development	\$220,427 p.a.	\$25,500	\$245,927 p.a.	<ul style="list-style-type: none"> ■ Effectively contributed to the achievement of financial targets. ■ Assisted in the development and implementation of marketing and sales strategies to increase market share in order to achieve the EBIT target. ■ Secured and identified strategic sites to deliver future EBIT targets within the constraints of projected capital. ■ Provided resources to drive the implementation of a consistent framework for "The Landcom Way". ■ Facilitated the delivery of strategic developments within the Growth Sectors, centres and corridors. ■ Strengthened relationships with key stakeholders and partners and demonstrated Landcom's value to its Government partners at all levels and to the development industry.
Mick Owens	General Manager Development	\$203,302 p.a.	\$19,500	\$222,802 p.a.	<ul style="list-style-type: none"> ■ Effectively contributed to the achievement of financial targets. ■ Assisted in the development and implementation of marketing and sales strategies to increase market share in order to achieve the EBIT target. ■ Secured and identified strategic sites to deliver future EBIT targets within the constraints of projected capital. ■ Provided resources to drive the implementation of a consistent framework for "The Landcom Way". ■ Facilitated the delivery of strategic developments within the Growth Sectors, centres and corridors. ■ Strengthened relationships with key stakeholders and partners and demonstrated Landcom's value to its Government partners at all levels and to the development industry.
Greg South	General Manager Corporate and Finance	\$216,191 p.a.	\$19,500	\$235,691 p.a.	<ul style="list-style-type: none"> ■ Effectively contributed to the achievement of financial targets. ■ Managed cash flow consistent with the EBIT target and business results. ■ Provided resources to drive the implementation of a consistent framework for "The Landcom Way". ■ Worked with the Commonwealth Bank of Australia to test the viability of a shared equity model. ■ Strengthened relationships with key stakeholders and partners and demonstrated Landcom's value to its Government partners at all levels and to the development industry.
David Craig	General Manager Corporate Marketing	\$195,828 p.a.	\$16,304	\$212,132 p.a.	<ul style="list-style-type: none"> ■ Effectively contributed to the achievement of financial targets. ■ Developed and implemented marketing and sales strategies to increase market share in order to achieve the EBIT target. ■ Provided resources to drive the implementation of a consistent framework for "The Landcom Way". ■ Strengthened relationships with key stakeholders and partners and demonstrated Landcom's value to its Government partners at all levels and to the development industry.

EXECUTIVES WITH REMUNERATION EQUAL TO OR EXCEEDING SES LEVEL 1

Number of executives with remuneration equal to or exceeding equivalent of SES level 1 (excluding SES level 5 or above) at the end of the current reporting year: 20

Number of such positions filled by women in the current year: 2

TOTAL STAFF (EXCLUSIVE OF SES LEVEL 1 OR ABOVE) BY PAY LEVEL

LEVEL \$	TOTAL NUMBER OF STAFF	MEN	WOMEN	ABORIGINAL PEOPLE AND TORRES STRAIT ISLANDERS	PEOPLE FROM RACIAL, ETHNIC, ETHNO-RELIGIOUS MINORITY GROUPS	PEOPLE WHOSE LANGUAGE FIRST SPOKEN AS A CHILD WAS NOT ENGLISH	PEOPLE WITH A DISABILITY	PEOPLE WITH A DISABILITY REQUIRING ADJUSTMENT AT WORK
35,385 – 41,137	0	0	0	0	0	0	0	0
44,226 – 48,049	1	0	1	0	1	1	0	0
50,457 – 55,216	12	2 (1 x temporary)	10 (1 x part-time)	0	5	5	0	0
58,406 – 64,453	8	3	5	0	3	3	0	0
69,836 – 77,065	28	8 (2 x temporary)	20 (2 x temporary)	0	7	7	1	0
81,769 – 88,498	33	24	9	0	7	7	0	0
93,019 – 102,337	33	22 (1 x temporary)	11 (1 x temporary) (2 x part-time)	0	7	6	0	0
111,056 – 121,447	3	2	1	0	1	1	0	0
Total	118	61	57	0	31	30	1	0

DISCLOSURE OF APPROVED EXEMPTIONS

Approval was granted for the following reporting exemptions (relevant to this Annual Report) following Landcom's corporatisation on 1 January 2002. The list of exemptions, some with conditions attached, was approved by NSW Treasury to overcome concerns about the loss of commercial confidentiality for statutory State Owned Corporations.

STATUTORY REQUIREMENTS	ACT/REGULATION REFERENCES	COMMENTS
FINANCIAL REPORTING EXEMPTIONS		
Format of financial statements	Public Finance and Audit Act	
Public Finance and Audit Act	s.41B (c) Public Finance and Audit Act	Exemption from preparing manufacturing, trading and profit and loss statements. Required to prepare a summarised Operating Statement (i.e. summarising major categories of revenues and expenses).
Notes – Income and expenditure	(Schedule 1, Part 1) Public Finance and Audit Regulation 2000	
Amounts set aside for renewal or replacement of fixed assets	Item 2	Required to summarise the material items of revenues or activity basis and expenses on a programme or activity basis.
Amounts set aside for any provision for known commitments	Item 4	
Amount appropriated for repayment of loans/advances/debentures/deposits	Item 6	
Material items of income and expenditure on a programme	Item 13	
Notes – Additional information	(Schedule 1, Part 3) Public Finance and Audit Regulation 2000	
Excess of non-current asset value over replacement cost	Item 13	
ANNUAL REPORTING EXEMPTIONS		
Budgets		
<ul style="list-style-type: none"> ■ Detailed budget for the year in review ■ Outline budget for next year ■ Particulars of material adjustments to detailed budget for the year in review 	<ul style="list-style-type: none"> s.7(1) (a) (iii) Annual Reports (Statutory Bodies) Act s.7(1) (a) (iii) Annual Reports (Statutory Bodies) Act cl. 6 Annual Report (Statutory Bodies) Regulation 	

STATUTORY REQUIREMENTS	ACT/REGULATION REFERENCES	COMMENTS
REPORT OF OPERATIONS		
Summary Review of Operations <ul style="list-style-type: none"> ■ Narrative summary of significant operations ■ Selected financial and other quantitative information associated with the administration of programmes or operations 	s.7(1) (a) (iv) Annual Report (Statutory Bodies) Regulation	Exemption subject to a condition. The condition is that comments and information relating to the “summary review of operations” are to be disclosed in a summarised form.
Management and Activities <ul style="list-style-type: none"> ■ Nature and range of activities ■ Measures and indicators of performance ■ Internal and external performance reviews ■ Benefits from management and strategy reviews ■ Management improvement plans and achievements ■ Major problems and issues ■ Major works in progress, cost to date, estimated dates of completion and cost overruns ■ Reasons for significant delays etc. to major works or programmes 	Schedule 1 Annual Report (Statutory Bodies) Regulation	Exemption subject to a condition. The condition is that comments and information relating to “management and activities” are to be disclosed in a summarised form.
Research and Development <ul style="list-style-type: none"> ■ Completed research including resources allocated ■ Continuing research including resources allocated ■ Development activities including resources allocated 	Schedule 1 Annual Report (Statutory Bodies) Regulation	
Human Resources <ul style="list-style-type: none"> ■ Number of employees by category and comparison to prior 3 years ■ Exceptional movements in employee wages, salaries or allowances ■ Personnel policies and practices ■ Industrial relations policies and practices 	Schedule 1 Annual Report (Statutory Bodies) Regulation	Exemption subject to a condition. The condition is that overseas visits with the main purposes highlighted are required to be disclosed.
Consultants <ul style="list-style-type: none"> ■ For each engagement costing more than \$30,000: <ul style="list-style-type: none"> – name of consultant – title of project – actual cost ■ For each engagement costing less than \$30,000: <ul style="list-style-type: none"> – total number of engagements – total cost ■ If applicable, a statement that no consultants were engaged 	Schedule 1 Annual Report (Statutory Bodies) Regulation	Exemption subject to a condition. The condition is that the total amount spent on consultants is to be disclosed along with a summary of the main purposes of the engagements.
Land Disposal <ul style="list-style-type: none"> ■ Properties disposed of during the year: <ul style="list-style-type: none"> – total number – total value ■ If value greater than \$5 million and not by public auction or tender: <ul style="list-style-type: none"> – list of properties – for each case, name of person who acquired the property and proceeds from disposal ■ Details of family or business connections between the purchaser and the person responsible for approving the disposal ■ Statement giving reasons for the disposal ■ Purpose/s for which proceeds were used ■ Statement indicating that access to the documents relating to the disposal can be obtained under the Freedom of Information Act 	Schedule 1 Annual Report (Statutory Bodies) Regulation	
Consumer Responses <ul style="list-style-type: none"> ■ Extent and main features of complaints ■ Services improved/changed in response to complaints/suggestions 	Schedule 1 Annual Report (Statutory Bodies) Regulation	Exemption subject to a condition. The condition is that comments and information relating to “consumer responses” are to be disclosed in a summarised form.

STATUTORY REQUIREMENTS	ACT/REGULATION REFERENCES	COMMENTS
Payment of Accounts <ul style="list-style-type: none"> Performance in paying accounts, including action to improve payment performance 	Schedule 1 Annual Report (Statutory Bodies) Regulation	This exemption only applies to statutory State Owned Corporations as they are not subject to the payment of accounts provisions in s18 of the Public Finance and Audit Regulation.
Time for Payment of Accounts <ul style="list-style-type: none"> Reasons for late payment Interest paid due to late payments 	Schedule 1 Annual Report (Statutory Bodies) Regulation	As above.
Report on Risk Management and Insurance Activities	Schedule 1 Annual Report (Statutory Bodies) Regulation	Exemption subject to a condition. The condition is that the comments and information are to be disclosed in a summarised form.
Disclosure of Controlled Entities <ul style="list-style-type: none"> Details of objectives, operations and activities of controlled entities and measures of performance 	Schedule 1 Annual Report (Statutory Bodies) Regulation	Exemption subject to a condition. The condition is that the names of the controlled entities are to be disclosed along with a summary of the controlled entities' objectives, operations, activities and measures of performance.
Investment Management Performance	cl. 12 Annual Report (Statutory Bodies) Regulation	
Liability Management Performance	cl. 12 Annual Report (Statutory Bodies) Regulation	
Financial Statements of Controlled Entities	s.7(1) (a) (ia) Annual Report (Statutory Bodies) Regulation	Exempt from preparing manufacturing and trading statements. Required to prepare a summarised Operating Statement (i.e. summarising major categories of revenues and expenses).

References: ARSBA – Annual Reports (Statutory Bodies) Act 1984, ARSBR – Annual Reports (Statutory Bodies) Regulation 2000, PF&AA – Public Finance & Audit Act 1983, PF&A Reg – Public Finance and Audit Regulation 2000.

To the Board and Stakeholders of Landcom:

Landcom commissioned URS Australia Pty Ltd (URS) to provide independent assurance of the non-financial content of this Annual Report 2005/2006 report (referred hereafter as the "Report"). The Report presents Landcom's business, financial and sustainability performance over the period 1 July 2005 to 30 June 2006, including sustainability trend data for previous years. Landcom was responsible for the preparation of the Report and this statement represents the auditor's independent opinion. URS' responsibility in performing its assurance activities is to the management of Landcom alone and in accordance with the terms of reference agreed with them. Any reliance any third party may place on the Report is entirely at their own risk.

Assurance Objective

The objective of the assurance process is to provide stakeholders of Landcom with an independent opinion on the materiality, completeness and accuracy of the information presented in the Report, and whether Landcom is responsive to stakeholder concerns and adequately communicates those responses within the Report. This is confirmed through an audit of the claims made, underlying systems, processes and competencies that support the Report, as well as the embeddedness of policies and strategies relating to sustainability.

Assurance Process and Limitations

Our approach to assurance provision is aligned with the AA1000 Assurance Standard. The assurance engagement was undertaken in August 2006 and involved the following:

- interviewing management and key internal and external stakeholders to ascertain their views on, and responses to, the material sustainability issues faced by Landcom, and the communication of these issues;
- a review of Landcom's key sustainability strategies, policies, objectives, management systems, measurement and reporting procedures, background documentation and data collection and reporting procedures;
- a review of the Report for any significant anomalies;
- an overview of the embeddedness of Landcom's key economic, environmental and social policies;
- a series of interviews with key personnel responsible for collating and writing various parts of the Report in order to ensure selected claims were discussed and substantiated;
- the examination of the aggregation and/or derivation of, and underlying evidence for, over 55 selected data points and statements made in the Report; and
- a review of selected external media sources relating to Landcom's sustainability performance.

Our scope of work did not involve verification of financial data, other than that relating to environmental, social or broader economic performance. The assurance process was carried out under the auspices of URS' quality control procedures.

Our Independence

URS was not responsible for the preparation of any part of this Report. URS has not undertaken any commissions for Landcom in the reporting period concerning reporting or data collection. Landcom participated in a sustainability report benchmarking project by URS commissioned through the Centre for Public Agency Sustainability Reporting, but due to the independent nature of this programme, there are deemed to be no conflicts of interest. Independence was ensured by selecting an assurance team that had no other involvement with Landcom during the reporting period that could impair the team's independence or objectivity. The audit team comprised individuals with expertise in the development sector and in environmental and social performance measurement. The audit team has collectively undertaken over 60 assurance engagements in Australia over the past 10 years and is also led by a Certified Lead Sustainability Assurance Practitioner (Lead CSAP) accredited by the Independent Register of Certified Auditors (IRCA UK).

Our Opinion

Based on the scope of the assurance process, the following represents URS' opinion:

- The findings of the assurance engagement provide confidence in the reporting processes established. The level of data accuracy was found to be high, but some additional improvements to data management, including the reduction of manual aggregation and transcription processes, are recommended to reduce potential for minor anomalies. Data trails selected were easily identifiable and traceable, and the personnel responsible were able to reliably demonstrate the origin(s) and interpretation of data.
- The statements made in the Report appropriately reflect environmental, social and broader economic performance achieved during the period.
- All suggested changes were satisfactorily addressed by Landcom prior to finalising the Report.

Overall, the auditor is satisfied that the Report is an appropriate representation of Landcom's environmental, social and broader economic performance during the reporting period. The auditor is also satisfied of the progress and outcomes achieved in the reporting period as having appropriately reflected stakeholder expectations, but it is recommended that additional stakeholder input be sought on this new reporting format, which integrates the Annual Report and Sustainability Report into one consolidated document.

Conclusions and Recommendations

- **Materiality:** Issues material to stakeholders have been considered and communicated within the Report. Material environmental, social and broader economic aspects of Landcom's sustainability performance are also appropriately addressed. Providing leadership, and leveraging off Landcom's level of influence to progress the sustainability agenda, cost effectiveness of sustainability initiatives and market acceptance of sustainable design were highlighted as key issues by stakeholders, and remain some of Landcom's future challenges.

- **Completeness:** The Report was found to be complete in addressing key environmental, social and economic performance, as well as all operations of Landcom. Reporting against the Global Reporting Initiative's (GRI) Sustainability Reporting Guidelines 2002 represents best practice, and the GRI Content Index is a useful tool for cross referencing. Landcom has made an effort to further embrace the guidelines by aiming for "in accordance" reporting this year.
- **Responsiveness:** Based on our internal and external stakeholder engagement, we found the organisation's responsiveness to be high. In total, 25 stakeholders were consulted as part of the most recent round of engagement, which included 14 external stakeholders and 11 internal stakeholders, in addition to other engagement programmes carried out by Landcom during 2005/2006. In general, responses given by both internal and external stakeholders were consistent. With regard to the principles that underpin "inclusivity" namely materiality, completeness and responsiveness, Landcom rated well, particularly regarding its environmental and social performance.

The Way Forward

Landcom has been a leader in sustainability reporting within the development sector not only in the region, but globally, based on some of the benchmarking studies undertaken on the topic. This commenced with Landcom's Triple Bottom Line Programme (TBLP) in 2000. Indicators of social, economic and financial performance have now produced over 4 years of trend data, and show progress achieved toward targets set. Stakeholders indicated that Landcom is leading the development industry with regard to integrating sustainability into its business operations. They considered Landcom's environmental performance to be strong and social performance to be good. Although economic and "integrated sustainability" performance were rated very good to good by some, it is our opinion that they still represent the greatest opportunity for improvement. Furthermore, there is agreement amongst Landcom's partners that the organisation has taken a leadership role in influencing the sector on sustainable design and management. In a market constrained by a downturn in property prices, Landcom is continuing to pursue its sustainability objectives. Partners of Landcom would like to see cost-effective solutions promoted and feasibility to be central to its sustainability initiatives. Perhaps this will yield market solutions that are commercially more widely accepted.

In terms of reporting its performance, Landcom has progressed from a triple bottom line report to one integrated report for financial and non-financial reporting. Landcom has also pursued refinement of its suite of social indicators. The majority of stakeholders felt that Landcom's Sustainability Report 2004/2005 was transparent and accurate in its reporting of the organisation's sustainability performance. Although some stakeholders expressed concerns about integrating the Sustainability Report with the Annual Report, a number of stakeholders supported the suggested change. Further engagement around the format of the Report

post publishing this Report is suggested to seek views on whether to continue with this new format, further refine it, or indeed move back to the previous model. Development of some systems and quality controls for data would further assist in efficiency and in reducing potential for human error or loss of intellectual property through natural staff turn-over, which are key risks in performance measurement and reporting for a medium-sized organisation such as Landcom.

As an organisation, Landcom's Senior Management, middle management and development staff understand sustainability and are able to converse fluently in this emerging language. However, there is room for continued improvement in awareness raising and training. We recommend a survey of the whole organisation on sustainability issues and understanding and developing a strategy for bridging gaps on context, solutions and communication of initiatives and outcomes.

So, what is the way forward? In addition to recommendations made as part of this assurance engagement, Landcom has an educational role to play, in partnership with other like-minded organisations, to influence customer demand for sustainable outcomes, to influence industry on commercially effective sustainable design outcomes and to influence Local and State Government on the longer-term benefits of socially and environmentally responsible and sensitive development. Communication of the success of its past initiatives, and the success of other national and international projects would also assist in this process. Positioning sustainability as a core development proposition in a rebounding market would achieve Landcom's longer-term objectives set when its TBLP was first drafted.

URS has provided additional suggestions for reporting improvement in some areas, including development of appropriate procedures for measurement and reporting of some key performance measures. These have been outlined in a more detailed report presented to the Landcom Board and Executive.

On behalf of the audit team 30 August 2006
Melbourne, Australia



Terence Jeyaretnam
Principal
URS and Lead CSAP (IRCA UK)

Glossary

ACCESSORY DWELLING UNIT

A small self contained, but not separately titled, dwelling that is located within, attached to, or detached from, a principle dwelling, similar to a granny flat.

AVERAGE RECURRENCE INTERVAL (ARI)

The long-term average number of years between the occurrence of a flood as big as (or larger than) the selected event. For example, floods with a discharge as great as (or greater than) the 20-year ARI flood will occur on average once every 20 years.

BASIX

The Building Sustainability Index is a web-based rating tool that calculates the water and energy efficiency of new homes. The NSW Government introduced BASIX so new homes are designed and built to use up to 40% less water and produce 40% fewer greenhouse gas emissions than today's average home. <http://www.basix.nsw.gov.au/>

BIOBANKING

For information on Biobanking go to: <http://www.dec.nsw.gov.au/threatspec/biobankbill.htm>

CARBON DIOXIDE (CO₂)

A colourless, odourless, non-poisonous gas that is a normal part of our atmosphere. Carbon dioxide is a product of fossil fuel combustion. It is the most significant greenhouse gas because it is released in vast quantities, mainly as a result of burning fossil fuels such as coal, oil and gas.

CARBON DIOXIDE EQUIVALENT (CO₂-E)

Greenhouse gas emissions which include other gases such as methane are often measured in tonnes of carbon dioxide equivalent, which means the equivalent amount of CO₂ emissions which would have the same effect.

DWELLING EQUIVALENTS

All types of accommodation occupied or with future potential to be occupied by residents including homesites, detached and semidetached dwellings, townhouses, home units and apartments.

ENDANGERED ECOLOGICAL COMMUNITIES (EEC)

An assemblage of species occupying a particular area that are in danger of becoming extinct (refer to NSW Threatened Species Conservation Act for detailed description).

FRIABLE ASBESTOS

Any material that contains asbestos that can be crumbled, pulverised or reduced to powder by hand pressure when dry. Friable asbestos-containing materials include sprayed asbestos insulation, pipe and boiler insulation and non-bonded asbestos fabric.

GREENHOUSE GAS EMISSIONS

Greenhouse gases absorb heat and warm the lower atmosphere, although they comprise only 1% of it by volume. In the absence of greenhouse gases the average global temperature would be about -18°C and the earth would be uninhabitable. However, the concentration of greenhouse gases has been rising, mainly as a result of burning fossil fuels. This is thought to be the cause of climate change. The more common greenhouse gases are carbon dioxide and methane.

GREYWATER

Domestic wastewater excluding toilet waste, but may include wastewater arising from a hand basin, kitchen, bath, shower and laundry. For further information go to: <http://www.sydneywater.com.au/SavingWater/GreyWater>

MASTERPLAN

An interpretation of the planning controls and urban design principles for a site setting the framework for future development.

MEAN ANNUAL LOAD

The yearly average amount of material discharged. Often refers to discharge of water pollutants into a river or creek.

MODERATE INCOME HOUSING

Housing that is affordable to those households on incomes between \$47,000 and \$71,000 per year (2006 dollars).

OH&S

Occupational Health and Safety.

ON-SITE DETENTION

The detention of stormwater on a site or an estate. Usually through pits or basins.

PEAK DISCHARGES

The most intense stormwater flow during a rain event.

POTABLE WATER

Water that is drinkable.

RAMSAR

The convention on wetlands, signed in Ramsar, Iran, in 1971, is an intergovernmental treaty which provides the framework for national action and international cooperation for the conservation and wise use of wetlands and their resources. The Ramsar list of wetlands includes 1,611 wetland sites of international importance.

RIPARIAN CORRIDOR

Land directly adjacent to or surrounding a natural or artificial waterway, including rivers, intermittent or permanent creeks and streams, wetlands and lakes. The corridors provide a crucial link between land and water ecosystems.

STORMWATER

Surface water resulting from heavy rain.

THREATENED SPECIES

A species that is either endangered, vulnerable or presumed extinct.

TOTAL NITROGEN

Total nitrogen is the sum of nitrate, nitrite, ammonia and organic nitrogen. Nitrogen is found in fertilisers and contributes to algal blooms and excessive aquatic plant growth.

TOTAL PHOSPHORUS

The total concentration of phosphorus found in the water. Phosphorus is a plant nutrient found in many fertilisers, increasing the growth of plant life such as algae.

TOTAL SUSPENDED SOLIDS

Total suspended solids (TSS) is a measure of the mass of fine inorganic particles suspended in the water. TSS concentration has important ecological impacts including decreasing the light penetration into the water column, clogging gills of fish and smothering aquatic habitat.

VIRGIN EXCAVATED NATURAL MATERIAL (VENM)

A site's endemic ground material such as clay, gravel, sand, soil and rock that is not mixed with any other waste, and has been excavated from areas that are not contaminated with manufactured chemicals as a result of industrial, commercial, mining or agricultural activities.

WASTEWATER

Used water and sewage that goes down sinks, toilets and outside drains. It is categorised as either greywater or black water. <http://www.sydneywater.com.au/SavingWater/GreyWater/>

WATER SENSITIVE URBAN DESIGN (WSUD)

WSUD refers to the design principles that aim to reduce the impact of interactions between the urban built form (including urban landscapes) and the urban water cycle as defined by the three urban water streams of potable water, wastewater and stormwater.

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Corporate Directory

Landcom's head office is open from Monday to Friday between the hours of 8:00 am and 6:00 pm (except Public Holidays).

Landcom's other offices at Campbelltown, Newcastle, Zetland and Little Bay are open between the hours of 9:00 am and 5:00 pm.

Landcom Sales Offices are generally open from 10:00 am to 5:00 pm, 7 days a week.

Please send your comments to enquiry@landcom.nsw.gov.au

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