2008
Annual Report

LANDCOM

The Hon. Eric Roozendaal
Treasurer

Level 36
Governor Macquarie Tower
1 Farrer Place
Sydney NSW 2000

The Hon. Joseph Tripodi
Minister for Finance,
Minister for Infrastructure

Level 31
Governor Macquarie Tower
1 Farrer Place
Sydney NSW 2000

31 October 2008

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 2008. 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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Landcom is the NSW Government's property developer. We create well designed and sustainable places for people to live, work in and enjoy. Our projects not only meet the Government's metropolitan growth plans and urban management objectives, they also need to be commercially viable.

The success of any strategy for metropolitan development depends, to some degree, on the Government's ability to implement its critical components, particularly in areas where the private sector may be unable or unwilling to become involved.

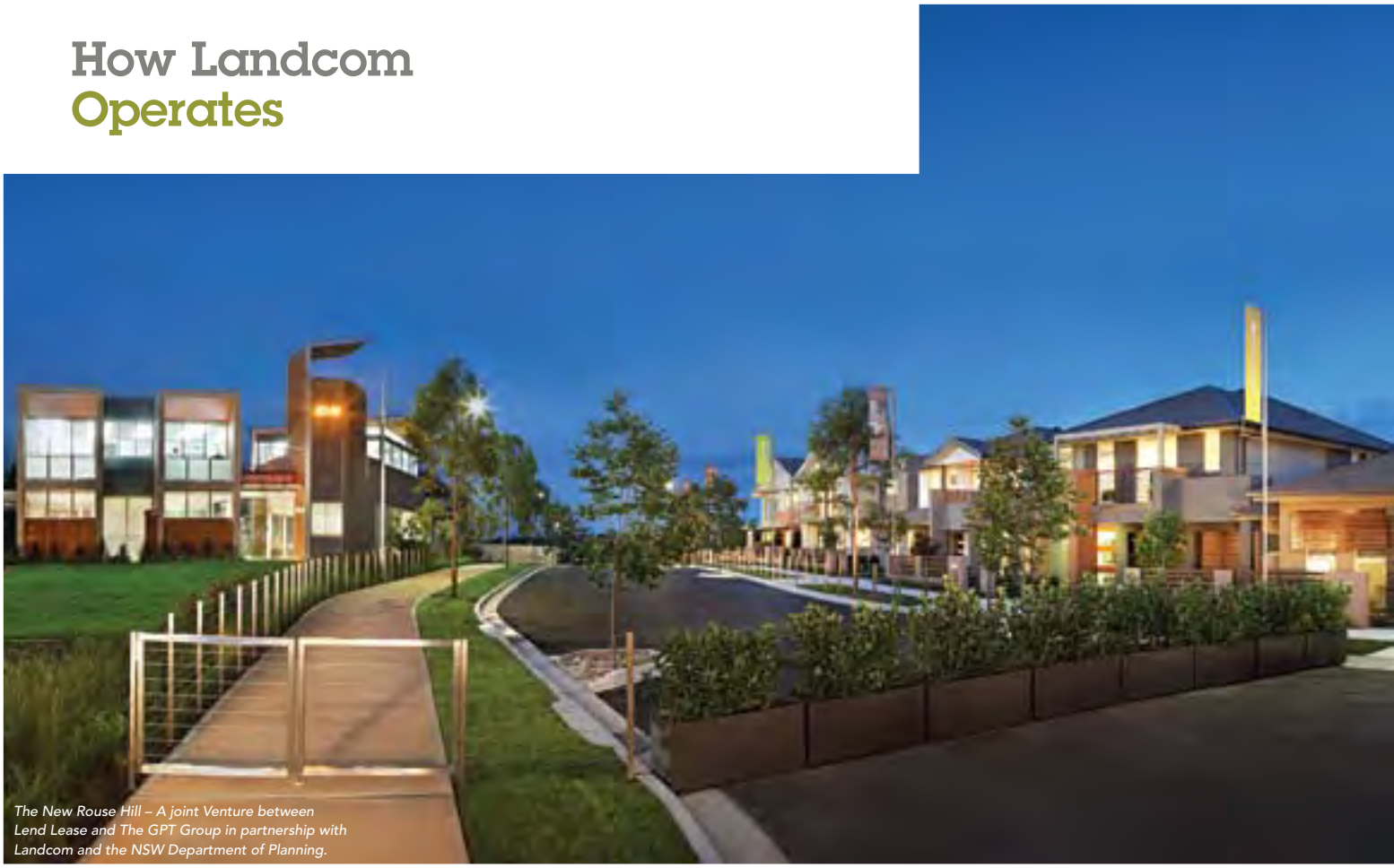
As the Government's property developer, Landcom takes on this responsibility. However, we are not a conventional developer. Rather, we provide the link between the Government's social, environmental and economic objectives, its development requirements and the commercial objectives of the private property sector.

Sustainability lies at the heart of our business. It is manifested in everything we do: from the way we prepare land and design communities to the way we choose partners and construct our projects. To reflect the integration of sustainability into our business strategy, this year we have again combined our Annual and Sustainability Reports.

We provide the link between the Government's social, environmental and economic objectives

Park Central

How Landcom Operates



The New Rouse Hill – A joint Venture between Lend Lease and The GPT Group in partnership with Landcom and the NSW Department of Planning.

Landcom's developments must fulfil objectives set out in the NSW Government's Metropolitan Strategy and the State Plan. Essentially, these commit us to renew urban areas, develop new housing estates and suburbs, create sustainable new communities and deliver better services to metropolitan and regional areas.

We meet these objectives in numerous ways. We use government-owned land when it is available, enlist and coordinate the support of State agencies, work closely with local government and promote sustainable development. We also partner with industry to direct private sector investment into our projects.

SUMMARY OF OUR ACHIEVEMENTS IN 2008

- Achieved total revenue of $350 million from our business activities and operations
- Achieved earnings before interest and tax (EBIT) of $56.8 million
- Returned $50.3 million to the NSW Government in dividends and tax equivalent payments
- Delivered land with the equivalent of 1,382 dwellings and 90 new homes
- Generated 6,858 jobs and $537.5 million in economic output from our development activities

Our Values

WE VALUE

- A capacity to make things happen
- Thinking that is forward-looking and strategic
- The promotion of innovation and excellence
- Ethical and professional behaviour
- Our customers and staff

HOW WE MEASURE OUR PERFORMANCE

As an organisation, we consider ourselves to be successful if we:

- are playing a key role in helping the NSW Government deliver its growth plans for Sydney;
- are financially sustainable;
- enjoy mutually beneficial stakeholder relationships;
- are an employer of choice; and
- demonstrate industry leadership in urban design and sustainability.

We determine our performance against four areas that we consider are critical to the success of our business: environmental care; social development; economic development and good governance. In order to provide a clear structure to the way we gauge our accomplishments, we have also developed a series of performance measures that relate to our business practices in more detail.

These four critical areas and the business practices that support them are set out below:

ENVIRONMENTAL CARE

- Integrated urban water cycle management
- Reuse and recycling of construction and demolition materials
- Energy efficiency
- Sustainable or renewable energy supply
- Office use and greenhouse gas emissions
- Native vegetation management
- Riparian corridor management

SOCIAL DEVELOPMENT

- Provision of moderate income housing
- Community facilities
- Welcome program
- Influencing design
- Effectiveness of community consultation
- Stakeholder relationship management
- Consumer education on sustainable living
- Conservation of non-indigenous heritage
- Aboriginal employment opportunities
- Employee satisfaction
- Employee retention rate
- Training

ECONOMIC DEVELOPMENT

- Profitability
- Financing capacity
- Returns to government
- Job creation and economic output

GOVERNANCE

- Consumer education on sustainable living
- Regulatory compliance
- Voluntary compliance
- Supplier pre-qualification

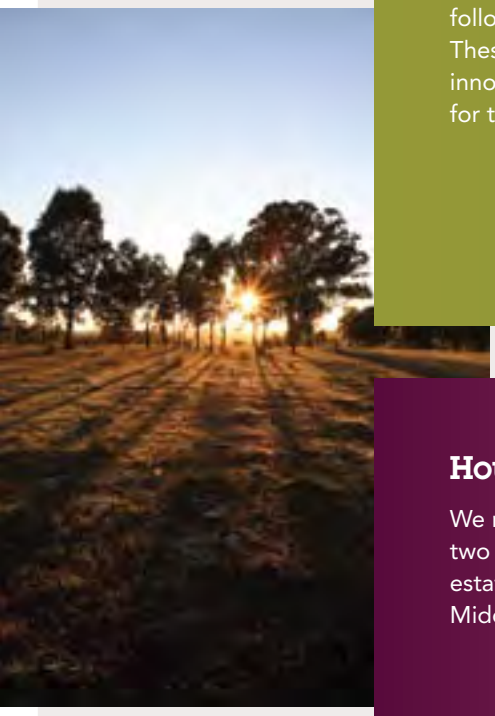
For a detailed explanation of Landcom's full suite of indicators and our performance against them, see page 38.

2007/2008 Project Highlights

The Ponds "Float"

The Ponds

The first community event for residents at The Ponds took place in November and was followed by initiatives designed to lay the groundwork for creating the estate's social capital. These included the launch of a community-based website for residents and the opening of an innovative umbrella structure known as "The Float" – set to become an iconic reference point for the entire development.



Middleton Grange

Housing Supply Projects

We negotiated site rezoning for our Renwick project in the Southern Highlands in July and two months later secured development approval for all remaining lots in our Garden Gates estate. We also executed partnership agreements with the private sector to develop our Middleton Grange and South Cecil Hills estates.

Prince Henry

Prince Henry at Little Bay

With housing construction on the site now well underway, this year was marked by the rollout of a number of the project's associated community facilities. This included the opening of a surf lifesaving facility on the site in September, the commencement of construction on an aboriginal health and medical research facility and a community centre in January and the completion of the refurbishment the heritage-listed Flowers Ward in June. In March, the first residents moved into the site's newly completed aged care facility.

Rouse Hill Town Centre

Artist's impression of Oran Park Town

Rouse Hill

The Rouse Hill Town Centre was officially opened by the Minister for Planning in March this year. This followed a successful "soft launch" in September 2007, with up to 30,000 people a day attending over the first few days of trading.

Oran Park

We secured rezoning of Oran Park for urban purposes in December, paving the way for development to proceed. By May, we had negotiated development consent for the construction of the main lead-in road and selected preferred tenderers for the provision of seniors living, the first independent school and telecommunications services.

Artist's impression of Green Square Town Centre

Victoria Park

We exchanged contracts for the construction of a "vertical retirement village" at Victoria Park in July, one of the final land sales in this landmark estate.

Green Square

After successfully negotiating the relocation of the NSW Police Service from the site, we issued invitations to tender on the "Initial Sites Offering" at Green Square in April 2008. At the same time, we concluded an exhibition of designs for the town centre's public domain, which was met with strong community support.

Victoria Park

Corporate Governance

A formal review of the Landcom Corporation Act 2001 was undertaken and finalised during the year, with the results being tabled in Parliament in December.

Royal Newcastle Hospital

In July 2007, we announced that Mirvac had been selected to partner with Landcom in the redevelopment of the Royal Newcastle Hospital site.

Royal Newcastle Hospital

2007/2008 Sustainability Highlights

Sustained Reduction in Water Consumption

With much of NSW still in the grip of drought, Landcom again exceeded its target of 40% reduction in potable water use within its projects this year, achieving water savings of 49% (a 14% improvement on last year's result). See page 44 for more.

HomeBuyers Guide

The HomeBuyers Guide was officially launched in December. This joint initiative between Landcom, Investa and a number of utility agencies advises intending home purchasers on the best way to include sustainability considerations when negotiating their home purchase/construction.

Earth Hour

In March, we hosted an inaugural Earth Hour event at our Garden Gates estate in Sydney's south-west, which attracted over 100 residents.

(GRI) Global Reporting Initiative

In June, Landcom was invited to participate as the Australasian representative in an international forum of sustainability experts being convened in the Netherlands to develop global sustainability reporting guidelines that are specifically designed for the real estate sector.

Walking School Bus

Our Walking School Bus Initiative continues to expand, with the latest school to participate being the John Palmer Public School at The Ponds and with Baulkham Hills Shire Council calling for expressions of interest in May to expand the program to eight schools throughout the Shire.

Landcom Guidelines

In June we finalised and published a "boxed set" of Landcom Guidelines that cover seven key areas designed to promote the development of more sustainable homes and communities. The Minister officiated at a public launch of the Guidelines on 3 July 2008.

Greenhouse Gas Savings

Once again we were successful in lowering the level of greenhouse emissions attributable to our office operations and vehicle use during the year, a reflection both of our continuing efforts in this area and the wider range of green options now available to us. This is despite the fact that most of our office premises are rented, which limits options for more significant savings. See page 45 for more details.

Ongoing Challenges and Outlook

Residential Property Market and Increased Costs

The Sydney property market remains weak, particularly in the south-west, the location of many of our projects. This is closely related to a tightening of the lending market and increases in materials and development costs. In this environment, it is more important than ever for Landcom to continue to provide quality products and to demonstrate value for money.

Emissions Trading

The emerging policy framework surrounding greenhouse gas reductions, emissions trading and the cost of carbon has the potential to significantly impact on Landcom's business direction. While we are closely monitoring these trends and assessing the likely consequences, we are also confident that the web-based tool we are developing to measure the sustainability impacts of developments at a project and even neighbourhood level will become an essential tool for the development industry in addressing climate change.

Housing Affordability

Landcom continues to explore more creative opportunities to provide affordable housing to consumers, including the provision of diverse housing products like town houses and accessory dwelling units that are more affordable than traditional housing. Since these initiatives are not captured in our current performance indicator, we will be reviewing and widening its scope in the coming year. To date, we have only measured our performance against our ability to supply land and/or affordable housing for sale on the open market. The difficulty in delivering our target of 7.5% is evidenced by this year's result of just over 2%, which fundamentally questions our ability to deliver this target without direct subsidy. See page 47 for more details.

Changes to the Planning System

The NSW planning system is emerging from a period of considerable change and Landcom has played its part in advising government on ways to help streamline regulatory and development process. We expect there will be a need for local councils to embed the current changes within their own business processes and we are working to align our own practices to the new procedures.

Chairman's Statement

William Kirkby-Jones AM
Chairman

> "Landcom's success reflects the efforts and energy of its people. They continue to build a culture of innovation, tenacity, adaptability and optimism."

In a property market that has remained subdued for longer than most industry observers expected, Landcom managed to increases its annual sales revenue of $349.5 million by 8.4%. Given the market conditions and the pressure on margins throughout the year this was a good achievement and enabled us to return $50.3 million to the Government in dividends and tax equivalents.

Landcom's role continues to evolve and change to meet government policy objectives and accommodate different market circumstances. Managing these changes puts significant pressure on our people, who once again demonstrated their – and the organisation's – inherent adaptability. They deserve considerable praise for their work and their flexibility which have led to the achievements this year.

Chief among these were the completion of planning and commencement of delivery for a number of our major projects, most notably Green Square, strategically located at the heart of one of the largest redevelopment areas in the country. Emerging at the other end of the delivery phase, the first stage of the Rouse Hill Town Centre commenced trading in September.

Landcom continues to lead the industry in the implementation of sustainable development principles. Building social capital, demonstrating appropriate concern for the environment, conserving energy, reducing greenhouse gas emissions and achieving marked reductions in the consumption of potable water have long been hallmarks of our operations and we are pleased to see them becoming accepted practices throughout the industry. However, with climate change posing ever increasing challenges for the built environment, we cannot afford to be complacent.

Housing affordability has been another looming problem and one that has been exacerbated in more recent times by several interest rate rises and increases in the prices of petrol and food. It is therefore pleasing to see the Commonwealth and State working together to address this vexed matter. In support of this initiative, the Board continues to pursue ways and means of providing more affordable housing as part of the Corporation's overall development undertakings. To that end, Landcom this year hosted a forum with representatives of government land-owning agencies in the other states and territories to share our experience on various affordable housing initiatives.

In an era of low-level unemployment, recruiting and retaining first-class people is a major aim of our organisation. Under the stewardship of Managing Director Sean O'Toole and his senior management team, Landcom has developed a reputation and culture that is attracting promising young graduates. Our recent graduate program saw 100 people apply for just two positions. It was a fitting testament to what the organisation has achieved in recent years and bodes well for the challenges in the years ahead.

This year the Board welcomed a new Director, Ms Madeline Dermatossian, a lawyer who brings with her a wealth of experience over and above her specialist interest. We look forward to her contribution to the work of the Board.

The Board congratulates Landcom's people on their salutary achievements during what has been a very challenging year, and we thank them for their dedication and hard work. In similar vein, we acknowledge our appreciation of the work and vision of our Managing Director, Mr Sean O'Toole, who continues to lead the organisation with distinction. My thanks also go to my fellow Directors for their wise counsel and their invaluable contribution to the well-being of the Corporation.

Managing Director's Statement

Sean O'Toole
Managing Director

"Our projects now set the benchmark for environmental sustainability and social outcomes, raising the bar and providing leadership for the development industry in this state."

While the Corporation was originally set up in the 1970s to counter the cyclical boom and bust nature of the development industry, since those early days both the development industry and the planning system have matured and Landcom's role has evolved accordingly.

Our role now is to create opportunities for sustainable development and to advance the NSW Government's urban management objectives. We do this by working with state agencies, local government and the private sector. Our projects now set the benchmark for environmental sustainability and social outcomes, raising the bar and providing leadership for the development industry in this state. In seeking better outcomes for our developments, we nevertheless ensure this is done in a commercially viable way so that our example is a feasible one for industry to follow.

It is pleasing to report that during the year we were successful on all of these counts. We met our financial targets and delivered the outcomes to which we committed ourselves.

We helped implement the Government's Metropolitan Strategy for Sydney as well as the State Plan, with our urban renewal projects at Green Square, Prince Henry, Victoria Park and Discovery Point. At Minto we worked closely with the Department of Housing to commence the redevelopment of an estate with long-standing social issues.

We masterplanned the Royal Newcastle Hospital, an iconic but surplus government asset, preparing it for development, and we continued working with our private sector partners to manage the development of the former Prince Henry Hospital site.

We witnessed the opening of the Rouse Hill Regional Centre, a project we undertook jointly with Lend Lease, the GPT Group and the Department of Planning, and have advanced the planning on Oran Park, a major initiative which will form the benchmark for future development in the south-west growth area.

We advised the Government on its planning system, particularly in regard to unlocking the so called "scheduled lands" subdivisions at Riverstone.

We also established partnership agreements with Campbelltown Council, the City of Sydney and Blacktown Council on a number of projects where our interests come together.

You will read about these and the other 35 or so projects in which we were involved in the following pages. Many of these wouldn't have gone ahead had it not been for Landcom.

As the Chairman mentioned, the market within which we operate remains challenging. Essentially what seems to be emerging is a two-speed market, where the inner west and east remain buoyant, while in western and particularly south-western Sydney, the market continues to languish.

In this environment, providing quality products and fundamental value is more vital than ever.

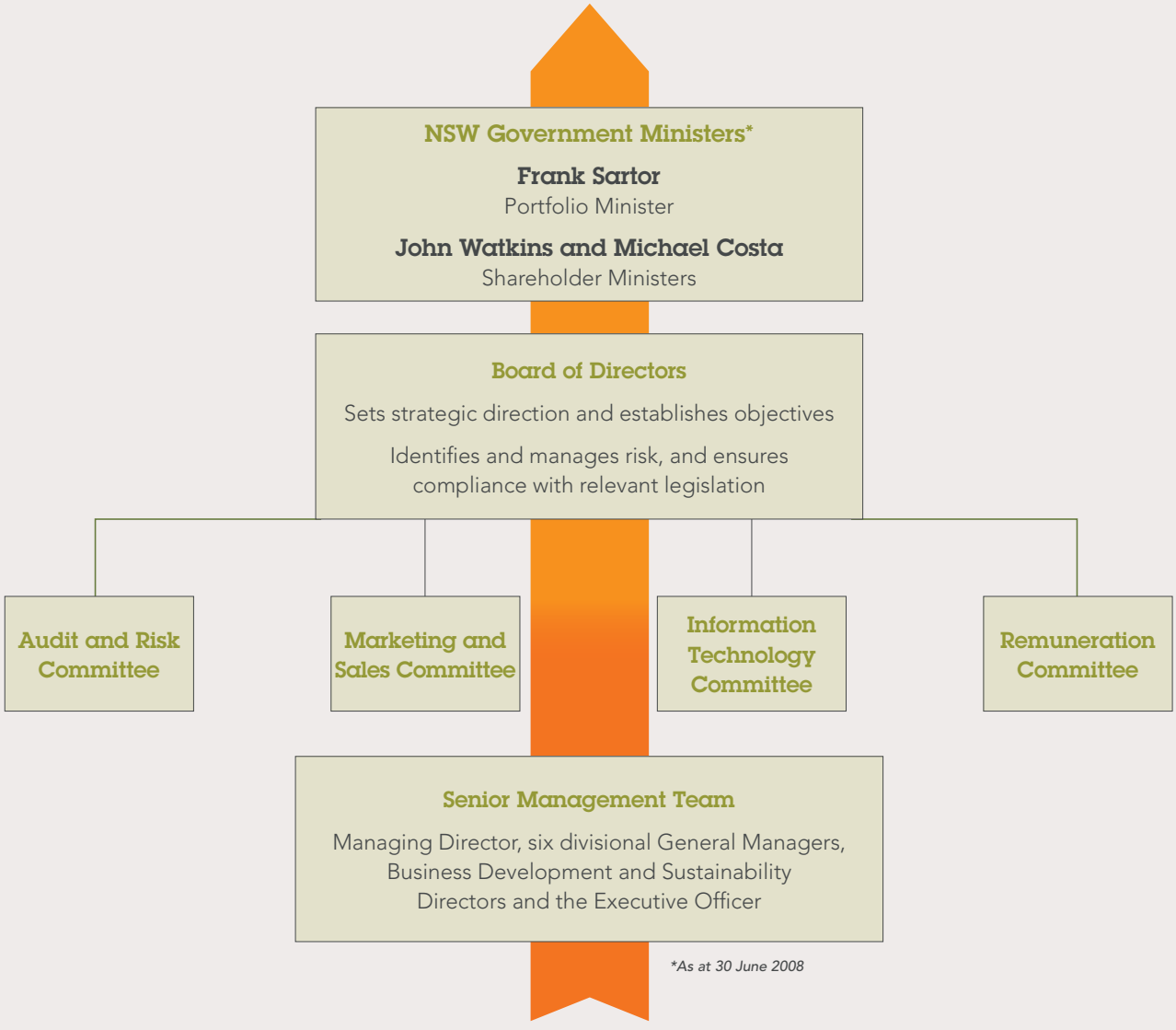
As in the past, the challenge facing Landcom is how to remain relevant while retaining sufficient flexibility to keep delivering results. With this in mind, we are taking the opportunity in this year's Annual Report to reflect on our success over the past five or six years. In doing this, we not only remind ourselves how far we have come, but how focused we will need to be to keep abreast of changing needs and expectations.

That said, I have every confidence that the adaptability and imagination of the Board, coupled with the tenacity and passion which the management team and our people have displayed during the year, will continue to stand the organisation in good stead in the future.

Governance Structure

As a State-owned corporation, we operate under the Landcom Corporation Act 2001. Our objectives under this Act are to:

- Act as a responsible developer of residential, commercial and industrial land.
- Assist the Government in achieving its urban management objectives.
- Undertake strategic or complex urban development projects.
- Exhibit a sense of responsibility towards regional development and decentralisation.
- Protect the environment by conducting our operations in compliance with the principles of ecologically sustainable development contained in section 6 (2) of the Protection of the Environment Administration Act 1991.
- Demonstrate social responsibility by having regard to the interests of the community in which we operate.
- Achieve business success by operating efficiently and maximising the net worth of the State's investment.



As at 30 June 2008

Board of Directors

Neil Bird AM
B Arch, Grad Dip Mgt, FRAIA, FAICD, FPIA

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 Director of the Hunter Development Corporation 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 New Zealand, China and the United Kingdom.

Madeline Dermatossian
Dip Law, MAICD, FCIS

Ms Dermatossian holds the position of General Counsel and Company Secretary for FuturePlus Financial Services and Chifley Financial Services. Madeline's experience also includes corporate legal positions at Perpetual, BT Financial Group and ABN Amro Bank.

Madeline holds a Diploma in Law, is a member of the Law Society of NSW, the Australian Institute of Company Directors and the Australian Compliance Institute, and is a Fellow of Chartered Secretaries of Australia.

Madeline is also a Director of the Wayside Chapel.

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 API

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.

He 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.

Gae Raby
B Econ

Ms Raby has a background in economics and has extensive experience in the development and delivery of large government programs and the management of state-owned enterprises at the federal and state level.

Gae has executive experience in public policy, finance and the machinery of government, having held senior positions in the Land Coordination Unit and the Department of Family and Community Services.

Executive Team

Michael Burt
BE, MIEAust, CPEng, MBA

GENERAL MANAGER
DEVELOPMENT SOUTH

Michael manages Landcom's urban development projects in Sydney's south-west, the Illawarra and a project at Renwick in the southern highlands.

He has 30 years experience spread across the construction industry, local government and property development.

Stuart McCowan
MBA, HDip Eng

GENERAL MANAGER
URBAN RENEWAL

Stuart manages Landcom's urban renewal projects across NSW.

Stuart has more than 30 years experience in the development industry, covering construction, infrastructure provision, planning and urban development in both the government and private sectors.

Mick Owens
B SURV, MIS

GENERAL MANAGER DEVELOPMENT
ORAN PARK AND INFRASTRUCTURE

Mick leads an urban development team responsible for delivering a significant Landcom project at Oran Park in south-west Sydney.

He also has 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 development industry. He is fostering innovation, sustainability and higher quality development, particularly within major growth centres.

Kerry Robinson
BTP (HONS), ASS DIP VAL, MPIA, CPP, MAICD

GENERAL MANAGER
DEVELOPMENT NORTH

Kerry manages Landcom's urban development projects in Sydney's north and west, as well as the Central Coast, the Hunter and the Mid-North Coast.

He has more than 25 years experience in the property industry, having worked in local government, private consultancy and a range of private sector development organisations.

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.

Robert Sullivan
DIP TECH MKTG, MMGT

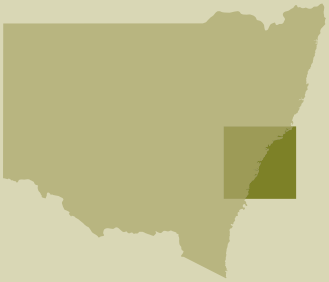
GENERAL MANAGER
CORPORATE MARKETING

Robert directs and leads Landcom's sales, promotions and corporate marketing activities including media/public relations, brand management and sponsorship.

He has over 20 years experience in sales and marketing featuring head of marketing roles within the gaming, entertainment, television, club and sports industries.

Span of Operations

- Supplying housing
- Renewing urban areas
- Developing growth centres
- Developing major centres
- Managing complex government assets
- Creating parklands



ROYAL NEWCASTLE HOSPITAL
SANCTUARY
LAKE MACQUARIE
NEWCASTLE
F2
FREEWAY
GOSFORD
RIVERSTONE SCHEDULED LANDS
THE NEW ROUSE HILL
BROKEN BAY
THE PONDS
NEWBURY
BUNGARRIBEE DEVELOPMENT PRECINCT
M4
M2
M7
VICTORIA PARK
GREEN SQUARE TOWN CENTRE
PRINCE HENRY
SYDNEY
MINTO RENEWAL PROJECT
EDMONDSON PARK
ORAN PARK TOWN
BOTANY BAY
POTTS HILL
PARKBRIDGE
GREENWAY VIEWS
M5
MOUNT ANNAN/SPRING FARM
MACARTHUR REGIONAL CENTRE
MENANGLE PARK
RENWICK
SHELLHARBOUR TOWN CENTRE
WOLLONGONG
1
PRINCES HWY

This map is indicative only

Project Snapshots

Renewing Urban Areas

Minto Renewal Project

Where: Ben Lomond Road, Minto
Council: Campbelltown
Area: 84 ha (excluding roads)

What's proposed: Over 1,100 dwellings, reconfigured road system, six public reserves and a multi-use community facility.

Our role: Landcom is partnering with Housing NSW and Campbelltown City Council to redevelop an existing public housing estate at Minto. We negotiated the development management agreement and site masterplan and are managing what will become a model for other public housing estates.

Where it's up to: Delivery phase. The concept plan was approved in June 2006, construction of Stage 1 (81 residential lots) and Stage 7 (14 acre lots) was completed in July 2008 and sales of both stages will begin in September 2008.

Key features: The redevelopment will revitalise and transform the former estate's poor physical and social environment. By providing greater housing and socio-economic diversity and reducing the proportion of public housing from 100% to 30%, the project will help address the issues that have troubled this estate in the past.

Victoria Park

Where: Joynton Avenue, Zetland
Council: City of Sydney
Area: 25.2 ha

What's proposed: Approximately 2,500 dwellings, 35,000 sqm of commercial and retail area, open space and community facilities.

Our role: Landcom has masterplanned and developed the entire estate. Delivery of the built form or individual superlots is being undertaken by the private sector, according to our detailed requirements.

Where it's up to: Well into the delivery phase. Over 1,200 apartments are already complete, along with open space, key infrastructure, small retail and community facilities.

Key features: This award-winning project is one of our most ambitious undertakings and has been the catalyst for the massive redevelopment now occurring in and around Green Square. The cutting-edge design and environmental features developed for Victoria Park are now being rolled out across other Landcom projects.

Prince Henry

Where: Anzac Parade, Little Bay
Council: Randwick
Area: 85 ha

What's proposed: Redevelopment of what was the Prince Henry Hospital featuring 900 dwellings, restoration of 19 heritage buildings, conservation of 4.2 ha of Eastern Suburbs Banksia Scrub, onsite community facilities and open space.

Our role: Landcom has masterplanned the entire estate. Delivery of built form or individual superlots is being undertaken by the private sector, according to our detailed requirements.

Where it's up to: Delivery phase. Remediation, civil and infrastructure works are complete. A large number of community uses are now housed on the site. All homesites have been sold and agreements have been negotiated with Stockland, Sunland St Lukes and Brookfield Multiplex to deliver the medium density and aged care dwellings. A Reserve Trust has been established to manage the publicly owned land and buildings.

Key features: This development is significant for its sensitive environmental, social and heritage issues and its coastal location. Our solution for redevelopment has recognised these factors but at the same time realised the site's potential value. The project caters for a diverse range of dwelling types, including aged care. It incorporates an impressive array of social and environmental sustainability initiatives, as well as returning 80% of the site to the public as open space.

Developing Major Centres

Macarthur Regional Centre

Where: Surrounding Macarthur Railway Station, Campbelltown
Council: Campbelltown
Area: 148 ha

What's proposed: Up to 2,400 dwellings, public open space (including Marsden Regional Park), aged care, medical and community facilities.

Our role: We amalgamated three separate projects to capitalise on access to transport, shopping and community facilities around the Campbelltown/Macarthur Regional Centre.

Where it's up to: The Park Central development is in the delivery phase and well advanced. Delivery of the Macarthur Gardens project has begun under a partnering arrangement with Stockland. The University of Western Sydney Campbelltown project, a proposed partnering arrangement between Landcom and the University of Western Sydney, is in the planning phase.

Key features: These projects help implement the Macarthur Regional Strategy, set new standards in housing diversity, and provide a practical demonstration of the Government's preferred model for future development across the south-west growth centre.

Shellharbour Town Centre

Where: Memorial Drive, Shellharbour
Council: Shellharbour
Area: 12 ha

What's proposed: 15,000 sqm of retail and commercial area, 100 dwellings, a cinema and public park.

Our role: Landcom has planned and delivered the base line infrastructure, while private sector developers have developed new retail, commercial and entertainment facilities, according to our strict design guidelines.

Where it's up to: Final stages of development.

Key features: We have used the Shellharbour Town Centre site to integrate a "main street" style retail and entertainment precinct within an existing shopping mall. The council is planning to construct a new Civic Centre in stage 3.

Green Square Town Centre

Where: Above and adjoining Green Square Railway Station, Zetland
Council: City of Sydney
Area: 14 ha

What's proposed: 410,000 sqm of mixed-use floor area, comprising around 2,500 dwellings and 123,000 sqm of commercial and retail area to be built around a series of major public plazas and associated community facilities.

Our role: Landcom resolved the complex planning, site and infrastructure constraints that were frustrating the project and consolidated a development site large enough to attract private sector development at the core of the Town Centre.

Where it's up to: Delivery phase.
Landcom commenced site preparation works during the year.

Together with the City of Sydney, we completed the detailed design for the infrastructure and public domain and entered into formal arrangements with Sydney City Council, the NSW Police Force and the Roads and Traffic Authority to absorb their landholdings into the proposal for the Town Centre. Private sector developers showed strong interest in the project and, in April 2008, Landcom invited tenders from a short list of six leading firms and consortia to partner with us to deliver the Town Centre. A decision will be made later this year.

Key features: Green Square Town Centre is identified as a "planned major centre" in the Metropolitan Strategy and is strategically located at the heart of one of the largest redevelopment areas in the country. The development will showcase world-class urban renewal, underpinned by sustainable environmental, social and economic outcomes. It is expected to accommodate 5,500 residents and 7,000 workers, and provide $1.7 billion of direct investment in New South Wales.

The New Rouse Hill

Where: Windsor Road, Rouse Hill
Council: Baulkham Hills
Area: 122 ha

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

Our role: Landcom, in a partnership with the Department of Planning, Lend Lease and the GPT Group, is managing the project and has developed its delivery framework.

Where it's up to: Delivery phase.
Stage 1 of the Rouse Hill Town Centre, comprising 73,000 sqm of mixed retail, commercial, recreational, civic and residential floor space, was opened on 6 March 2008, by Minister Sartor.

Key features: This $1.5 billion regional centre will eventually serve a regional population the size of Canberra. Landcom adopted the "main street" model as the basis for the $470 million Town Centre being developed over 12 years to cater for the future demands of Sydney's growing north-west. Despite its size, the project has a significantly smaller ecological footprint than other similar sized centres.

Supplying Housing

Greenway Views

Where: Carmichael Drive, West Hoxton
Council: Liverpool
Area: 20 ha

What's proposed: 300 dwellings, a high school, riparian corridor rehabilitation, an upgrade of local playing fields and a cycleway along the adjoining Western Sydney Parklands.

Our role: Landcom is partnering with Australand to develop the site, which provides an important and immediate supply of greenfield land and housing pending further releases in the south-west growth centre.

Where it's up to: Delivery phase.
Subdivision approval for the entire estate has been granted and construction is underway. The first lots were released in 2005 and the high school opened in February 2006.

Key features: BASIX water and energy efficiency targets were incorporated well before these targets were made compulsory. A renewable energy initiative has also been included, which will provide 16 KW solar power generating capacity within the estate and solar water heating.

Menangle Park

Where: Menangle Road, Menangle Park
Council: Campbelltown
Area: 300 ha

What's proposed: Up to 2,200 dwellings.

Our role: Landcom, a major landowner within the area, is working with Campbelltown City Council and multiple state agencies to resolve outstanding planning and environmental constraints prior to rezoning.

Supplying Housing (continued)

Where it's up to: Planning phase. Together with Campbelltown City Council, we are undertaking a number of detailed planning studies to determine the future footprint for any urban development.

Key features: Menangle Park will provide an important supply of greenfield land in Sydney's south-west.

Mount Annan/Spring Farm

Where: Mount Annan
Council: Camden
Area: 120 ha

What's proposed: 2,060 dwellings across both sites, public open space, neighbourhood centre and community facilities.

Our role: The Mount Annan and adjacent Spring Farm sites provide an important supply of greenfield land and housing in the south-west. We are developing Mount Annan and partnering with the private sector to develop Spring Farm.

Where it's up to: Mount Annan is in the delivery phase, with land and housing sales well underway. We are currently facilitating the delivery of key services and infrastructure to Spring Farm with adjoining private sector land owners.

Key features: The projects comprise diverse dwelling types around neighbourhood centres, a lake and wetland system, walking trails and conservation of threatened species.

The Ponds

Where: The Ponds Boulevard, The Ponds
Council: Blacktown
Area: 330 ha

What's proposed: 3,200 dwellings, 80 ha of contiguous open space including 40 ha of riparian and biodiversity corridors.

Our role: Landcom is acting as masterplanner and developer. Part of the project is being developed in a partnering arrangement with Australand and provides a crucial supply of housing, pending the planning and development of future land releases within the north-west growth centre.

Where it's up to: Delivery phase. Civil works are currently underway, with bushland conservation and regeneration works being undertaken by Greening Australia.

Key features: The development features major open space, conservation and riparian corridors. A public art strategy and community development program is underway. A package of financial and other incentives has also been developed to encourage 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.

Newbury

Where: Old Windsor Road, Stanhope Gardens
Council: Blacktown
Area: 157 ha

What's proposed: 1,750 dwellings, a district shopping centre, leisure and community facilities, open space and two schools.

Our role: Landcom's original masterplan and detailed design guidelines are now being delivered throughout the estate by Mirvac, in a partnering arrangement with Landcom.

Where it's up to: Nearing completion, with housing sales underway. Most major community facilities have been delivered.

Key features: This project set a new benchmark in the standard of urban design and features a range of housing products, a district shopping centre and an aquatic centre. It provides an important supply of greenfield land and housing, pending the planning and development of future land releases within the north-west growth centre.

Parkbridge

Where: McIver Avenue, Middleton Grange
Council: Liverpool
Area: 40 ha

What's proposed: Approximately 660 dwellings, public open space and riparian corridor rehabilitation.

Our role: Landcom is delivering this estate in partnership with Mirvac. We have used the project to leverage planning and environmental outcomes that benefit the broader development industry (for example, the delivery of the bulk infrastructure, including recycled water, to the entire Southern Hoxton Park release area).

Where it's up to: Delivery phase. Stage 1, comprising 96 lots, a display village, parkland and a community facility, is underway. Sales will begin in early 2009.

Key features: The estate is a community title development incorporating private recreational facilities in addition to two council parks. With a diverse mix of housing types to cater for various family sizes and lifecycles, it is linked to nearby Greenway Views by a Landcom-sponsored cycleway through the adjoining Western Sydney Regional Parklands.

Sanctuary

Where: Minmi Road, Fletcher
Council: Newcastle
Area: 118 ha, adjoining 5 ha parcel acquired in 2007.

What's proposed: 690 residential lots and nine medium density sites with retail and a possible regional playing field.

Our role: Landcom is developing the site under a project delivery agreement with Urban Pacific, with the residential construction being subject to our design guidelines.

Where it's up to: The project is to be delivered in 10 stages over seven years. Stage 1 construction, delivering 72 lots, was completed in December 2007. A home display village and purpose-built sales suite was completed March 2008.

Key features: The development is providing an important supply of greenfield land and housing, including moderate income housing, in the Hunter Region. It incorporates water sensitive urban design features, gas-boosted solar water heating, bushfire requirements and indigenous heritage reserves.

Creating Parklands

Bungarribee Development Precinct

Where: Doonside residential and Bungarribee Parklands
Council: Blacktown
Area: Bungarribee Parklands: 300 ha, Doonside: 88 ha

What's proposed: The Bungarribee Parklands precinct will be the main community recreation hub for both active and passive recreation in the northern part of the Western Sydney Parklands. Adjacent to this is the Doonside residential development, which will deliver approximately 700 new houses in a parkland setting.

Our role: Landcom is project managing the concept approval and rezoning for both the parklands and residential development on behalf of the Department of Planning.

Where it's up to: A concept application is currently being assessed by the State Government, having been publicly exhibited in late 2007 and early 2008.

Key features: Proceeds from the Doonside development will ultimately be used for development of the Western Sydney Regional Parklands.

Developing Growth Centres

Oran Park Town

Where: The Northern Road, Oran Park
Council: Camden
Area: 230 ha (approximately)

What's proposed: Over 2,000 dwellings, commercial town centre, retirement village, public open space, riparian conservation corridors, community and leisure facilities and schools.

Our role: Landcom is partnering with Greenfields Development Company to develop the largest landholding within the south-west growth centre and among the first planned for release. Our role is to deliver the first 2,000 lots in the larger, 8,000 lot Oran Park precinct.

Where it's up to: Planning phase. The first residential lots will be available in late 2009.

Key features: This project represents a unique opportunity for Landcom to work with the Growth Centres Commission to coordinate the major infrastructure required for the south-west growth centre. It enables us to set the benchmark on diversity of housing, dwelling density, urban design, infrastructure and town centre delivery for the development that will follow.

Edmondson Park

Where: Camden Valley Way, Hume Highway and Zouch Road, Edmondson Park
Council: Liverpool
Area: Entire release area – 795 ha, of which Landcom owns 100 ha

What's proposed: A major release area situated within the south-west growth centre, with potential for 7,500 dwellings, a town centre comprising 25,000 sqm of retail and commercial area, community facilities, schools and 150 ha of regional open space. Landcom's landholdings will deliver approximately 800 dwellings.

Our role: The release area is highly fragmented and Landcom has coordinated and forward funded the rezoning, precinct and infrastructure planning on behalf of all landowners.

Where it's up to: Planning phase. The local environmental plan supporting the rezoning of the entire release area was gazetted in March 2006.

Key features: A regional park that encircles the town centre, extensive riparian corridors and a bus/rail interchange located in the heart of the centre.

Riverstone Scheduled Lands

Where: Windsor Road, Riverstone
Council: Blacktown
Area: 300 ha

What's proposed: Around 2,500 dwellings, an environmental conservation area, associated community and other facilities. This area was subdivided into small rural landholdings in the 1880s and comprises nearly 3,600 lots with an estimated 550 landowners. Most lots have limited rural services and no dwelling entitlement. Earlier attempts to consolidate the area to enable urban development to proceed were unsuccessful.

Our role: Landcom has developed an innovative model to address the problems of fragmented land ownership and facilitate the area's orderly development.

Where it's up to: We are currently working with landowners and major stakeholders, seeking support for the model.

Key features: If this model wins approval, it will be able to applied to other areas where land ownership is fragmented.

Managing Complex Government Assets

Renwick

Where: Bong Bong Road, Mittagong
Council: Wingecarribee
Area: 116 ha

What's proposed: 600 dwellings, a village centre including retail, childcare and community facilities, 30 ha of open space including parks, local woodland and an extensive riparian corridor.

Our role: Landcom is managing the planning and development of the site on behalf of the NSW Department of Community Services.

Where it's up to: Following the rezoning of the site in July 2007 the first lots were released in March 2008. Construction of the first stage of residential lots is expected to begin by late 2008.

Key features: The site, which was formerly a child welfare facility, represents an important opportunity for us to demonstrate our development capability in an emerging regional market. Renwick will feature a range of social and environmental sustainability initiatives. It aims to respect and reinterpret the unique highlands character and, with the site masterplan incorporating the Heart Foundation's "Healthy By Design" guidelines, promote a healthy lifestyle.

Royal Newcastle Hospital

Where: Shortland Esplanade, King and Pacific Streets, Newcastle
Council: Newcastle
Area: 1.28 ha

What's proposed: Up to 450 dwellings and 3,000 sqm of commercial space. Phase 1 of the $320 million redevelopment will include a balanced mix of residential apartments, retail and commercial spaces, restaurants, cafés and a 4.5 star hotel.

Our role: Landcom worked closely with the Department of Health to deliver a concept plan for the landmark residential project that will set the standard for Newcastle in terms of project scale, design and environmental sustainability.

Where it's up to: Mirvac has been selected to partner with Landcom to deliver the project. Mirvac has bought the site and the hospital buildings have been demolished. Department of Planning approval of the preferred project plan is required before site works and construction can begin.

Key features: This project is a unique opportunity for us and our delivery partner to convert a redundant health facility to apartments and associated commercial/retail uses, while still respecting the site's heritage significance and sensitive beachside location.

Potts Hill

Where: Land situated between Rookwood, Brunker and Cooper Roads, Potts Hill.
Council: Bankstown
Area: 116 ha

What's proposed: A new 25 ha residential development including four new parks and a 15 ha business park providing 800–900 jobs.

Our role: Landcom is partnering with Sydney Water to identify and rezone surplus lands currently owned by Sydney Water.

Where it's up to: Planning phase. A concept application has been submitted to the Department of Planning seeking to transform about a third of the 116 ha Potts Hill site into a new residential area and business park.

Key features: The project will provide additional jobs and housing to the communities already there and help government agencies relocate and supplement their existing activities. This site contains significant Canary Island Palm Trees and Water Infrastructure that will be protected.

Our Activities

THE IMPACTS OF OUR ACTIVITIES IN 2007/2008

Government priorities for sustainable growth, social changes and heightened community awareness about the quality of urban environments require new ways of providing and using the built environment.

In this context, Landcom needed to reassess its sustainability performance indicators, particularly in light of the fundamental changes our business – and the impacts of our activities – have undergone since the indicators were developed six years ago.

As signalled in last year's Annual Report, we have begun the process to ensure that our sustainability indicators and related targets remain robust and relevant into the future. Where necessary we are adjusting our benchmarks to reflect current industry practice, legislative requirements such as BASIX, changes in our business since 2002 and any relevant shifts in the interests and concerns of our key stakeholders. Moreover, since many of our sustainability indicators incorporated targets intended as benchmarks for Landcom to achieve by 2008, we have needed to reassess their relevance into the future.

More information on this process is provided in the sustainability section on page 32 of this report.

The reassessment of our sustainability indicators has also given us the opportunity to reflect on the journey we have taken over the past five to six years. As we seek to meet government priorities for Sydney's future development and work with other organisations to ensure that this is done in an economically, socially and environmentally responsible way, our activities – and their impacts – have changed substantially.

In this report we have examined our achievements of the past five years according to these impacts, which are as follows:

Developing constructive partnerships	**From its early days, Landcom recognised that the way to deliver what Sydney and the NSW Government needed would be to resolve the complexities of difficult projects by developing constructive partnerships throughout the State Government, local councils and the private sector.**
Facilitating urban regeneration	**Over the past five years, the scale and complexity of Landcom's projects have grown dramatically and our focus has shifted towards a higher proportion of urban renewal projects, in line with government priorities for Sydney's future development.**
Creating social capital	**Social capital is an intangible asset that is notoriously difficult to quantify. It has, however, gained a lot more attention since Landcom, recognising its importance, sought to put in place the building blocks for its creation and measurement some five years ago.**
Demonstrating good design	**Landcom was originally set up to counter the boom-bust cycle typical of residential development on Sydney's fringe. Our role increasingly on Sydney's fringe is to facilitate development by the private sector and to demonstrate the social and environmental dividends of high-quality, sustainable design.**
Building sustainable places	**The journey from the centre of Shellharbour on the NSW south coast to the centre of Rouse Hill in Sydney's north-west is 137 km. But the distance between the two centres has been a far greater one for Landcom.** **Over that journey, Landcom has evolved from landowner and developer to problem solver of strategic and complex projects.**
Advancing best practice	**Landcom has long been recognised as an industry leader in sustainability. Our sustainability journey began with the development of engineering standards and "stretch targets" that would deliver greater efficiencies in water and energy usage within our projects. Today we are in the process of designing a web-based tool for the industry to accurately measure the sustainability impacts of developments at a project or even neighbourhood level.**

Developing Constructive Partnerships

From its early days, Landcom recognised that the way to deliver what Sydney and the NSW Government needed would be to resolve the complexities of difficult projects by developing constructive partnerships throughout the State Government, local councils and the private sector.

The 2008 fiscal year marks Landcom's maturing as a problem solver for strategic and complex projects, a catalyst in the delivery of new communities and a leader in sustainable development.

Working with the private sector

Partnering with the private sector was a new approach for a government-owned property developer. That we have managed to turn this approach into fruitful partnerships is recognised in the Urban Development Institute of Australia's 2008 policy statement which reads:

"Landcom's charter requires that it undertake strategic projects often on land with marginal development potential, demonstrate government policies, lead by example and dispose of government assets.

These are projects that the private sector will not typically become involved with due to the considerable risk. Landcom is therefore not the competitor but a catalyst in the delivery of new communities."

Over the past five years, there have been many such projects. Take Prince Henry at Little Bay. Here we faced a community opposed to redevelopment, a site in a sensitive coastal location, complex heritage, environmental and remediation issues and a need to accommodate nine separate community groups using the site.

We not only overcame these issues, but rehoused all nine community groups and delivered a project that provided an impressive range of quality housing, that included detached houses, apartments, heritage apartments and aged care.

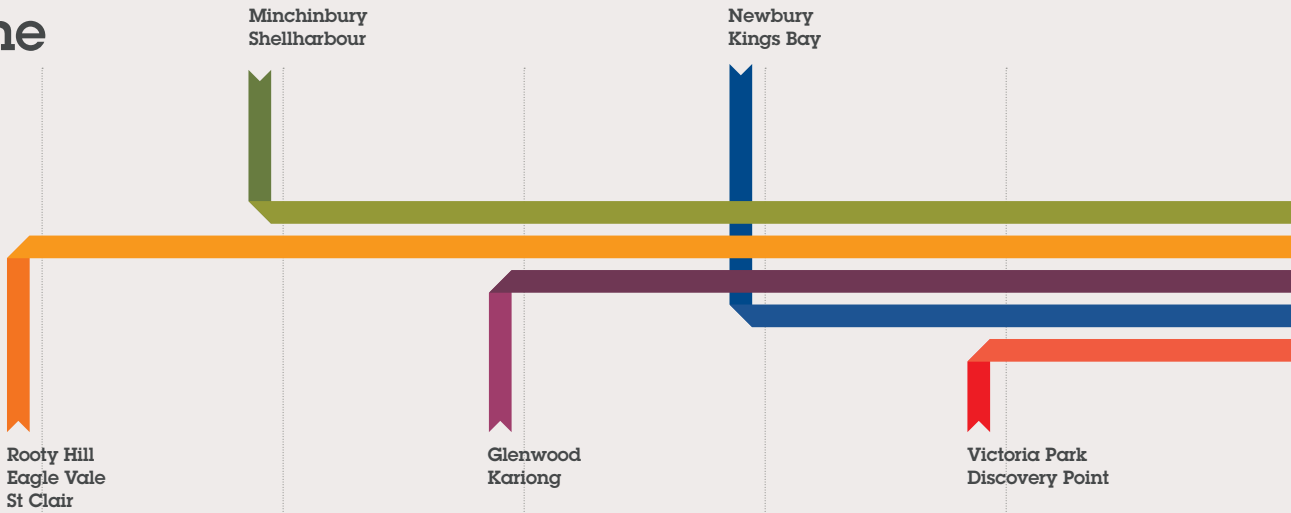
Mutual benefits

Our partnering arrangements provide benefits to all parties. They provide us with the ability to share risk and divide responsibilities, so each party is able to concentrate on what it does best.

They increase our capacity to deliver. And, most importantly, they are a powerful vehicle for the exchange and cross-fertilisation of ideas, allowing us to obtain private sector buy-in to our innovations in urban design and sustainability. This ultimately drives greater interest across the wider development industry because sustainable innovations, if commercially viable, can be used to provide a market advantage.

Just as Landcom's role as a developer has evolved, so too have our partnering arrangements with the development industry.

Timeline



1976

Landcom set up to counter "boom-bust" cycle of the 1970s

1970s–1980s

Focus concentrated on conventional greenfield subdivisions in western Sydney

Early 1990s

Landcom begins using strong market position to influence subdivision design

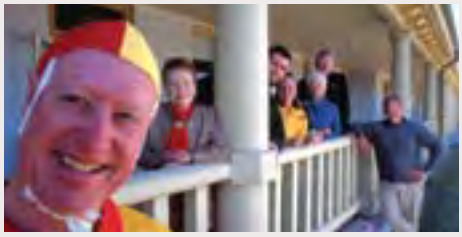
Mid 1990s

Landcom staff up-skilled in urban design and the built environment

Late 1990s

Shift to urban renewal with delivery in partnership with private sector

One Minto



Community groups at Prince Henry

This can be seen in the unique deal structures we now put together, tailored to the specific needs of each project.

These enable us to retain an interest in the delivery phase until our broader project and sustainability objectives have been secured.

For example, at the New Rouse Hill, through the arrangements we brokered with the site owner and our private sector partners, we have:

- secured a mixed-use town centre from day one that included community facilities, public transport and housing;
- tested and proved a new approach to the delivery of retailing facilities in a greenfields situation; and
- delivered a development that supports the traditional community building aspects common to the older strip/ main street commercial centres and blended this with cutting-edge sustainability initiatives.

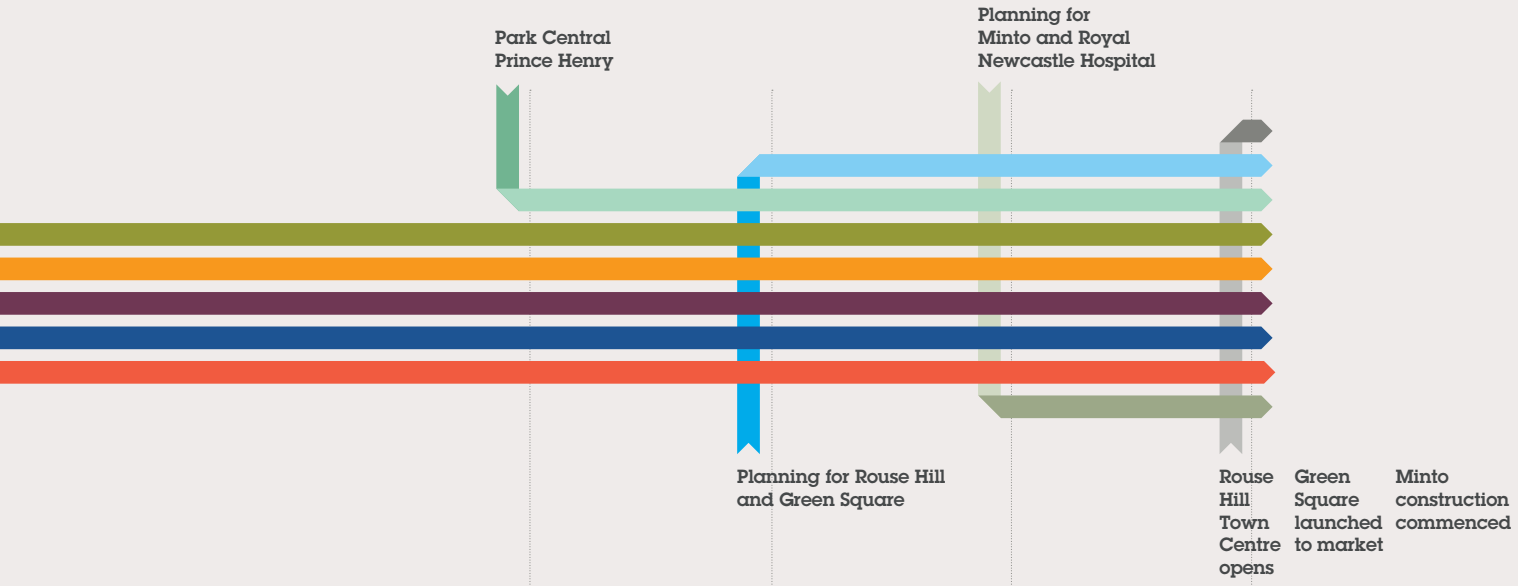
Overall, these partnering arrangements delivered a working, demonstrably viable alternative to the "big box" mall that typically turns its back on the surrounding community

Working with councils and government agencies

Landcom has also evolved in the way it works with councils and government agencies. Unlike the traditional supply relationship that characterised our earlier developments – an example is our Kings Bay development at Five Dock – we now often work as equity partners with local councils and government agencies, providing opportunities to share financial, social and environmental outcomes and benefits.

Take Minto, where Landcom is currently working with the Campbelltown City Council and the Department of Housing to transform a public housing estate beset by chronic social problems into a safe, socially sustainable development that will provide much-needed affordable housing for south-west Sydney. This bold initiative will see the construction of around 1,200 housing lots, of which 70% will be released for private sale.

Or take Green Square, where we negotiated a formal partnership arrangement with the City of Sydney to act as development manager to deliver essential infrastructure, as well as landscaped open space and green initiatives such as stormwater harvesting and sewer mining within the future town centre.



Early 2000s

Private sector partnering arrangements start delivering outcomes for government

2001

Landcom is corporatised to carry out government urban management agenda

2001–2004

Focus on enhancing skills in innovation, sustainability and strategic and complex projects

2005

Increase in capacity and capability recognised by government with implementation role in Metropolitan Strategy

Facilitating Urban Regeneration

Landcom plays an important role in unlocking the potential of complex difficult sites.

Victoria Park

Kings Bay

Artist's impression of Green Square Town Centre

Over the past five years, the scale and complexity of Landcom's projects have grown dramatically and our focus has shifted towards a higher proportion of urban renewal projects, in line with government priorities for Sydney's future development.

A key element of the NSW Government's Metropolitan Strategy, released in December 2005, is that up to 70% of Sydney's growth over the next 25 years is expected to come from urban regeneration within existing built-up areas.

Since many of the more obvious sites have already been developed, Landcom plays an important role in unlocking the potential of complex, difficult sites.

We do this in a number of ways. First, by using our unique position as a government agency, motivated in equal parts by the public good and the need to provide a commercial return. Second, by undertaking "proof of concept" ventures that raise the standards of urban design and social sustainability and, third, by mainstreaming these throughout the development industry.

Good high density design

Landcom's first significant urban regeneration venture was a residential development at Five Dock known as Kings Bay, but it was an early illustration of the role the organisation would come to play.

This former carpet factory site was originally purchased by a major retailer for a shopping complex, which brought it into conflict the local community and the former Drummoyne Council. Landcom saw an opportunity to resolve the matter by buying the site and using it to spearhead our first major venture in urban regeneration, eventually partnering with St Hilliers and Ipoh to develop Kings Bay.

While relatively simple, it was a commercially successful venture. It enabled us to develop our credentials as brokers for good high density urban design. It also gave us the skills and confidence to pursue larger scale regeneration projects such as the 25 ha Victoria Park project, with its stringent building design guidelines and community spaces in Sydney's inner south. The Kings Bay project won a number of awards for its unique urban design features, its leading water management system and its practical commitment to ecological sustainability.

It was our ability to manage large redevelopment projects such as this that led to our successful involvement at Rouse Hill. Here we were able to call on the close partnership we had brokered with Baulkham Hills Shire Council at our Hunterford development to establish our credentials as a trusted developer and garner support for what was to be an unusual and innovative project.

The credentials Landcom established with our private sector partners at Rouse Hill and Victoria Park in turn provided the benchmark for the massive redevelopment now underway in the CBD/Airport redevelopment corridor and, in particular, the Green Square Town Centre.

Major mixed-use centre

Green Square Town Centre will be the business, transport and commercial hub for Australia's largest urban redevelopment area. It contains all of the features and makes use of all the skills we have developed over the past five years in our urban regeneration projects.

Landcom's vision for the 14 ha project is to create a clean and green new community of 5,500 residents with measures for water management, energy efficiency, minimal car use, appropriate community facilities and long-term economic sustainability "hard wired" into the development at the outset.

Our role includes the consolidation of a $1 billion development offering to the private sector at the core of the Town Centre, which is expected to "kick start" the redevelopment of adjoining sites. In conjunction with this, we are coordinating the integration of key infrastructure such as roads, drainage, transport and social infrastructure, benefiting not only residents of the 2,500 homes that will be built there, but also the wider community. When completed, the project will represent $3.2 billion worth of investment and 4,000 additional jobs for NSW.

This major mixed-use/transit-oriented centre, the focus for perhaps the largest urban renewal project in the country, is a long way from Landcom's first development at Kings Bay.

It represents the Government's vision for the Metropolitan Strategy in action, and it delivers on our commitment to provide new communities and employment centres that are economically, environmentally and socially sustainable.

Creating Social Capital

We put in place the building blocks for the creation of social capital in our estates.

Community facilities, Newbury

Walking School Bus at Parklea Public School

As part of the Welcome Program, local residents at The Ponds celebrated Mother's Day together.

Social capital is an intangible asset that is notoriously difficult to quantify. It has, however, gained a lot more attention since Landcom, recognising its importance, sought to put in place the building blocks for its creation and measurement some five years ago.

Walking School Bus

For example, children of different ages happily interacting in the playground and residents overcoming social isolation are two unexpected but welcome consequences of Landcom's Walking School Bus initiative.

This community building initiative was launched at Parklea Public School in June last year. Landcom and Baulkham Hills Shire Council are working together to extend the Walking School Bus program to cover eight new schools within the area. More than 100 children are now regularly walking to and from the Parklea Public School, along three designated walking bus routes, reducing the number of cars on the road and improving safety at the school gate. State and federal funding is being sought to expand the program to other schools in the region.

But the benefits don't stop there. The school principal has advised that the friendships made between children of different ages on the walk to school are being cemented in the playground. Support from parents has been extremely positive as well, and has had some unexpected outcomes. According to Warren Weir, one of the community coordinators involved in the initiative, "I know of at least two mums who moved to Australia recently and who have had a lot of trouble settling in. Now that they've joined the walking bus, they have made new friends and both are now studying to further improve their English."

The Walking School Bus is just one of Landcom's many initiatives to build social capital in our projects, and sits comfortably within the overall structure of our "Welcome Program". Over the past five years, around 2,500 residents across Landcom estates have enjoyed the benefits of the Welcome Program that, as its name suggests, aims to make new residents feel at home in their new communities – through visits, get-togethers and community events such as carols, fireworks, jazz in the park, teddy bears' picnics and regular "meet your neighbour" barbecues and street parties.

Providing basic social infrastructure

The process involved in building social capital began with the provision of basic social infrastructure, an early example of which was the approach we took to the Hamilton Grove project, a public housing estate in Sydney's north-west. Landcom bought the site from the Department of Housing, providing the Department with revenue that could be used to provide better quality public housing elsewhere. We then addressed the concentration of public housing, working closely with the local school and our development partner, Bellevale Homes.

This project earned us a reputation for bringing a fresh approach to the inherent difficulties of public housing estates. It also provided us with the tools and capacity to take on bigger and more complex projects. Importantly, it provided us with a blueprint for building social capital.

At Minto, Landcom has built on the good relationship we had developed with the Department of Housing. In conjunction with the Department and a new partner, the Campbelltown City Council (which provided land as its equity in the project), we are applying our newly learned experience to this massive redevelopment. Landcom is revitalising and transforming the estate's poor physical and social environment by providing greater housing and socio-economic diversity, pedestrian linkages, streetscapes, good open spaces and community facilities.

Infrastructure and facilities upfront

We believe that, although social sustainability is difficult to measure, there is a close correlation between increased social cohesion and the early provision of infrastructure, particularly if this is provided when, or before, the first residents arrive.

Take the example of Newbury, situated between Parklea and Kellyville in Sydney's north-west. Landcom owned the land and partnered with Mirvac to deliver the estate. Rather than waiting for the entire estate to be completed before providing facilities, Landcom planned and completed them at major stages of the development. We did this by taking the concept of community title and pioneering a unique method of common ownership of the facilities.

This allowed new residents to enjoy their communities from day one and promoted a sense of identity and pride in their neighbourhood. Each neighbourhood had at least one resort-style community clubhouse, complete with tennis court, swimming pool, spa and BBQ areas.

To further consolidate the sense of community, a local shopping centre was built in the estate's town centre. In another cooperative venture, a major sports and aquatic centre, built by the local Blacktown City Council on a site owned by Landcom, was also completed early in the development phase.

While undoubtedly important, Landcom's aim of taking the lead in creating better communities is not achieved solely by the well-planned provision of facilities and infrastructure upfront. We appoint Community Development Officers to work with residents to bring the facilities in our estates to life. This helps to develop a vibrant core for a new community.

Demonstrating Good Design

By learning to combine individual design elements correctly we are able to deliver projects of the highest quality.

Newbury

Newbury

Newbury

Landcom was originally set up to counter the boom-bust cycle typical of residential development on Sydney's fringe. Our role increasingly on Sydney's fringe is to facilitate development by the private sector and to demonstrate the social and environmental dividends of high-quality, sustainable design.

Going the extra mile sometimes costs a little more, but the returns in most cases outweigh the costs. And by "returns" we mean more than just revenue – there are social and environmental dividends, as well.

New thinking

At Glenwood in Sydney's north-west, we introduced a new urban design principle, configuring lots in such a way that no back fences were located along drainage reserves.

This not only allowed better use of passive surveillance for these areas, it also meant that they formed part of the open space network. As importantly, it allowed for these drainage reserves to be enhanced through the use of water sensitive urban design.

What we learned at Glenwood was that if care was taken in the design of our greenfield developments upfront – right down to the way individual buildings are designed and situated on the block – we could get higher quality outcomes that were the equal of any development in Sydney, provided we could get all those individual design elements to align correctly.

A new urban design regime

At Newbury, a major greenfield development in Sydney's north-west, with around 1,800 homes built on a 157 ha site, Landcom redefined what it meant to be a responsible developer on the urban fringe.

Preplanning on the estate had been completed, and development consent had been obtained from the local council to subdivide the entire estate, when we decided we must do better.

Over two-and-a-half years we researched, tested and integrated some of the best design and sustainability principles available at the time, and introduced an entirely new urban design regime.

The redesigned Newbury project included better connected streets, greater controls on the design and construction of homes, increased density and more variety in the choice of homes. There was provision made for social infrastructure upfront, including public transport, and there was a range of smaller neighbourhood parks, some of which were managed through innovative community title arrangements. This is now standard practice in large housing estates on the fringe.

Setting the benchmark

The example provided by us at Newbury led to the owners of the Oran Park site seeking to partner with us to produce the next generation of a fully integrated sustainable development. Our role is to deliver the trunk infrastructure, town centre and the first 2,000 dwellings in the larger 8,000 dwelling Oran Park Precinct.

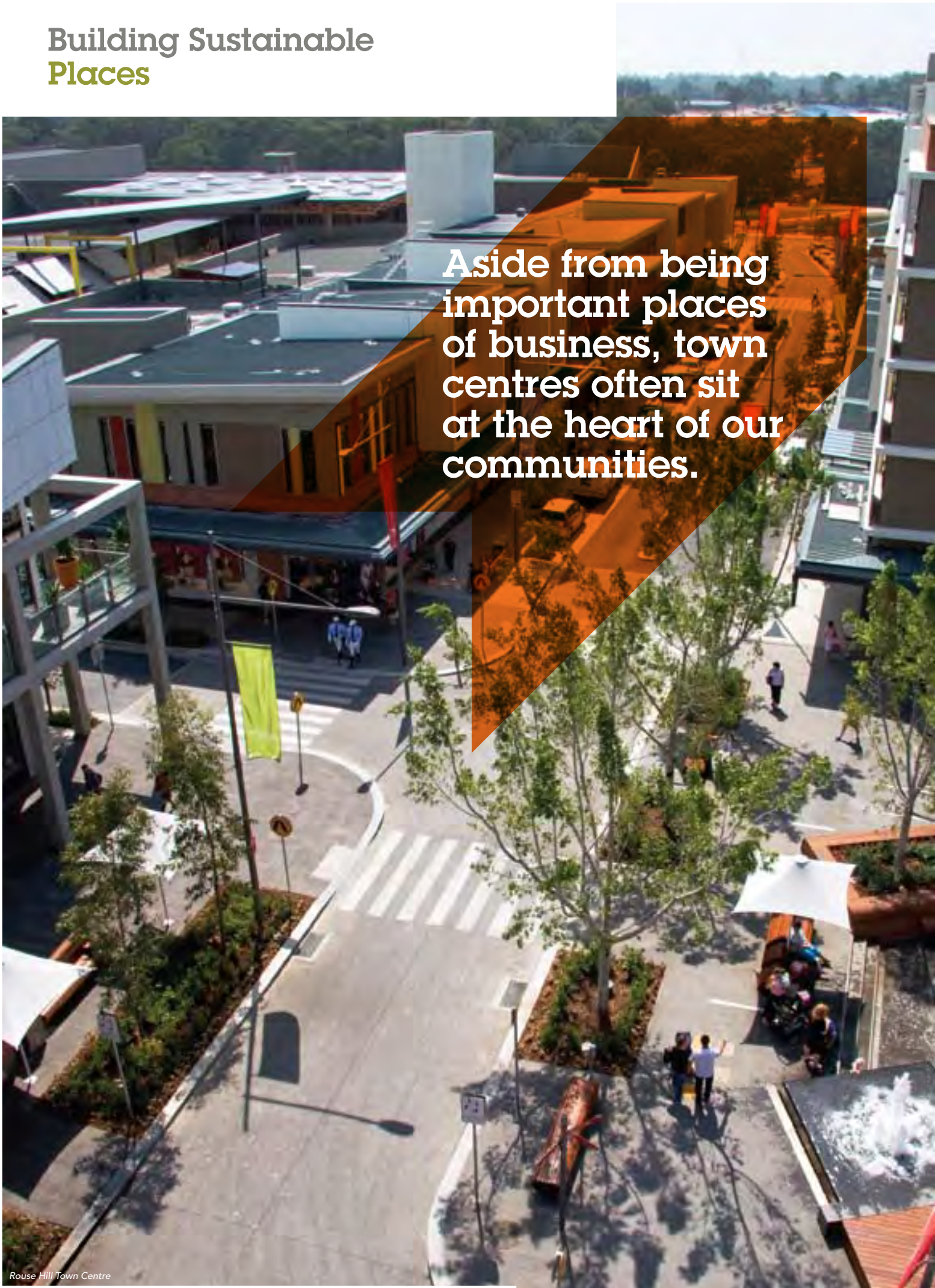
The value of this arrangement for the State Government is that it allows Landcom to set the benchmark for sustainable development for the entire south-west growth centre.

Bringing it all together

In summary, Glenwood was about understanding how the component parts of a development could be reassembled in a better fashion. Newbury illustrated how all these parts, when appropriately aligned, produce a demonstrably higher quality, more sustainable outcome. Oran Park takes all we've learned from these earlier developments and leverages the design outcomes to set a sustainability benchmark for an entire new regional growth sector.

Artist's impression of Oran Park Town

Building Sustainable Places



Aside from being important places of business, town centres often sit at the heart of our communities.

Rouse Hill Town Centre

Main Street, Rouse Hill Town Centre

Shopping Mall, Rouse Hill Town Centre

The journey from the centre of Shellharbour on the NSW south coast to the centre of Rouse Hill in Sydney's north-west is 137 km. But the distance between the two centres has been a far greater one for Landcom. Over that journey, Landcom has evolved from landowner and developer to problem solver of strategic and complex projects.

Understanding the reason why some places "work" and others don't can be difficult to pinpoint. In our view, truly sustainable places emerge when care, integration, sensible decision-making and innovation are all seamlessly aligned.

Aside from being important places of business, town centres often sit at the heart of our communities. This is partly because of the important role they play in people's lives and partly because of the scale and intensity of the activities that take place within them.

For Landcom, they are the kind of complex places that provide us with an opportunity to bring all of our experience in the development of sustainable communities together in one spot.

Developing the "main street" model

Like most things we do, our involvement in town centres started modestly, when at Shellharbour we transformed land, originally set aside for housing, into a pedestrian-friendly town centre precinct that linked a self-contained shopping complex with surrounding businesses.

The "main street" concept was adopted by Landcom for this development. An innovative concept for its time, it provided a solution that closely integrated open space, housing, public transport and businesses.

Landcom adopted this "main street" model as the basis for a $470 million town centre being developed over 12 years at Rouse Hill to cater for the future demands of Sydney's growing north-west.

The Government's vision for the Rouse Hill Town Centre was for a place that would form a vibrant hub for The New Rouse Hill development. With the town centre as its centrepiece, this $1.5 billion project comprising houses, parks, plazas and recreational areas will eventually be the social, business and cultural hub for over 250,000 people.

A new approach

While the integration of transport, business, housing and social infrastructure is fulfilling the NSW Government's vision to deliver liveable communities that make life easier for local families, we knew that for the town centre to be truly successful, we would also need to incorporate a brand new approach to sustainable development.

Working with the site's owner, the Department of Planning, Landcom found outstanding private sector partners in Lend Lease and the GPT Group who were willing to work with us to deliver our vision. Together we ensured this project was delivered to the Government's specifications and satisfaction.

This meant providing a town centre with a mix of retail, residential, entertainment and commercial facilities. It also meant providing easy access to the centre in time for its opening. To this end, we partnered with the Roads and Traffic Authority for upgrades to surrounding roads and worked with them and our private sector partners to ensure a new bus-only T-Way would be operating from Parramatta to Rouse Hill by the time the centre opened.

Reducing the eco-footprint

Importantly, the project delivers a centre whose eco-footprint is 25% smaller than a comparable town centre. This has been achieved by reducing potable water use by 45%, making all residential housing BASIX compliant, installing energy efficient lighting, planting native vegetation and building offices that have a 4.5 star Australian Building Greenhouse Rating.

Sustainability initiatives have also been installed to promote a change in behaviour among tenants, including a user pay system for air conditioning, energy sub-metering for major tenants and motion sensors for all service areas.

In contrast with Shellharbour's relatively simple delivery model, the Rouse Hill model was a unique and innovative tripartite partnering arrangement. Landcom took the Government's vision and developed a new delivery process by harnessing and then leveraging the Government's landholding in the project to direct massive private sector investment.

Evidence of success

There is abundant evidence of its success. In September 2007, residents of Baulkham Hills Shire flocked to a "soft launch" of Rouse Hill Town Centre, when Coles, Woolworths and 80 speciality stores opened for business. Over 30,000 people daily enjoyed a range of activities over six themed days of celebration.

This was followed by the official launch of the first stage of Rouse Hill Town Centre, attended by the Hon Frank Sartor, Minister for Planning, in March 2008.

It was at this stage that the essential elements that make the centre a truly sustainable place finally came together. A library and community centre, 2,000 sqm of learning space, 104 apartments, 140 additional shops and the all important main street and town square were all opened on that day, followed a month later by a weekend growers' market and a nine-screen cinema complex.

Catering for future growth

With the foundations for a sustainable community now in place, the stage is set for rapid growth. Approval is already in place for up to 200,000 sqm of commercial and retail floor space at Rouse Hill, building on the 73,000 sqm that opened to the community in March. Provision has also been made for a rail corridor and station on the site – in readiness for the rail line planned within the next decade that will deliver a whole new public transport system to Sydney's north-west.

Advancing Best Practice

Our efforts have encouraged greater industry-wide acceptance for sustainability innovation.

Victoria Park

Solar panels at Victoria Park

The Landcom Guidelines

Landcom has long been recognised as an industry leader in sustainability. Our sustainability journey began with the development of engineering standards and "stretch targets" that would deliver greater efficiencies in water and energy usage within our projects. Today we are in the process of designing a web-based tool for the industry to accurately measure the sustainability impacts of developments at a project or even neighbourhood level.

Developing the theory and the guidelines for these energy and water savings was relatively simple. More difficult was convincing the development industry of their worth.

To overcome this, Landcom began by constructing a sustainable house at Metford to demonstrate the benefits to home buyers and builders of energy efficiency in an affordable home design.

Water and energy

Our next move in sustainable development was to introduce water sensitive urban design and energy efficiency innovations in some of our larger projects such as Victoria Park. We bore the expense of incorporating these concepts into the site design and preparation works and then masterplanned these sites into lots for the private sector to develop.

Building on the success of these initiatives, we introduced these and a range of other sustainability concepts into the contractual arrangements we negotiated with our private sector partners. Over a relatively short time, this led to greater industry-wide acceptance of our sustainability innovations, particularly in the area of water and energy conservation.

Meanwhile, the introduction of sustainability reporting saw the establishment of social, environmental and economic targets against which we reported annually. This discipline was extended to include our partners who were required to report – or at least address – social as well as environmental targets.

This meant that, when the NSW Government mandated a Building Sustainability Index (BASIX) to establish minimum energy and water targets that residential developments were required to meet before securing development approval, Landcom was already way ahead of most in the development industry. Our sustainability requirements exceeded many of the mandated targets. In fact, some of our initiatives informed the baseline targets that were set out under BASIX.

The challenge for Landcom in the future is to retain our leadership position.

Sustainability at the neighbourhood level

To this end, this year we prepared guidelines that encouraged higher levels of sustainability at the neighbourhood level. These include: Built Form; Street Design; Street Trees; Community Facilities; Open Space; Universal Housing and Public Art Guidelines. Though some of these guidelines have been available for internal use for some time, in early July 2008 they were relaunched as a "boxed set" to help developers, designers and planners implement quality, sustainable design for this State's neighbourhoods and suburbs.

Responding to climate change

While our focus to this point had been on individual dwellings and housing lots, we understand that truly significant gains in sustainability will only be made if we can respond in a practical way to the emerging issue of climate change.

We believe there are two ways the development industry can respond. One is to incorporate – and refine – sustainable innovations at a project's design phase, when changes can be easily and cost effectively incorporated.

The second is to find a way to accurately measure environmental impacts, including carbon.

To address these issues, Landcom is in the process of designing, developing and delivering a web-based tool that will allow the development industry to accurately measure the sustainability impacts of developments at a project or even neighbourhood level. This assessment tool will not only measure the performance of new housing projects, it will provide advice on how the development can achieve the "best sustainability fit" for its context and location.

If we are successful, the tool has the potential to revolutionise the way that government and the development industry understand the impacts of new release areas and major urban renewal projects, by being able to compare the carbon impacts of different development scenarios while the designs are still on the drawing board.

Sustainability Report

Landcom's sustainability program and report is the vehicle by which we achieve internal and external awareness of sustainability issues, measure our performance in delivering sustainable development, set targets and improve our performance.

Sustainability has long been integrated into our business processes and day-to-day operations. Indeed, the legislation under which we operate clearly requires us to demonstrate leadership in sustainability outcomes and report on our performance in this area.

To this end, back in 2001 and 2002 we developed a comprehensive set of sustainability indicators and targets in conjunction with a broad range of stakeholders. We established four key sustainability principles to guide our activities and underpin our sustainability targets. According to these principles, we must:

- deliver a sustainable quality of life;
- conserve resources;
- minimise our impact on biodiversity;
- minimise pollution.

How we integrate sustainability into our business

Sustainability criteria and targets are set in our business plans and included in the individual performance agreements negotiated with our staff.

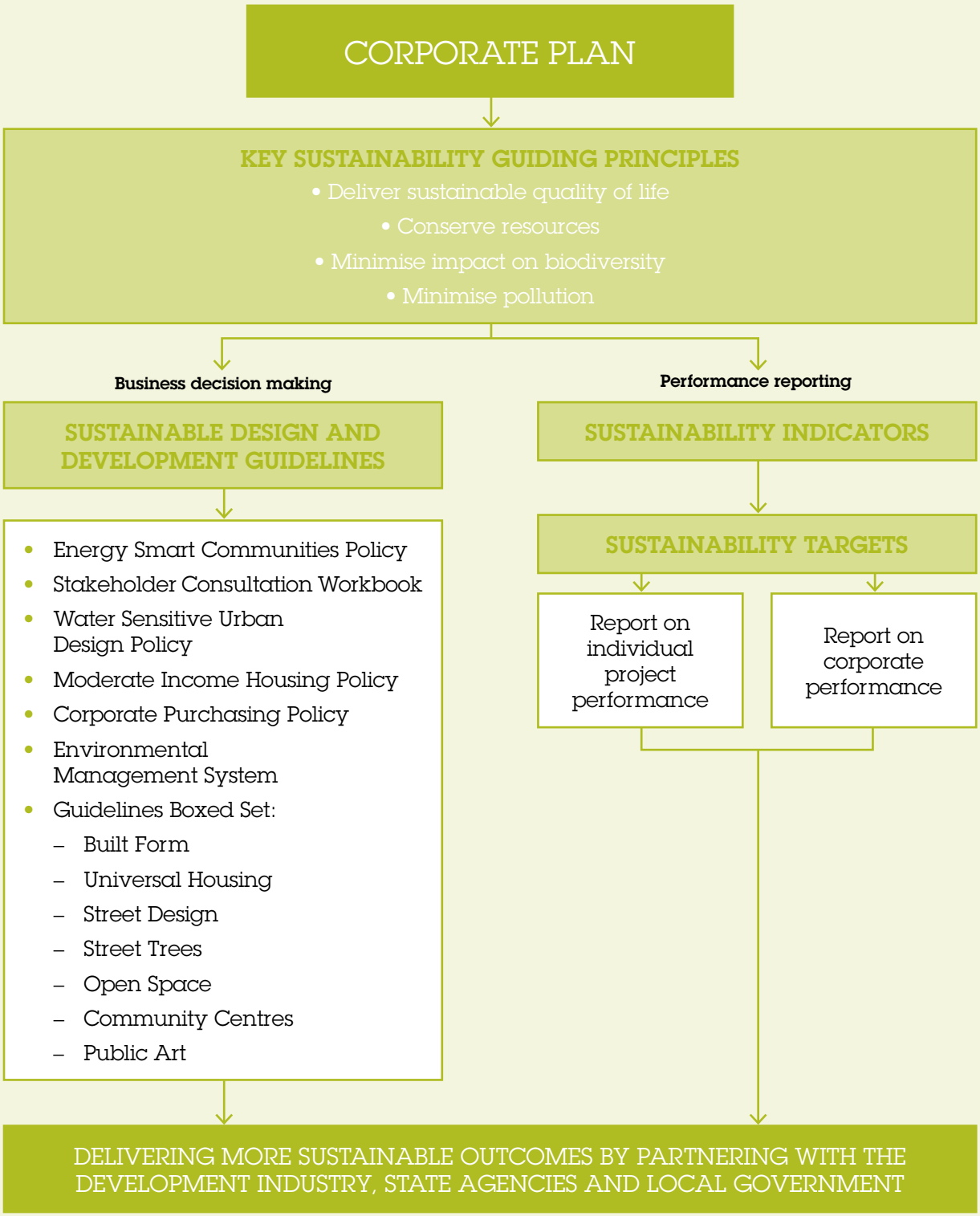
They drive sustainability performance in our supply chain, as well. For example, they are a compulsory requirements in all tender specifications for the selection of builders and developer partners; they are included in virtually all building contracts under Landcom's direct control and in all relevant design briefs; and environmental and health and safety criteria are also included in the pre-qualification and ongoing performance management of civil works contractors, project managers and landscape contractors.

This ensures we only work with organisations with acceptable sustainability experience and credentials.

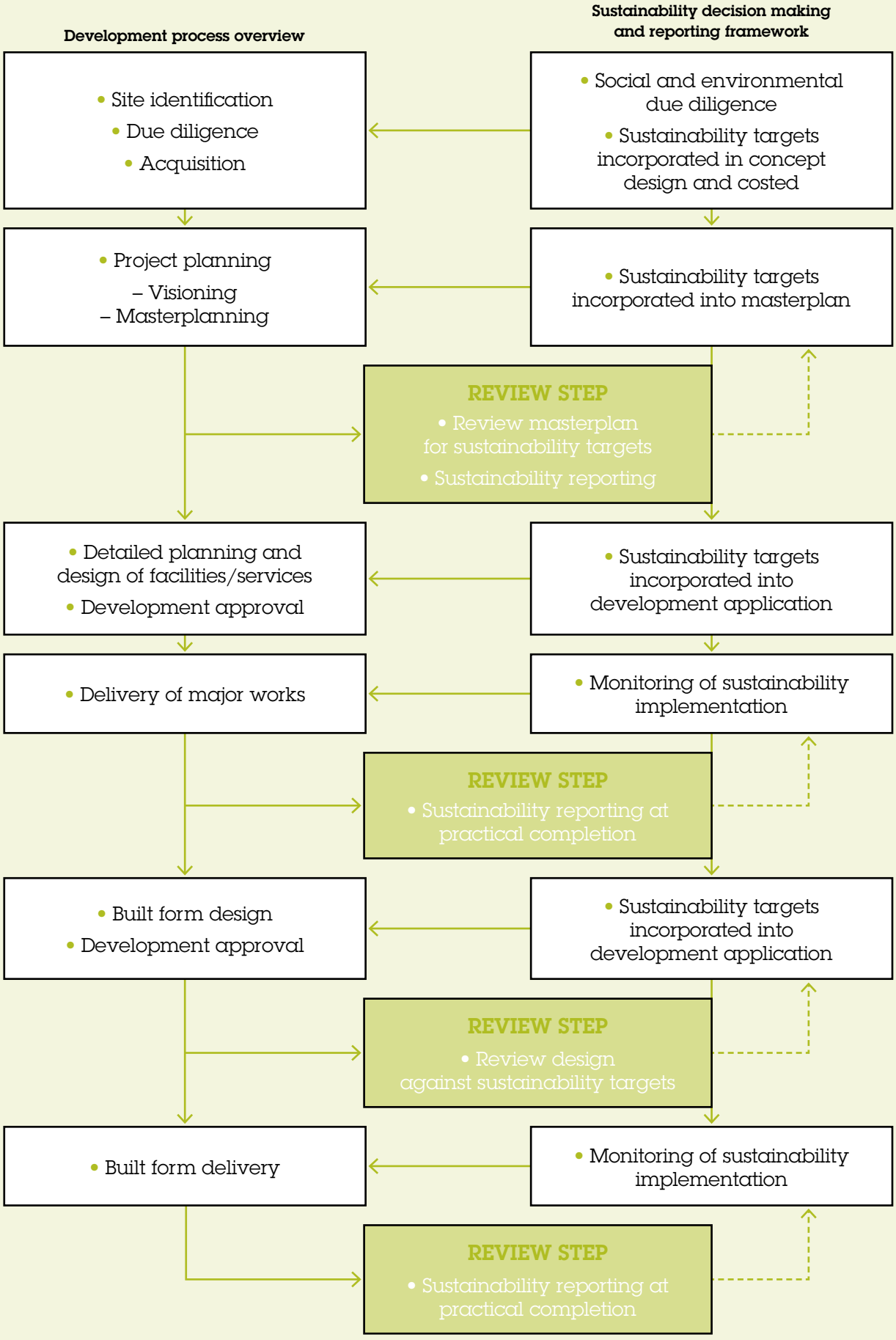
For further information, please visit **www.landcom.com.au/annualreport2008**

The following two diagrams illustrate how we integrate sustainability into our internal and external business processes.

Business decision making and corporate reporting



Delivering sustainability through the development process



Our codes and policies

Landcom has a suite of codes, policies and strategies that govern the way we operate. These cover business continuity, conduct, conflict of interest, fraud and corruption prevention, gifts, benefits and favours, privacy, risk management, probity, fair treatment, workplace harassment, occupational health and safety, sustainability generally, and specifically social sustainability, water sensitive urban design, energy smart communities, waste recycling and purchasing, office environment, stakeholder consultation, contamination, affordable housing and moderate income housing.

For further information, please visit **www.landcom.com.au/annualreport2008**

Where we are today

Social changes and a heightened awareness of urban sustainability require new ways of providing and using the built environment. Metropolitan areas are expanding rapidly and communities have higher expectations about the quality of their urban environments.

In this context, we have needed to reassess our key material sustainability issues and corresponding performance indicators, particularly in light of the fundamental changes our business has undergone since the indicators were developed six years ago.

As signalled in last year's Annual Report, we have begun the process to ensure that our sustainability indicators and related targets remain robust and relevant into the future. Where necessary, we are adjusting our benchmarks to reflect current industry practice, legislative requirements such as BASIX, changes in our business since 2002 and any relevant shifts in the interests and concerns of our key stakeholders. Moreover, since many of our sustainability indicators incorporated targets intended as benchmarks for Landcom to achieve by 2008, we have needed to reassess their relevance into the future.

Finally, the Global Reporting Initiative (GRI), the most widely accepted international standard for sustainability reporting, recently announced an industry sector supplement for the real estate and land/property development sector.

Our nomination to participate as an industry representative for this region has been accepted, but it may take a number of years for the supplement to be completed. While recognising that a further review may be necessary once the sector supplement becomes available, in the meantime we need to ensure our sustainability reporting complies with statutory and GRI requirements.

The review process has undergone a number of steps during the year.

1. We reviewed stakeholder feedback on our sustainability reporting.
2. We conducted literature and peer reviews to identify material issues for the sector and examine best practice. For further information, please visit **www.landcom.com.au/annualreport2008**
3. We revisited Landcom's regulatory requirements and reassessed the current operating environment.
4. We then developed a questionnaire for the executive team and used this to frame two workshop discussions, the first with a group of 12 key Landcom staff and the second with five director level managers.

For further information, please visit **www.landcom.com.au/annualreport2008**

From the long list of issues identified in this process, we have prioritised our current material issues as follows:

ISSUES	MAIN STAKEHOLDERS AFFECTED
Maintaining relevance and retaining flexibility	State Government
Balancing stakeholder expectations	State and local Government, development industry, community, employees
Ensuring the fundamental value and quality of our products and services	State and local Government, development industry, community
Protecting and enhancing the natural environment, and strengthening the social environment in which we operate	State and local Government, development industry, community
Driving sustainability in our supply chain	Development industry

We are reviewing our indicators in the light of these issues and are considering, where necessary, the introduction of new indicators that better describe our sustainability impacts. As with our initial indicators, we need to ensure that this new set will be relevant to our core business and contribute to the Government's goals and priorities. They must be meaningful to, and easily understood by, our stakeholders. They must also be within our control and influence and allow us to demonstrate a change in our performance over time. Where possible, indicators should also enable the setting of targets and enable reporting from data that is accurate and retrievable. We intend publishing the new indicators in next year's Annual Report.

Engaging our stakeholders

While we engage and consult our stakeholders on a regular basis to provide feedback on sustainability practice and reporting, one of Landcom's strategic objectives for the coming year is to further improve our stakeholder engagement processes. We intend to do this by:

- conducting a targeted stakeholder engagement program with peak industry bodies and interested stakeholders once we have finalised our revised indicators for discussion;
- nominating and then developing closer relationships with those Ministers, local councils and state agencies whose interests are closely aligned with Landcom's core business;
- responding to any risks and opportunities to our business arising from the upcoming local government elections.

STAKEHOLDERS	EXAMPLES OF WHO THEY ARE	HOW WE ENGAGE WITH THEM
Development partners	Private sector developers such as Stockland, GPT, Mirvac and Lend Lease	We partner with them to deliver major projects
NSW Government	Frank Sartor, Portfolio Minister and Shareholder Ministers John Watkins and Michael Costa	Corporate Plan, Statement of Corporate Intent and tabled Annual Report
Government agencies	Growth Centres Commission, NSW Department of Planning, Department of Housing, Department of Health, NSW Department of Community Services	As development partners and regulators
Local councils	Sydney City Council, Campbelltown City Council, Blacktown City Council, Baulkham Hills Shire Council	As development partners and regulators
Industry representative groups	Urban Development Institute of Australia, Housing Industry Association, Property Council of Australia	Industry forums and through sharing knowledge and experience
Service providers	Civil works contractors, landscape contractors, project managers	Train, pre-qualify and work with them to deliver sustainability requirements
Utilities providers	Sydney Water, Telstra, Integral Energy	As infrastructure providers and regulators
Community organisations	Environmental groups, heritage groups and community-based organisations	Extensive community consultations are an integral part of the development planning process for projects
Local communities	New residents, local residents, neighbours	Stakeholder Consultation Workbook and through ongoing initiatives such as the Welcome Program and Walking School Bus

Report scope

Landcom's control and influence vary according to the type of project, how it is delivered and what the end product is. Accordingly, for reporting purposes we categorise our projects as follows:

Land

For these projects we subdivide the land and sell it directly to the public. We either have no further control or limited influence on the housing or buildings. However, we can exert some influence on design and sustainability initiatives through design guidelines, incentives such as landscape rebates, external grant-funded programs, or through the development approval process.

Built form

For these projects we subdivide the land and remain involved in some way throughout some or all of the building process. We have control over the built form either through joint ventures, project delivery agreements or other builder partnering arrangements. Under this scenario, Landcom is able to exercise additional control to promote sustainability and urban design objectives.

All of our "project-related" sustainability indicators have been specifically tailored so they are relevant to the two types of projects referred to above. This means that not all indicators are relevant to all our projects.

Although Landcom is currently involved in 35 projects, this year's report covers 22 of these projects based on these projects achieving a specific reporting "milestone". Detailed sustainability data is collected based on the specific milestone each project has reached. The milestones and indicators reported against are as follows:

Project-based indicator reporting milestones

MILESTONE	WHAT THIS MEANS	INDICATORS REPORTED
Milestone 1 (M1)	Completion of concept plan, development control plans or masterplan	Stakeholder consultation Biodiversity Heritage
Milestone 2 (M2)	Completion of civil and construction works for a stage or precinct of a project	Urban water cycle management, waterway protection and water quality Waste from civil contracts Influencing design Moderate income housing Community facilities Consumer education on sustainable living Regulatory compliance
Milestone 3 (M3)	Completion of built form where Landcom is partnering with a builder or other developer	Water conservation Waste from builders Energy efficiency and sustainable or renewable energy Moderate income housing Consumer education on sustainable living Regulatory compliance
Milestone 4 (M4)	Completed projects where we still have programs such as our Welcome Program in place	Welcome Program

The remaining "Corporate" indicators are reported annually.

List of Projects
Reported in 2007/2008

PROJECT	LOCAL GOVERNMENT AREA	SUBURB	REPORTING STAGE AND MILESTONE (M)	LANDCOM'S PRODUCT (NOTE 2)	TOTAL NUMBER OF LOTS/ DWELLINGS PLANNED	NUMBER OF LOTS/ DWELLINGS REPORTED (DELIVERED IN 2007/2008)
Bonaccordo	Blacktown	Quakers Hill	M3 Delivery	Built form	36	2 dwellings
Garden Gates	Camden	Mount Annan	M2, M3 & M4 Delivery	Land	735	71 lots 17 dwellings
Greenway Views	Liverpool	West Hoxton	M4 Delivery	Built form	320	Whole site
Guardian Grove	Baulkham Hills	Kellyville	M4 Delivery	Land	73	Whole site
Helensburgh	Wollongong	Helensburgh	M2 Delivery	Land	60	53 lots
Jacaranda Rise	Blacktown	Parklea	M4 Delivery	Land	99	Whole site
Koala Bay	Port Stephens	Tanilba Bay	M2 Delivery	Land	290	49 lots
Macarthur Gardens	Campbelltown	Campbelltown	M3 & M4 Delivery	Built form	898	32 dwellings
Merriville Rise	Baulkham Hills	Kellyville Ridge	M4 Delivery	Land	211	Whole site
Minto	Campbelltown	Minto	M2 & M3 Delivery	Land & Built form	1,150	84 lots 11 dwellings
Newbury	Blacktown	Stanhope Gardens	M3 & M4 Delivery	Land & Built form	1,730	70 dwellings
Oran Park	Camden	Oran Park	M1 Planning	Land & Built form	2,000	Whole site
Park Central	Campbelltown	Campbelltown	M3 & M4 Delivery	Built form	405	20 dwellings
Prince Henry at Little Bay	Randwick	Little Bay	M3 Delivery	Land & Built form	850	25 lots 164 dwellings
Redgum	Penrith	St Marys	M3 Delivery	Built form	41	6 dwellings
Rouse Hill	Baulkham Hills	Rouse Hill	M2, M3 & M4 Delivery	Land & Built form	1,650	80 lots 120 dwellings
Sanctuary	Newcastle	Fletcher	M2 & M3 Delivery	Land	740	7 dwellings
Tallowood Hills	Baulkham Hills	Kellyville	M4 Delivery	Land	542	Whole site
The Ponds – Stage 1	Blacktown	The Ponds	M2, M3 & M4 Delivery	Land	1,299	136 lots 16 dwellings
The Ponds – Stage 2	Blacktown	The Ponds	M2 & M4 Delivery	Built form	835	123 lots
Waterford	Bankstown	Punchbowl	M3 Delivery	Built form	119	12 dwellings
Woodlands	Shellharbour	Flinders	M4 Delivery	Land	997	Whole site

Five-year
Performance Summary

INDICATOR		DESCRIPTION	2008 TARGET	2008	2007	2006	2005	2004
ENVIRONMENTAL CARE								
Water	**Urban water cycle management**	Projects with specific WSUD strategies	100%	100%	77%	80%	47%	58%
	Water conservation	Reduction in water consumption (average BASIX score)	40%	49%	43%	37%	43%	31%
	Water quality	Reduction in mean load of total nitrogen	45%	45%	47%	35%	21%	19%
		Reduction in mean load of total phosphorus	45%	62%	60%	46%	38%	33%
		Reduction in mean load of total suspended solids	80%	83%	78%	56%	48%	45%
		Ramsar Wetlands or other significant or listed water bodies potentially affected by Landcom's operations	No target	1	0	0	No data	No data
	Waterway protection	Projects where post development storm discharge equals pre-development storm levels for the 1.5 year ARI	100%	100%	77%	80%	67%	58%
Waste	**Reuse and recycling of construction and demolition materials**	From civil works contracts	95% 2006	100% Note 5	99%	98%	92%	96%
		From building construction projects	76% 2014	No data	No data	No data	No data	No data
	Purchase and recycling of office materials	Paper purchased with recycled content (measured in reams of 500 sheets)	No target	A4 – 3,105 reams A3 – 96 reams	A4 – 3,077 reams A3 – 81 reams	A4 – 2,300 reams A3 – 116 reams	No data	No data
		Paper recycled	No target	4.07 tonnes	4.4 tonnes	13 tonnes	No data	No data
		Bottles and cans recycled	No target	0.39 tonnes	0.2 tonnes	No data	No data	No data
		Computers and monitors reused or recycled	No target	20 CPUs 38 monitors, 11 monitors sent to landfill	No data	No data	No data	No data
		Documents printed with recycled paper specified	No target	8,000 out of 10,700	No data	No data	No data	No data
Energy	**Energy efficiency (projects)**	Reduction in greenhouse gas emissions from homes (BASIX)	40%	20%	16%	15%	16%	10%
		Dwellings that achieve 4.5 star (and above) NatHERS	100%	74%	76%	58%	47%	35%
		All commercial buildings to achieve 4.5 star or greater under the ABGR	100%	100% (1 out of 1)	NA	NA	NA	NA
	Sustainable or renewable energy supply (projects)	Dwellings to be fitted with gas boosted solar hot water system	100%	47% (224 out of 477)	18% (29 out of 160)	32% (53 out of 167)	36% (91 out of 251)	44% (99 dwellings of 226)
		Projects of 500 dwellings or more that have component of renewable energy supply, onsite or offsite	100%	NA (Note 4)	100% (1 out of 1 projects)	NA (Note 4)	100%	NA

INDICATOR		DESCRIPTION	2008 TARGET	2008	2007	2006	2005	2004
Energy (continued)	Corporate energy use and greenhouse gas emissions (Note 6)	Total GHG emissions from office energy use and car fleet	No target	472 t CO_2-e	486 t CO_2-e	568 t CO_2-e	No data	No data
		Electricity used (total)	No target	405,795 kWh	410,559 kWh	484,925 kWh	No data	No data
		GHG generated (electricity)	No target	430 t CO_2-e	435 t CO_2-e	514 t CO_2-e	No data	No data
		Percentage of total	No target	91%	90%	90%	No data	No data
		Petrol used car fleet (total)	No target	16.7 kl	20.4 kl	21.5 kl	No data	No data
		GHG generated (petrol)	No target	42 t CO_2-e	51 t CO_2-e	54 t CO_2-e	No data	No data
		Percentage of total	No target	9%	10%	10%	No data	No data
		GHG generated per employee (based on 140 staff)	No target	3.4 t per person	3.5 t per person	4.1 t per person	No data	No data
		Accredited green power purchase (excluding sales offices)	No target	100%	100%	89%	0%	0%
		Emissions offsetting – Greenfleet	No target	152 trees planted to sequester 40.7 t CO_2-e	177 trees to sequester 47.3 t CO_2-e	187 trees planted to sequester 47.3 t CO_2-e	No data	No data
		Fleet environmental performance scores	12 out of 20	13.27	13.23	12.09		
Biodiversity	Native vegetation management	Loss of highly significant endangered ecological communities	No loss	Nil cleared 4.7 ha conserved	Nil cleared Nil conserved	29.4 ha cleared 119.1 ha conserved	14.0 ha cleared 30.9 ha conserved	0.44 ha cleared 9 ha conserved
		Loss of moderately significant endangered ecological communities	No target	5.7 ha cleared Nil conserved	5.6 ha cleared Nil conserved	59.09 ha cleared 16.4 ha conserved	3.1 ha cleared 7.5 ha conserved	8 ha cleared 2.3 ha conserved
		Loss of endangered ecological communities with low significance	No target	13.9 ha cleared 13.8 ha conserved	Nil cleared Nil conserved	65.4 ha cleared 18.6 ha conserved	33.5 ha cleared 14.6 ha conserved	11.9 ha cleared 6.6 ha conserved
		Area of endangered ecological communities replanted	No target	refer to discussion on Biodiversity on pp. 46	Nil replanted	29.1 ha replanted	63.3 ha	9.5 ha
		Areas to be zoned for environmental conservation	No target	8.76 ha	0 ha	116.1 ha	24.5 ha	14 ha
		Projects where endangered ecological communities/ threatened species have appropriate vegetation management plan	100%	100%	NA	100%	100%	70%
		Loss of native vegetation as potential habitat for threatened species (Note 1)	No target	19.56 ha cleared 18.14 ha conserved	Nil cleared Nil conserved	201.1 ha cleared 179.5 ha conserved	47.9 ha cleared 52.3 ha conserved	16.4 ha cleared 10.9 ha conserved
	Riparian corridor management	Loss of riparian corridors for Category 1 – high significance streams	No loss	0%	NA	NA	0%	NA

INDICATOR		DESCRIPTION	2008 TARGET	2008	2007	2006	2005	2004
ENVIRONMENTAL CARE (CONTINUED)								
Biodiversity (continued)	**Riparian corridor management**	Conservation of greater than 40 m of riparian corridor from top of bank for Category 1 – high significance streams	100%	100%	NA	NA	100%	NA
		Length of in-stream breaks resulting from Landcom's design for Category 1 – high significance streams	No breaks	0 m	NA	NA	0 m	NA
		Conservation of 20–30 m of riparian corridor from top of bank for Category 2 – moderate significance streams	100%	NA	100%	100%	100%	100%
		Length of in-stream breaks resulting from Landcom's design for Category 2 – moderate significance streams	No target	NA	0 m	0 m	0 m	0 m
		Conservation of a 5–10 m setback from top of bank for Category 3 – low significance streams	100%	100%	NA	100%	100%	100%
		Length of in-stream breaks resulting from Landcom's design for Category 3 – low significance streams	No target	0 m	NA	460 m piping	0 m	150 m piping
		Area to be zoned for environmental conservation	No target	8.76 ha	0 ha	0 ha	32.4 ha	2.5 ha
		Appropriate riparian corridor management plans for all Landcom projects where riparian land exists	100%	100%	100%	100%	60%	43%
SOCIAL DEVELOPMENT								
Built environment	**Influencing design**	Projects where Landcom influences builders' product by specifying design criteria	No target	100% (8 out of 8 projects)	75% (3 out of 4 projects) (Note 3)	75% (3 out of 4 projects)	86% (6 out of 7 projects)	100% (9 out of 9 projects)
		Lots where Landcom influences the builders' designs through design guidelines	No target	94% (582 out of 621)	98% (121 out of 123)	74% (124 out of 168)	74% (280 out of 376)	62% (24 out of 681)
Community	**Moderate income housing**	Total yield (lots, house/land packages/dwelling units) delivered	7.5%	2.0%	5.1%	6.2%	12%	6.5%
	Effectiveness of stakeholder consultation	Landcom projects where community consultation was undertaken	100%	NA	100%	100%	83%	55.6%
		Stakeholders contacted	NA	NA	100%	100%	100%	100%
		Participation rate	NA	NA	100%	78%	67%	90%
	Community facilities	School sites provided	NA	2	1	0	2	3
		Passive open space	NA	16.3 ha	18.2 ha	8.7 ha	8 ha	18.75 ha
		Active open space	NA	0 ha	7.2 ha	0 ha	4.6 ha	7.4 ha
		Sport courts delivered	NA	0	4	1	1	6
		Community halls or community hall sites provided	NA	3	2	0	0	2
		Playgrounds provided	NA	7	6	2	3	4

INDICATOR		DESCRIPTION	2008 TARGET	2008	2007	2006	2005	2004
Community (continued)	Welcome Program	Projects with 200 homes or more that had Welcome Program	100%	83%	70%	70%	62%	55%
		Households that had Welcome Program visit within two weeks of home occupation	100%	51%	69%	60%	64%	96%
	Consumer education on sustainable living	Projects with consumer education on sustainable living	100%	27%	0%	0%	0%	17% (2 out of 12 projects)
	Conservation of indigenous heritage	Projects with indigenous heritage issues where consultation occurred	100%	NA	100%	100%	100%	100%
		Significant indigenous heritage objects and places within Landcom projects that were conserved	100%	NA	NA	NA	100%	100%
		Projects with significant indigenous heritage issues that will have a conservation management plan developed.	100%	NA	NA	NA	100%	100%
	Conservation of non-indigenous heritage	Significant heritage items conserved	100%	NA	NA	100%	100%	89%
		Significant heritage places conserved	100%	NA	NA	NA	NA	100%
		Projects with heritage-listed items and places that will have a heritage conservation management plan	100%	NA	100%	100%	100%	100%
Employees	Union membership	Percentage of employees who belong to a union	No target	23%	31%	26%	No data	No data
	Employee satisfaction	Overall satisfaction of permanent and long-term contract staff	No target	82%	NA	85%	NA	86%
	Employee retention	Annual retention rate	No target	87%	86%	90%	92%	90%
	Internal training	Training	No target	Refer to training section, under Social Development – page 49				
	Aboriginal employment	Aboriginal employment opportunities	No target	Refer to Aboriginal Employment Opportunity, under Social Development – page 49				
ECONOMIC DEVELOPMENT								
Economic development	Profitability	Total revenue received from sale of land, profit from joint ventures, project management services and miscellaneous items	NA	$349,572,000	$322,479,000	$317,276,000	$326,939,000	$333,253,723
		Sales margin: calculated as sales revenue on land sales less total cost of developing that land divided by sales revenue	NA	28.5%	33.1%	38.9%	45%	48.8%
		Return on sales: calculated as Landcom's net operating profit after tax divided by total revenue from the sale of land	NA	9.5%	13.1%	14%	19.2%	26.3%

INDICATOR		DESCRIPTION	2008 TARGET	2008	2007	2006	2005	2004
ECONOMIC DEVELOPMENT (CONTINUED)								
Economic development (continued)	Profitability	Earnings before interest and tax (EBIT)	NA	$56,782,000	$68,440,000	$72,610,000	$99,315,000	$132,180,000
		Return on equity: calculated as earnings after tax divided by total shareholder equity	NA	9.2%	11.6%	12.3%	17.2%	24.6%
		Return on total operating assets: calculated as profit after taxes divided by total operating assets	NA	4.8%	5.8%	6.4%	8.4%	15.1%
	Financing capacity	Debt to equity ratio – measure of the amount of debt funding (net) as percentage of equity used as at the end of the financial year	NA	0.2%	27.7%	18.3%	23.6%	8.0%
	Return to government	Dividend and tax equivalent returned to NSW Government	NA	$50,305,000	$57,334,000	$61,738,000	$73,518,000	$87,978,000
	Job creation	Total number of jobs created through Landcom's activities	NA	6,858	6,315	6,050	7,868	5,270
	Economic output	Total economic output generated from Landcom's activities	NA	$537,547,859	$494,940,100	$474,195,644	$616,675,900	$413,026,700
GOVERNANCE								
Governance	Regulatory compliance	Projects that achieved full regulatory compliance with Protection of Environment Operation Act and environment, OHS&R and planning legislation	100%	100%	93% (Note 2)	73% (Note 2)	93% (Note 2)	100%
		Contracts with environmental audits	100%	64%	67%	45%	64%	85%
		Civil environmental audit scores greater than 75%	100%	78%	100%	80%	100%	100%
		Builder environmental audit scores greater than 75%	100%	90% (9 out of 10)	100% (5 out of 5)	11% (1 out of 9)	43%	27%
		Civil environmental audit scores less than 50%	0%	0%	0%	0%	0%	0%
		Builder environmental audit scores less than 50%	0%	0%	0%	89% (8 out of 9)	0%	31%
	Voluntary compliance	Environmental Management System accreditation	Certification under ISO 14001	Recertified to ISO 14001	Recertified to ISO 14001	Recertified to ISO 14001	Recertified to ISO 14001	Recertified to ISO 14001
		Global Reporting Initiative G3 status	No target	G3 B+	G2 – In accordance	G2 – In accordance		

Note 1: *"Habitat" includes endangered ecological communities where habitat is suitable for threatened species.*

Note 2: *No infringements were issued to Landcom itself during the reporting period. All infringements occurred as a result of contractor breaches.*

Note 3: *The project that did not include design guidelines was a three lot subdivision including one lot dedicated as open space.*

Note 4: *Renewable energy output for masterplanned projects completed this year has not yet been determined.*

Note 5: *Waste recycled from civil operations is 99.67%, which has been rounded to 100% to conform with reporting consistency protocol.*

Note 6: *All figures quoted including those of previous years have been updated to reflect the National Greenhouse Accounts Factors 2008.*

Environmental Care

Landcom's Environmental Management System establishes the policies and procedures that govern our environmental footprint.

Water

Integrated urban water cycle management

Landcom aims to promote water conservation and improve water quality in existing urban catchments. To this end, we measure the impact of urban development on potable water, wastewater and stormwater.

Targets

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

Results

Specific strategies to manage potable, waste and stormwater were in place for 100% (6 projects) of projects. We have achieved a steady improvement annually in this indicator, up from 77% last year, thanks to the Water Sensitive Urban Design (WSUD) strategies that have been prepared for all new projects for some years now.

Water quality

Landcom developed approximately 70 ha of land in 2007/2008, resulting in an impervious area of approximately 28 ha. Measures to improve the quality of water flowing off the developed catchments resulted in a 45% reduction in nitrogen, a 62% reduction in phosphorous and an 83% reduction in total suspended solids when compared to typical developments in the Greater Sydney region. In real terms, this means that nearly 102 tonnes of suspended solids, 127 kg of nitrogen and 23 kg of phosphorus will not enter our waterways when compared to similar standard developments as a result of the WSUD strategies we have in place.

While we recorded a reduction of 2% in the amount of nitrogen removed as a result of our WSUD strategies over last year, we still managed to meet this year's target and since 2003 have seen a 30% improvement.

Steady improvements have also been recorded in the removal of phosphorus from runoff since the commencement of our WSUD policy. We have achieved a 35% improvement across our projects since we began reporting in 2003 and achieved our target of 45% back in 2006.

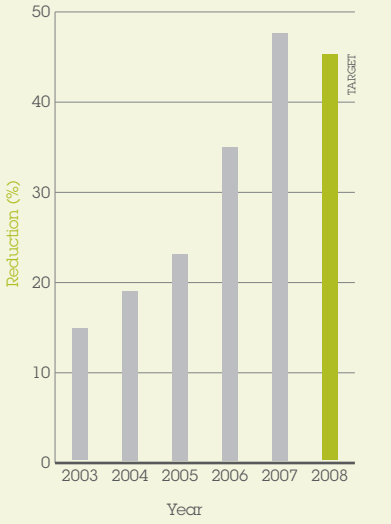
We surpassed our target of 80% removal of suspended solids this year by 3%, which is a 28% improvement on our performance achieved in 2004, when we began reporting this indicator.

Research undertaken since we began reporting, and reflected in our results, suggests that nitrogen removal is essentially the limiting factor in delivering greater pollution reduction outcomes in development projects.

We will be seeking to integrate new research into nitrogen removal into our WSUD policy review currently underway.

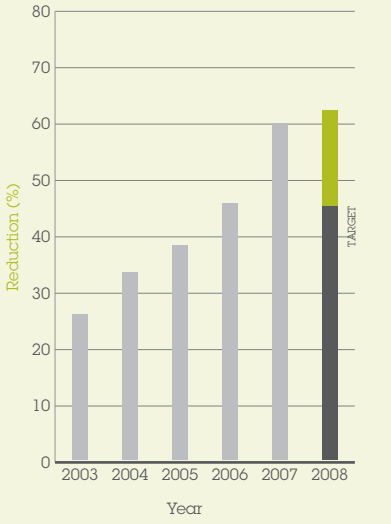
Nitrogen reduction

Note: target year 2008, score 45



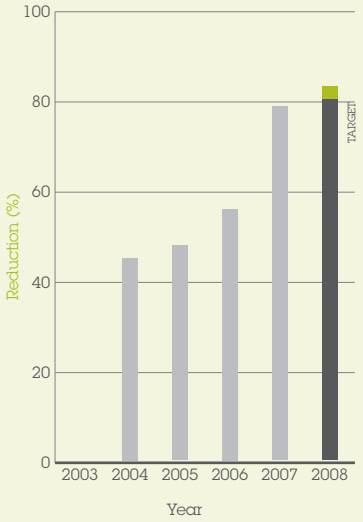
Phosphorus reduction

Note: target year 2008, score 45



Total suspended solids

Note: target year 2008, score 80



Waterway protection

All projects reported this year (100%) had implemented flow attenuation strategies onsite to ensure protection of downstream waterways. We have achieved a 42% improvement since we began reporting this indicator in 2004.

While our Sanctuary Project is located within the greater catchment of the Hunter Estuary Ramsar Wetlands, the site does not drain directly to the wetlands. Notwithstanding this, WSUD outcomes are being delivered onsite to minimise any potential for downstream impacts.

Water conservation

Over the six years we have reported our water conservation results, we have seen a 27% improvement, and a 6% improvement from last year.

Homes constructed at Newbury, Rouse Hill and The Ponds were supplied with reclaimed wastewater from the Rouse Hill water recycling scheme and achieved BASIX scores of 50.6, 46.4 and 49 respectively. The dwellings at Prince Henry also achieved a high average BASIX score of 56.3 due to the implementation of a greywater recycling initiatives.

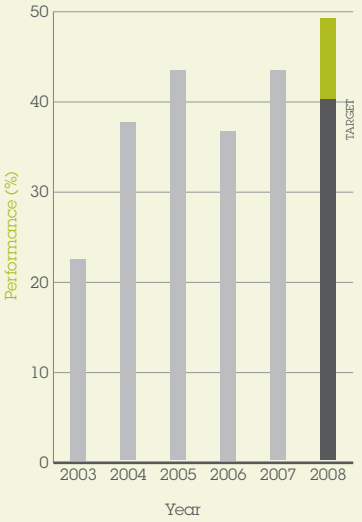
Out of the 12 projects we assessed this year for water conservation only the Bonnacorda project had an average score below the current BASIX target of 40. The average score of 25 represents only two homes out of 477 dwellings that were assessed (0.4%). The development applications for these two homes were approved prior to BASIX becoming mandatory in 2004.

Projects reported this year for which non-potable water is being used for irrigation include: Newbury, Prince Henry at Little Bay, Rouse Hill and The Ponds.

As legacy projects are completed we can expect further improvements in our performance.

Water conservation

Note: target year 2008, target score 40



Waste

We aim 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

We have seen a steady advance in the recovery of materials across our projects over the past five years. Results show we have exceeded our 95% target in four out of the six years we have been reporting, and achieved between 98% and 99.7% over the last three years. This outcome is largely attributable to greater industry awareness, as well as more opportunities available for recycling materials. We are now very close to recycling all materials for which there is an available recycling stream. In most cases, materials such as contaminated soil or hazardous waste do not have a suitable recycling stream and must therefore be disposed of at a suitable waste facility.

This year, works undertaken on our sites resulted in the production of 247,082 tonnes of recyclable waste, of which 99.67% or 246,263 tonnes was recycled. We managed 136,340 tonnes of contaminated waste, of which 11,138 tonnes was remediated and reused.

The remainder constituted material contaminated with asbestos from the Prince Henry site at Little Bay.

Office recycling

We recycled approximately four tonnes of office paper this year, 0.39 tonnes of commingled bottles and cans, 20 computer CPUs and 38 monitors. Eleven monitors could not be recycled and were disposed of by waste contractors.

Office purchasing

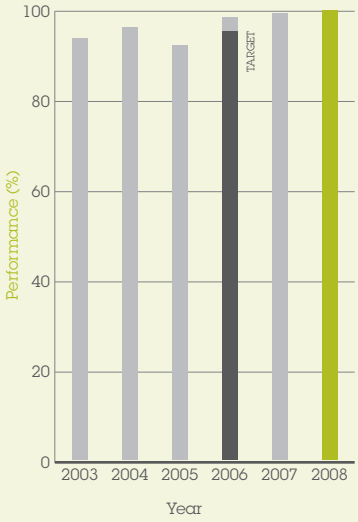
We purchased 3,105 reams of A4 and 96 reams of A3 paper for office and marketing purposes, containing recycled content.

Of the 10,700 communications and marketing documents printed during the year, 8,000 were printed on recycled Options PC100, using vegetable-based inks. Options PC100 is made from 100% post-consumer waste that is independently certified, chlorine free and manufactured using green power from wind energy.

For further information, please visit **www.landcom.com.au/annualreport2008**

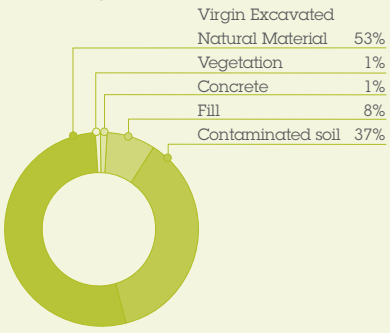
Civil contract waste recycling

Note: target year 2006, score 95



% Contribution of waste streams to total waste

Note: no targets for this indicator



Energy

House product energy efficiency

Our aim is to ensure that our building products are designed and equipped to minimise energy use. This indicator measures the built form energy efficiency over which we have control.

Target

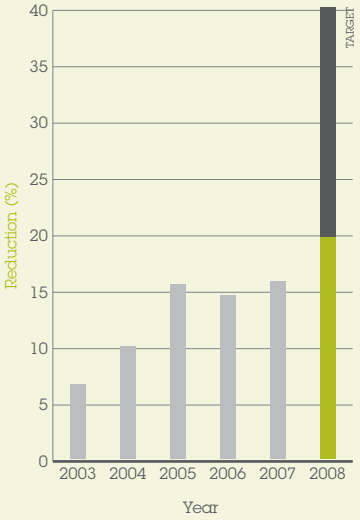
- To reduce greenhouse gas emissions from our developments by 40% compared to the average Landcom dwelling constructed in the base year 2002.

Results

This year Landcom achieved a 20% reduction in greenhouse gas emissions. This represents a 4% improvement over last year and a 13% improvement on our 2003 result. We expect that, as newer developments come online, this score will continue to increase, particularly given the introduction of BASIX 20 in 2004 and the subsequent revision to BASIX 40 in 2006.

Greenhouse gas savings

Note: target year 2008, score 40%

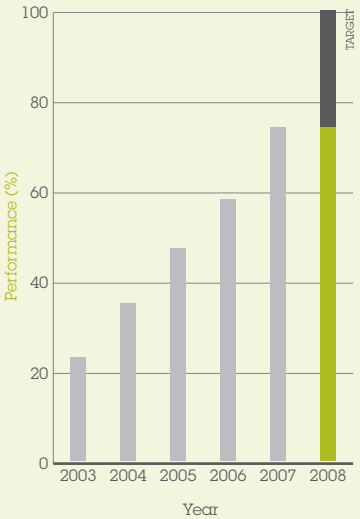


Of the homes constructed, 74% achieved a NatHERS rating of 4.5 stars and above. While this is a slight decrease of 2% from last year, it represents 351 dwellings and an increase of 51% since we began measuring our results in 2003.

For further information, please visit **www.landcom.com.au/annualreport2008**

Proportion of dwellings over 4.5 stars

Note: target year 2008, score 100%



Sustainable or renewable energy supply

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 emissions than traditional coal-fired power plants, such as wind power, solar power and sewage gas.

Targets

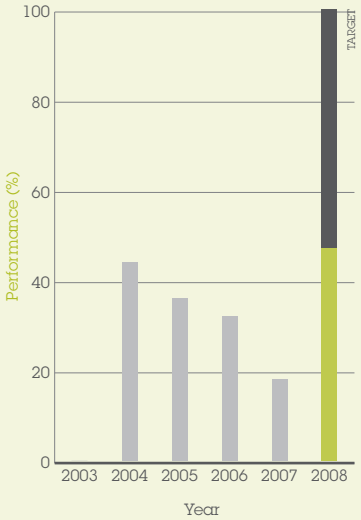
- To fit all dwellings with gas-boosted solar water heaters sufficient to meet 60% of annual hot water requirements, except where gas is not available or where solar panels are not appropriate.
- To include a percentage of onsite or offsite renewable energy supply in all projects with more than 500 dwellings (or projects with a commercial component or town centre).

Results

This year we achieved our highest result since we began reporting this indicator. At 47%, we recorded a 29% improvement over last year, an impressive achievement given that the 2003 result was zero. That said, the score falls well short of our target of 100% of dwellings to be fitted with solar hot water by 2008. This is attributable to a slow housing market, which means we are still delivering homes on projects that were planned prior to the adoption of our Energy Smart Communities Policy. No allowance was made for solar in these earlier projects.

Percentage of homes constructed with solar hot water systems

Note: target year 2008, score 100%



Photovoltaic (PV) systems were installed on three apartment buildings (138 apartments) this year, with a total installation of 31.2 kW, compared to last year's 11 kW.

This will save an estimated 37 tonnes of greenhouse gas emissions and brings total savings from PV to 50 tonnes annually, with a total of 42.2 kW installed.

Reduced reliance on coal-fired power at Rouse Hill through the installation of a cogeneration plant will save an estimated 77 tonnes of CO_2 per year.

For further information, please visit **www.landcom.com.au/annualreport2008**

Corporate energy

Our aim is to provide information on energy used and greenhouse gas emissions generated at our Parramatta head office, our Newcastle and Campbelltown regional offices and our corporate vehicle fleet.

Target

- To report in accordance with the requirements of the Government Energy Management Policy (GEMP).

For more information on the GEMP, refer to the following website www.deus.nsw.gov.au/eeg/gemp/index.htm

Results

Our methodology for calculating our total energy changed this year. We used the *National Greenhouse Accounts (NGA) Factors January 2008*, prepared by the Department of Climate Change, which updates and replaces the *AGO Factors and Methods* workbook.

While Landcom does not participate in the Federal Government's Greenhouse Challenge Plus Program, we have based the calculations on this methodology and have included Scope 1 and 3 emissions from our car fleet and Scope 2 and 3 for energy used in our buildings.

We managed to slightly improve our greenhouse gas emissions per employee from 3.5 tonnes per person last year to 3.4 tonnes per person.

The savings were realised through slight reductions in our energy use to run our office buildings, and lower emissions from our car fleet.

Car fleet

Landcom's vehicles are required to meet an average annual environmental performance score target. This is calculated using a vehicle scoring system adopted for the NSW Clean Car benchmarks, which rates vehicles' impacts with regard to greenhouse gas emissions and air quality.

A new air pollution rating scale (Stage 2) was applicable from 1 January 2006 to reflect the application of more stringent minimum standards for light vehicles under Australian Design Rule 79/01.

Refer to Table 1: Environmental Performance Score (EPS) results

This meant the overall rating (combined air pollution and greenhouse scores) for most vehicle models, regardless of year of manufacture, was reduced in 2006. Scores for the last three years have been adjusted to reflect the change and to provide comparable data.

Table 1: Environmental Performance Score (EPS) results

TARGET YEAR	EPS TARGET SCORE FOR VEHICLES	LANDCOM AVERAGE FLEET SCORE
2005/2006	10 out of 20	12.1 out of 20
2006/2007	11 our of 20	13.2 out of 20
2007/2008	12 out of 20	13.3 out of 20

Scope 1 petrol use refers to the petrol combusted as a result of the use of our car fleet for which we generated 38.4 tonnes of CO_2-e.

The Scope 3 emissions, which are the estimated emissions calculated as a result of the extraction and refining of the petrol used in our vehicles, was approximately 3.3 tonnes of CO_2-e. The total greenhouse gas generated as a result of the use of our car fleet for the 12-month period was approximately 42 tonnes of CO_2-e.

To offset emissions from our car fleet, Landcom joined Greenfleet in 2005. Greenfleet plants native vegetation to offset emissions from vehicles and to contribute to its biodiverse forest sink program. On our behalf, 152 trees were planted to sequester 40.7 tonnes of CO_2-e. The CO_2 emissions are estimated by Greenfleet for the 12-month period, and will be sequestered over the life of the trees planted that year.

Electricity

Our Scope 2 electricity, namely the electricity used to run our offices, generated 361 tonnes of CO_2-e. The Scope 3 energy, which estimates the energy used to extract, transport and produce fuel sources, was 69 tonnes of CO_2-e. The total greenhouse gas emissions estimated as a result of our electricity use were 430 tonnes of CO_2-e. Total emissions for the 12-month period including electricity and petrol use were 472 tonnes of CO_2-e.

We are currently in the process of collecting information to enable us to calculate the greenhouse gas emissions attributable to private cars being used for business purposes, staff travel to work and emissions generated as a result of our corporate waste and recycling generated from our offices.

A recent energy audit of our head office in Parramatta reported that based on current energy consumption and other relevant data on the tenancy, such as net lettable area, occupancy hours and staff numbers, the tenancy has been calculated to have a rating of 3 stars under the NABERS Energy scheme. This is an increase from a similar study done using the ABGR rating tool in 2005, which rated the tenancy as 1.5 stars. Landcom currently purchases 100% green power for its head office in Parramatta and regional offices (excluding sales offices), which, when included in the calculation, raises the NABERS rating to 5 Stars.

Biodiversity

Native vegetation

This indicator measures our impact on endangered ecological communities encountered on our projects. While acknowledging that urban development can adversely affect biodiversity, we aim to minimise any adverse impact on these communities and on threatened species. Appropriate offsetting ratios are negotiated with the Department of Environment and Conservation for each project.

Riparian corridors

Landcom aims to conserve riparian corridors that have significant conservation value and to repair those that are degraded. To this end, we assess the significance of streams and measure our performance in the conservation of riparian corridors identified on projects.

Targets

- To avoid the loss of any endangered ecological communities of "high conservation significance".
- To establish vegetation management plans for all our projects where this indicator applies.
- To avoid the loss of any stream length for *Category 1: High significance* streams and any associated riparian corridor.
- To ensure a riparian corridor of at least 40 metres either side of a *Category 1: High Significance* stream.
- To ensure a riparian corridor of at least 20–30 metres for *Category 2: Moderate Significance* streams.
- To ensure a riparian corridor of at least 5–10 metres for *Category 3: Low Significance* streams.
- To avoid piping or filling of any sections of streams that are of *Category 1: High Significance* or *Category 2: Moderate Significance.*
- To establish riparian corridor management plans for all Landcom projects where this indicator applies.

Results

Oran Park was the only project to complete a masterplan this year. The vegetation on the site included Cumberland Plain Woodland and Alluvial Woodland, both listed as endangered ecological communities under the NSW Threatened Species Conservation Act (1995) and the Commonwealth Environmental Protection and Biodiversity Conservation Act (1999).

The area also provides potential habitat for the endangered Eastern Freetail Bat.

The pre-development vegetation was assessed and found to include 38 ha of native vegetation, including approximately 4.7 ha of high quality conservation significance vegetation, 5.7 ha of moderate quality and 27.7 ha of low quality vegetation.

Preparing a masterplan that includes elements of urban design such as connectivity, proximity and density around transport nodes is a key element of quality development, particularly around a town centre site such as Oran Park. Because of the fragmented nature of remnant vegetation, there is always a battle between maintaining viable and manageable patches of fragmented bushland and ensuring quality urban design.

With Oran Park we were fortunate that the high quality Cumberland Plain Woodland existed within the riparian corridor, which allowed good urban design and biodiversity outcomes to be achieved. These are located around Category 1 and Category 3 streams on the site. This means that 50 metre wide corridors including buffer zones and 10 metre wide corridors will be conserved and maintained respectively, within the development.

Of the 38 ha (approximately) on the site, 19.6 ha (51.9%) of moderate and low quality vegetation is likely to be removed to accommodate good urban design principles. The remaining areas (18.1 ha or 48.1%) are likely to be protected and enhanced in conservation areas, with approximately 8.8 ha already identified for inclusion in conservation-related zones. The vegetation to be removed will be offset through revegetation of riparian corridors and enhancement of existing vegetation areas.

For further information, please visit **www.landcom.com.au/annualreport2008**

Social Development

Urban design

This indicator measures the processes we have in place to influence the quality and sustainability of project home designs on all projects where we do not directly control the built product.

Target

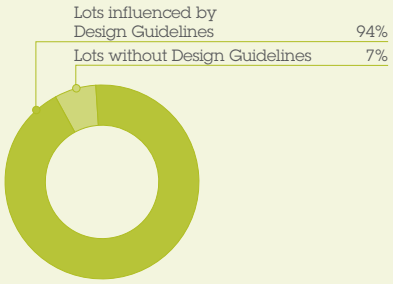
- To put processes in place in all projects where we don't directly control the built product. This influence occurs through The Landcom Guidelines and through project-specific design guidelines.

Results

All eight projects assessed this year for urban design indicators have had design guidelines developed. At a lot level within these projects, design guidelines applied to 582 out of 621 or 94% of the lots. The only project that didn't have design guidelines applying to all lots was the Helensburgh project in the Illawarra, where they only applied to corner lots.

Lots influenced by design guidelines

Note: No targets for this indicator



Moderate income housing

Landcom aims to provide affordable housing opportunities to households earning between $52,000 and $79,000 per year to enable moderate income earners to purchase their own homes without significant subsidies. The moderate income housing (MIH) price point includes house and land packages between $177,800 and $270,000. Based on construction costs for a home of $140,000, land would need to be priced between $37,800 and $130,000.

Target

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

Results

A combination of high base land prices and sustained increases in materials costs have made this target difficult to achieve. Only 2% of our product this year was provided to the market at a price affordable to the MIH market. There are a number of reasons for the underperformance relative to our target. A total of 22 lots at Koala Bay in the Hunter region, where base land prices are lower, were delivered at MIH prices compared with 15 lots last year. However, as a result of the sharp increase in the overall total number of lots and lot equivalents reported by Landcom this year (over 1,000) compared to last year (around 300), the percentage of MIH housing delivered has fallen.

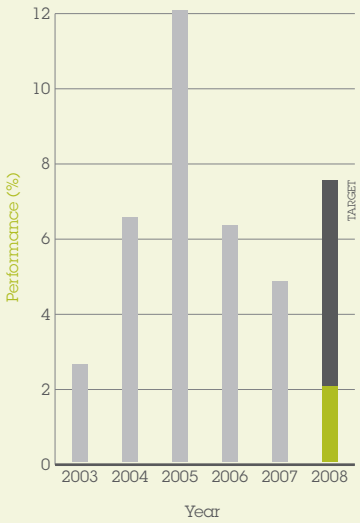
A number of lots were brought to the market at MIH prices but were excluded from calculations, because in our judgement more money would be required for home construction due to the sloping nature of these sites, potentially taking these homes marginally beyond the upper end of the MIH bracket.

We had another 34 lots brought to the market for between $131,000 and $150,000, including nine at Minto within the Sydney Metropolitan Area.

Over the next year we will focus on opportunities to partner with the Community Housing Sector to deliver affordable rental housing for the MIH target income bracket. We will also continue to examine opportunities for housing diversity across our projects.

Moderate income housing provision

Note: target year 2008, score 7.5



Community consultation

Community consultation is reported at the completion of a masterplan or Development Control Plan for a project. Oran Park was the only project masterplanned this year. For this project, the Growth Centres Commission took responsibility for consultation, so no community consultation can be reported for this year.

Community facilities

Our aim is to provide appropriate facilities for the neighbourhoods we create. This indicator provides information on community facilities included in our projects, such as sporting fields, playgrounds and parks.

Target

- Specific targets are not set for this indicator because each project's requirements 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 2007/2008:

- 16.3 ha of passive open space (eg bushland and parkland)
- 3 community halls
- 2 school sites at Rouse Hill
- 7 children's playgrounds at The Ponds, Rouse Hill, Minto, and Prince Henry at Little Bay

Community development – Welcome Program

This indicator measures how effectively we deliver the Welcome Program, a community development initiative that contributes to the social sustainability of new communities. It does this by fostering a sense of belonging for new residents, promoting a culture of welcome and hospitality, and by helping new residents forge networks across the local and broader community.

Targets

- To have a Welcome Program in every estate with 200 or more dwellings by 30 June 2008.
- To make the initial welcome visit within two weeks of new residents moving in.
- To introduce Welcome Programs within smaller estates wherever appropriate.

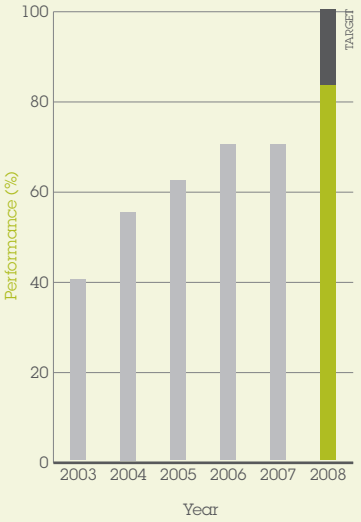
Results

Visits were made to 603 homes across 12 projects as part of a Welcome Program in 2007/2008. In addition, 122 community events were held across the regions in which we operate as part of our broader community development program.

12 out of 18 or 67% of our projects in delivery this year are of a scale greater than 200 homesites and 10 out of 12 or 83% of these have Welcome Programs in place. The projects of this scale that don't have the program in place are Prince Henry and Koala Bay. It is likely the Prince Henry at Little Bay program will begin within the second half of 2008. We are in the process of investigating the opportunities for a Welcome Program to be delivered at Koala Bay. Of the projects with over 200 homesites, 60% of home owners were visited either prior to or within two weeks of moving in. Across all projects, 51% were visited within this timeframe.

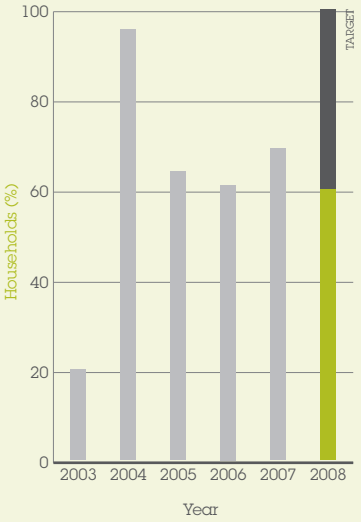
Welcome Program

Note: target year 2008, score 100%



Welcome Program visit within two weeks

Note: target year 2008, score 100%



Consumer education

We aim to promote sustainability through raising awareness of sustainable design and products, and sustainable living opportunities.

Target

- To include consumer education on sustainable living in all Landcom projects by June 2008.

Results

Consumer education was provided in four or 26.7% of our projects this year: Rouse Hill, Prince Henry at Little Bay, and The Ponds Stages 1 and 2. In all, over 650 (60.5%) households were provided with educational material on living sustainably.

Indigenous and non-indigenous heritage

We aim to consult relevant indigenous communities about our developments and conserve objects and places that have indigenous cultural significance. We aim to conserve all significant non-indigenous cultural items and places in our developments.

Targets

- To always consult with relevant local indigenous groups on projects with indigenous heritage issues.
- To conserve all objects and places of significance in all our projects as determined in consultation with local indigenous groups and the Department of Environment and Conservation.
- To establish heritage conservation management plans for all projects with significant indigenous heritage issues.
- To conserve all significant non-indigenous heritage items and places found on our projects.
- To establish heritage conservation management plans for all our projects with non-indigenous heritage items or places.

Results

The only project to have reached the masterplanning milestone to which this indicator relates was Oran Park. However, resolution of heritage studies is not yet finalised. Initial results indicate it is unlikely there will be significant modifications to the masterplan as a result of heritage matters.

Employees

This indicator provides an assessment of the overall satisfaction of our permanent and long-term contract employees. We conduct regular staff surveys to measure our performance against a number of employee satisfaction indicators.

Target

- To maintain a high level of employee satisfaction.

Results

We measure our climate every two years and our April 2008 staff attitude and culture survey was the fifth conducted since 2001. Overall, the results were positive, with substantially increased satisfaction scores in communication, culture, morale and internal customer service. Consistent with previous surveys, 82% of staff surveyed responded positively to the statement: "Considering everything, Landcom is a good place to work".

Since 2001, we have seen significant increases in:

- Job security: 27%
- Career development: 36%
- Inclusive culture: 28%
- Internal customer service: 29%
- Communication between executive management and staff: 28%
- Reasoning behind major decisions: 28%
- Involvement in Landcom's achievements: 21%
- Identifying and developing skills for the future: 23%
- Morale: 28%

The focus of our human resources strategy since 2001 has been on the professional development of our people. In accordance with this strategy, an annual training and development program is developed, which this year incorporated a staff engagement program to bring about a shared understanding of our corporate objectives and priorities and to increase engagement across the organisation.

As part of this program, we developed and implemented a new performance development process to link our corporate objectives and priorities with the performance development needs of our employees.

The staff engagement program was widely endorsed in the 2008 staff attitude and culture survey, with 70% of staff agreeing that it had "benefited Landcom as a whole".

Landcom employee interests are represented by the Public Sector Association (PSA). All employees can choose to join the Public Sector Association. Approximately 23% (32 out of 140) of employees are currently members.

Employee retention

This indicator measures the effectiveness of our human resources management and employee relations by disclosing our annual employee retention rate.

Target

- To better the NSW public sector annual employee retention rate.

Results

Landcom's employee retention rate for 2007/2008 was 87.3%, with 17 permanent staff resigning from a total of 133. This is higher than last year's result of 85.7%. At the time of publishing, the results for the NSW public sector for 2007 and 2008 were not available.

Since 2002, Landcom's retention rates have been relatively high, between 85% and 92%. Although exact retention rates for the property industry are difficult to obtain, anecdotal evidence suggests that the average retention rate is around 80% or less. Landcom's increased staff turnover this year can be attributed to our property skills being in high demand within the industry. Staff who left cited career opportunities as their main reason for leaving.

Training

This indicator measures our efforts to provide training for our staff and service providers and raise industry awareness of better design, housing choice, sustainable development and affordable housing. We host training, seminars, courses and industry forums to exchange ideas and promote issues and initiatives which have a high profile or are of strategic importance to government.

Target

- To pursue a role as a national leader in innovation in the development industry.

Results

This year's training and development program was designed to meet our strategic business needs and the individual career and performance needs of employees. It encompassed five streams: a staff engagement program, coaching and mentoring, IT training, individual or position-specific training and knowledge briefings, which inform staff of topical issues and promote and share knowledge across the organisation.

As part of our training and development policy, staff are also offered study time and payment for relevant training and tertiary studies.

Our efforts to develop our people are acknowledged by staff, as evidenced by the relatively high satisfaction scores we achieve in this area in our staff attitude and culture surveys.

At an individual level, training needs are identified through career development plans as part of performance development reviews.

Aboriginal employment opportunities

This indicator monitors our efforts to provide employment and training opportunities to people of Aboriginal or Torres Strait Islander background.

Target

- To establish a cadetship program for tertiary students of Aboriginal or Torres Strait Islander background.

Results

In collaboration with the University of Western Sydney, Landcom has developed an Indigenous Scholarship for students enrolled full-time in an undergraduate business degree.

The scholarship's objective is to create employment opportunities for indigenous people in their community and encourage students to pursue a career in government and the property development industry. The scholarship, advertised in 2007 and 2008, provides financial assistance with study fees and materials and paid work experience.

The scholarship offering was extended to include universities within and outside of the Sydney metropolitan area. An indigenous student studying in a relevant discipline has been identified and the interview process is currently underway.

Economic Development

One of Landcom's strategic objectives is to achieve business success by operating at least as efficiently as any comparable businesses and maximising the Government's investment in the organisation. We use a number of targets to assess financial performance and benchmark these against competitors. In addition to organisational targets, each development project undergoes a rigorous feasibility assessment prior to approval.

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. Table 1 on page 51 provides 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 on the following page.

Financing capacity

Purpose

This indicator provides a comparison between Landcom's external financing arrangements, 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 on the following page.

Returns to government

Purpose

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

Targets

- Landcom's objective is to provide an appropriate return to the State Government.
- In 2007/2008 this represented 100% of Landcom's net profit.
- In addition, Landcom pays an income tax equivalent to the 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 on the following page.

Job creation and economic output

Purpose

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

Target

- To demonstrate tangible ways of how we contribute to the economy of NSW.

Results

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 spent on construction output (houses, non-residential buildings, etc) in 1996/1997, a possible $2.9 million in output would be generated in the economy as a whole (Economic output = annual development expenditure $M x $2.9M), giving rise to nine jobs in the construction industry (the initial employment effect) and 37 jobs in the economy as a whole from all effects (Total employment generated = annual development expenditure $M x 37).

See Table 4 below.

Table 1: Profitability

DESCRIPTION	2007/2008	2006/2007	2005/2006	2004/2005	2003/2004	2002/2003
Sales revenue	$349,572,000	$322,479	$317,276,000	$326,939,000	$333,253,723	$281,222,000
Sales margin	28.5%	33.1%	38.9%	44.8%	48.8%	51.2%
Return on sales	9.5%	13.1%	14%	19.2%	26.3%	29.5%
EBIT	$56,782,000	$68,440,000	$72,610,000	$99,315,000	$132,180,000	$127,130,000
Return on equity	9.2%	11.6%	12.3%	17.2%	24.6%	26.1%
Return on total operating assets	4.8%	5.8%	6.4%	8.4%	15.1%	16.5%

Table 2: Financial capacity

DESCRIPTION	2007/2008	2006/2007	2005/2006	2004/2005	2003/2004	2002/2003
Debt to equity ratio	0.2%	27.7%	18.3%	23%	4.1%	3.0%

Table 3: Returns to government

DESCRIPTION	2007/2008	2006/2007	2005/2006	2004/2005	2003/2004	2002/2003
Return to government	$50,305,000	$57,334,000	$61,738,000	$75,143,000	$87,978,000	$83,081,000

Table 4: Job creation and economic output

DESCRIPTION	2007/2008	2006/2007	2005/2006	2004/2005	2003/2004	2002/2003
Total number of jobs created through Landcom's activities	6,858	6,315	6,050	7,868	5,270	4,470
Total economic output generated from Landcom's activities	$537,547,859	$494,940,100	$474,195,644	$616,675,900	$413,026,700	$350,351,900

Corporate governance, risk management and compliance are the backbone of our governance performance.

Supplier pre-qualification

This indicator provides information on the number of partnering tenders for development that have been called that required our private sector partners to adhere to particular sustainability criteria; and the total number of suppliers that possess pre-qualification based on sustainability criteria. The objective is to encourage our industry partners to establish these practices with their other clients.

Target

- To promote responsible environmental and social sustainability practices further down the construction industry supply chain through our own projects.

Results

Landcom has called for project partner tenders during the year; however, these have not been finalised.

Regulatory compliance

We aim to achieve full regulatory compliance and ensure that all our contractors do so, too. This indicator provides information about any regulatory non-compliance that may have resulted from our operations during the reporting period.

Targets

- To achieve full compliance with relevant planning, environmental and health and safety legislation on all our projects.
- To conduct environmental audits on all civil works contractors during construction stages.
- To achieve a minimum score of 75% on all environmental audits.
- To 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, 100% of our projects achieved full regulatory compliance with the Protection of the Environment Operations Act and other environment, occupational health and safety, and planning legislation.

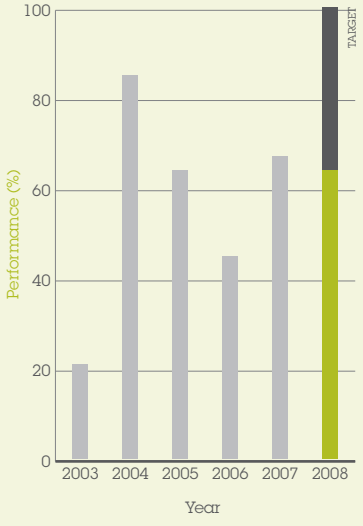
Environmental audits

Environmental audits were conducted on 64% of civil contracts in progress during 2007/2008 (ie nine out of 14 contracts). 78% (seven out of nine) of the audits that were undertaken achieved a score greater than 75%.

Ten audits were conducted by Landcom on builders, with 90% of builders scoring above 75%. Landcom will continue to work with builders to maintain these results.

Environmental audits

NOTE: target year 2008, score 100%



Occupational Health and Safety project audits

Fourteen site Occupational Health and Safety (OH&S) audits were conducted during 2007/2008. During the year further reviews of Landcom's role in ensuring OH&S compliance were undertaken. As a result, in the coming year we will trial the implementation of an OH&S audit system which requires contractors to self-audit. They would then become responsible for the compliance of these audits, as well as for their continuous improvement. It is anticipated that this will place the role and responsibilities onto the parties most capable of driving better safe work practices. It will also drive a better long-term improvement in the industry through ownership of audit activities. In addition to this trial, Landcom will be encouraging contractors to seek independent third-party accreditation in the area of OH&S.

For further information, please visit **www.landcom.com.au/annualreport2008**

Voluntary compliance

Environmental Management Systems

Landcom has an accredited Environmental Management System (EMS) which conforms with the requirements of AS/NZS ISO 14001:2004, the Australian/New Zealand standard for Environmental Management Systems. Our EMS was first accredited in November 2000 and is independently verified by SIA-Global on an annual basis. In November 2006, our second triennial audit was conducted and the system reaccredited. Two surveillance audits have since been conducted, with Landcom continuing its accreditation under the ISO standard.

Global Reporting Initiative

The Global Reporting Initiative (GRI) is an internationally recognised group whose mission is to develop sustainability reporting guidelines 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. A review has been undertaken of the GRI's G3 guidelines and will be incorporated into our indicator review currently underway. This year we are reporting G3 at B+ level.

For further information, please visit **www.globalreporting.org/**

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 Department of Environment and Climate Change and locally by leading state greenhouse agencies, the scheme rates buildings from one to five stars, with five stars representing exceptional greenhouse performance. Current market best practice in Australia is five stars.

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

For further information, please visit **www.abgr.com.au/**

For further information, please visit **www.landcom.com.au/annualreport2008**

Stakeholder relationship management

This indicator provides a qualitative description of the stakeholder engagement program that we conduct in relation to our sustainability reporting.

Target

- To brief and consult regularly with our social and environmental stakeholders to ensure that our sustainability reporting system remains relevant and can accommodate new trends and requirements.

Results

Three pieces of work were undertaken through the year in relation to our stakeholders and our current review of our sustainability indicators. Firstly, we undertook a review and gap analysis of all previous stakeholder engagements relating to our sustainability reporting program. We then engaged targeted Landcom staff to explore opportunities to improve the presentation of our sustainability information. Finally, we sought to engage staff specifically in relation to our sustainability performance indicators. We have implemented many of the findings this year, particularly in relation to the presentation of our sustainability report. Our indicator review is currently underway and a revised suite of indicators will be reported in next year's Annual Report.

Risk management

Trends and changes in our internal and external operating environments have the potential to directly impact on our business. To sustain our growth and our relevance to stakeholders and minimise the consequences of events that could adversely affect our ability to achieve our objectives, we have structured risk management processes in place based on Australian and New Zealand Risk Management Standard AS 4360 – Risk Management. Our insurable risks are covered by the Treasury Managed Fund.

The Board undertakes a comprehensive risk assessment annually and these risks are reviewed on at least a quarterly basis. Major operational risks are considered on a monthly basis. This provides a comprehensive risk management framework to identify and manage key risks. The framework facilitates the coordination of related initiatives such as a balanced portfolio, joint venture and partnering management, customer service standards and an ongoing employee professional development program.

For further information, please visit **www.landcom.com.au/annualreport2008**

Independent
Audit Report

INDEPENDENT AUDITOR'S REPORT

LANDCOM

To Members of the New South Wales Parliament

I have audited the accompanying financial report of Landcom (the Corporation), which comprises the balance sheet as at 30 June 2008, the income statement, statement of changes in equity and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes.

Auditor's Opinion

In my opinion, the financial report:

- presents fairly, in all material respects, the financial position of Landcom as at 30 June 2008, and its financial performance and cash flows for the year then ended in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations)
- is in accordance with section 41B of the Public Finance and Audit Act 1983 (the PF&A Act) and the Public Finance and Audit Regulation 2005.

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

Directors' Responsibility for the Financial Report

The Directors are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the PF&A Act. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on my audit. I conducted my audit in accordance with Australian Auditing Standards. These Auditing Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the Corporation's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.
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.

Independence

In conducting this audit, the Audit Office of New South Wales has complied with the independence requirements of the Australian Auditing Standards and other relevant ethical requirements. The PF&A 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 of New South Wales are not compromised in their role by the possibility of losing clients or income.

David Nolan
Director, Financial Audit Services

2 October 2008
SYDNEY

Directors' Declaration

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 2008 and of its performance, as represented by the results of its operations and its cash flows for the year ended on that date;

(ii) complies with Australian Accounting Standards, AASB Interpretations 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:

WILLIAM KIRKBY-JONES, AM
Chairman

SEAN O'TOOLE
Managing Director

Income Statement

FOR THE YEAR ENDED 30 JUNE 2008

	Notes	2008 $'000	2007 $'000
Continuing operations			
Sales revenue		349,572	322,479
Cost of sales		(250,048)	(215,707)
Gross profit		**99,524**	**106,772**
Other income	2(b)	5,435	3,606
Finance income	2(a)	4,744	5,181
Share of the net (loss)/profit of joint ventures under the equity method		—	(44)
Other operating expenses	5	(20,173)	(17,501)
Marketing expenses	3	(4,536)	(6,811)
Finance costs	7	(14,064)	(13,775)
Employee related expenses	4	(22,132)	(17,695)
Depreciation and amortisation expense	6	(1,112)	(1,337)
Change in fair value of investment property	14	(250)	1,450
Profit before income tax equivalent expense		**47,436**	**59,846**
Income tax equivalent expense	8	(14,292)	(17,728)
Net profit for the year	26	**33,144**	**42,118**

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

Balance Sheet

AS AT 30 JUNE 2008

	Notes	2008 $'000	2007 $'000
Assets			
Current assets			
Cash and cash equivalents	9	173,065	103,969
Trade and other receivables	10	16,275	58,268
Inventories	11	139,651	126,498
Derivative asset	28	26	—
Other current assets	12	10,047	20,157
Total current assets		**339,064**	**308,892**
Non-current assets			
Trade and other receivables	10	24,383	21,924
Inventories	11	311,506	365,006
Property, plant and equipment	13	4,364	4,820
Investment properties	14	5,000	5,250
Intangible assets	15	47	138
Deferred tax assets	16	5,389	3,384
Other non-current assets	12	6,818	12,371
Total non-current assets		**357,507**	**412,893**
Total assets		**696,571**	**721,785**
Liabilities			
Current liabilities			
Trade and other payables	17	43,141	68,982
Borrowings	21 & 28	59,996	30,000
Current tax liabilities	18	5,812	3,296
Provisions	19&20	81,802	74,246
Other current liabilities	23	—	22
Total current liabilities		**190,751**	**176,546**
Non-current liabilities			
Trade and other payables	17	27,024	7,086
Borrowings	21 & 28	113,933	174,321
Provisions	19 & 20	4,789	1,369
Deferred tax liabilities	22	273	411
Total non-current liabilities		**146,019**	**183,187**
Total liabilities		**336,770**	**359,733**
Net assets		**359,801**	**362,052**
Equity			
Contributed capital	24	275,847	275,847
Asset revaluation reserve	25	702	218
Retained earnings	26	83,252	85,987
Total equity		**359,801**	**362,052**

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

Cash Flow Statement

FOR THE YEAR ENDED 30 JUNE 2008

	Notes	2008 $'000	2007 $'000
Cash flows from operating activities			
Receipts from customers		422,265	323,958
Interest received		4,067	3,802
Other receipts		(6,919)	—
Payments to suppliers and employees		(253,149)	(274,527)
Income tax equivalent paid		(13,948)	(22,697)
Finance costs		(13,702)	(12,429)
Other payments		—	(8,031)
Net cash flows from operating activities	27(b)	**138,614**	**10,076**
Cash flows from investing activities			
Distributions received from joint ventures		—	86
Purchase of property, plant and equipment		(393)	(968)
Proceeds from sale of property, plant and equipment		481	—
Net cash flows from/(used in) investing activities		**88**	**(882)**
Cash flows from financing activities			
Proceeds from borrowings		—	60,000
Repayment of borrowings		(30,000)	(30,000)
Dividend paid to NSW Treasury		(39,606)	(44,282)
Net cash flows used in financing activities		**(69,606)**	**(14,282)**
Net increase/(decrease) in cash and cash equivalents		**69,096**	**(5,088)**
Cash and cash equivalents at the beginning of period		**103,969**	**109,057**
Cash and cash equivalents at the end of period	27(a)	**173,065**	**103,969**

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 2008

	Notes	2008 $'000	2007 $'000
Balance at beginning of financial year		**362,052**	**359,540**
Changes in equity – transaction with owners as owners			
Dividend payable		(36,013)	(39,606)
Total		**(36,013)**	**(39,606)**
Changes in equity – other than transactions with owners as owners			
Surplus for the year		33,144	42,118
Increment on revaluation of land and buildings		618	—
Total		**33,762**	**42,118**
Balance at the end of the financial year		**359,801**	**362,052**

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 2008

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 2008 has been authorised for issue by the Board on 22 September 2008.

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.

Landcom also provides management services to the Crown Lands Homesites Program and West Huntingwood.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1.1 Basis of preparation

The financial report is a general purpose financial report which has been prepared in accordance with:

- the *State Owned Corporations Act 1989;*
- applicable Australian Accounting Standards (which include Australian Accounting Interpretations);
- the requirements of the *Public Finance and Audit Act 1983* and *Public Finance and Regulation.*

Property, plant and equipment and investment property are measured at "fair value through profit or loss". 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.

All amounts are rounded to the nearest one thousand dollars and expressed in Australian currency.

1.2 Statement of compliance

The financial statement and notes comply with the Australian Accounting Standards, which include Australian Accounting Interpretations.

The accounting policies have been consistently applied, unless stated otherwise.

1.3 Income recognition

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

i. Revenue from sale of land is recognised when the significant risks and rewards of ownership of the land have passed to the buyer and can be measured reliably. Specifically, with respect to property sales, the risk and rewards are considered passed to the buyer at the time of settlement.

ii. Interest income is recognised as the interest accrues.

iii. 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.

iv. Rental income is recognised in accordance with *AASB 117 Leases* on a straight line basis over the term of the lease.

v. Other income is based on the general principle that there is a right to be compensated for services rendered and it is possible that economic benefits will result and the revenue can be reliably measured.

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 to 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 and annual leave (including non-monetary benefits) are 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 nominal value basis and compared to present value calculated in accordance with *AASB 119 Employee Benefits* for all employees with 5 or more years of service in the public sector every three years. The provision is calculated using estimated future increases in salary rates including related on-costs. This is in accordance with TC07/04 Accounting for Long Service Leave and Annual Leave.

Superannuation

Pillar Administration advises Landcom of the level of liability for Landcom's superannuation commitments to its employees who are members of the various divisions of the scheme. The calculation of the superannuation position is based on actuarial reviews independent of Landcom's ongoing activities and involvement. The main drivers of the actuarial calculations are the level of investment return, salary inflation and CPI increases.

Landcom has an obligation for the deferred benefit contribution which becomes payable on and after retirement of staff.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1.5 Employee benefits (continued)

Contribution is made to the State Superannuation Scheme (SSS), the State Authorities Superannuation Scheme (SASS) and the State Authorities Non Contributory Superannuation Scheme (SANCS). The SAS Trustee Corporation through the fund's actuary has determined that unfunded superannuation contributions as at 30 June 2008 for the State Authorities Superannuation Scheme (SASS) the State Authorities Non-Contributory Superannuation Scheme (SANCS) and the State Superannuation (SSS) was estimated at $2.308 million (2007 prepaid superannuation contributions $0.029 million).

Amounts representing prepaid superannuation contributions are recognised as an asset. Amounts representing unfunded superannuation are recognised as a liability. At balance date, the decrease in prepaid contributions from the previous year has been recognised as superannuation expense. Actuarial gains and losses are recognised immediately in profit and loss in the year in which they occur.

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.

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 claim experience. These insurance policies are reviewed annually to ensure that they are adequate and were current at 30 June 2008. No major claims exist under these policies at 30 June 2008.

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 was amortised over the life of the initial 6 years lease term expiring in December 2007.

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.

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 Notional 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* and as agreed in the Statement of Corporate Intent. For the year ended 30 June 2008, dividend is calculated in accordance with TPP 02-3 Financial Distribution Policy for Government Business. The dividend payable of $36.013 million is calculated based on 100% of profit after tax and adjusted for certain non-cash items of superannuation gains/ losses and financial instrument fair value movements' of $2.521 million.

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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1.12 Cash and cash equivalent

Cash comprises cash on hand and at the bank.

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 transaction cost or face value.

Interest is charged on overdue settlement monies where agreed settlement dates are not met. The rate of interest applied during the year was 13.0% (11.9% in 2007). 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.

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 1.22). The last revaluation was performed in June 2008 by a Landcom qualified 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 2008 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 – 3 to 4 years.

Office equipment – 5 to 25 years.

Motor Vehicles – 8 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.

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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1.21 Financial instruments

Financial instruments give rise to positions that are a financial asset of either Landcom or its counterparts 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 28, 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 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 07-1). 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 1.24.

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 land and buildings 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 2008 and was based on an internal 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.

1.23 Provisions

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation.

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

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 2008 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.

Provision for rebates is recognised when a lot is sold. As part of the condition of sale, Landcom may be committed to make a payment to the purchaser provided certain design criteria are met and applied for within specified period by the purchaser, usually between 12–24 months. This payment represents reimbursement for additional costs incurred by the purchaser in complying with the design criteria set by Landcom. 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.

1.24 Investment property

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.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1.24 Investment property (continued)

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 use.

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

1.25 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.

1.26 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.

1.27 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.

1.28 Deferred expenditure

Landcom has deferred expenditure to the extent that it is probable that future economic benefit embodied in the expenditure will eventuate in a future period and can be measured reliably. Deferred expenditure items include participation fees and development costs associated with a Participation Agreement and are amortised over the period that the future economic benefits will be received.

1.29 Comparatives

No comparative figures had to be repositioned or reclassified in the financial statements to conform with the basis of presentation and classification used in the current year.

1.30 Accounting standards/ interpretations issued but not yet effective

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted for the annual reporting period ended 30 June 2008. These are listed as follows:

ACCOUNTING STANDARDS OR UIGS ISSUED BUT NOT YET EFFECTIVE	IMPACT TO LANDCOM	OPERATIVE DATE
AASB 2007–2009	Minimal impact	1 July 2008
AASB 101 & AASB 2007–2008	Minimal impact	1 January 2009
AASB 123	Minimal impact	1 January 2009

	2008 $'000	2007 $'000
2(a) FINANCE INCOME		
Interest from bank	3,101	1,154
Interest from investment	714	2,047
Interest from loan receivable	15	62
Unwinding of the discount rate	694	1,519
Interest from late settlement	194	399
Unrealised gain on derivative asset	26	—
	4,744	**5,181**
2(b) OTHER INCOME		
Management fee – Crown Lands Homesites Program	1,663	1,471
Other management fees	2,992	814
Rental income	375	430
Other	405	891
	5,435	**3,606**
3 MARKETING EXPENSES		
Advertising	3,961	5,848
Sales contractors and commission	175	651
Other	400	312
	4,536	**6,811**
4 EMPLOYEE RELATED EXPENSES		
Salaries and wages	14,355	14,511
Superannuation – defined benefit plans	2,911	(1,530)
Superannuation – defined contribution plans	1,194	1,122
Long service leave	568	521
Annual leave	1,229	1,225
Workers' compensation insurance	83	106
Payroll tax and fringe benefit tax	1,176	1,040
Other employee related expenses	616	700
	22,132	**17,695**
5 OTHER OPERATING EXPENSES		
Auditor's remuneration – audit of financial statements	172	158
Operating lease rental expense	1,229	1,319
Maintenance	413	527
Insurance	136	207
General administrative costs	9,606	7,696
Council rates	2,482	(1,284)
Land tax	7,796	13,475
Project costs written off	5,571	4,549
Property and accommodation expenses	537	835
Gain on sale of land and building	(92)	—
Consultancy fees	76	19
Bad debts	20	5
Unrealised loss on assets revaluation	226	—
	28,172	27,506
Transfer of capital costs to inventories	(7,999)	(10,005)
	20,173	**17,501**

	2008 $'000	2007 $'000
6 DEPRECIATION AND AMORTISATION EXPENSE		
Buildings	113	114
Leasehold improvements	488	696
Plant and equipment	409	403
Intangible assets	91	123
Motor vehicles	11	1
	1,112	**1,337**
7 FINANCE COSTS		
Interest	11,907	11,226
Unwinding of the discount rate	906	1,041
Amortisation of loan premium	(392)	(368)
Government guarantee fee	1,643	1,876
	14,064	**13,775**

8 INCOME TAX

The major components of income tax expense for the years ended 30 June 2008 and 2007 are:

Expense in the Income Statement		
Income tax expense		
Current income tax charge	16,413	16,161
Adjustments for prior years	217	195
Deferred income tax		
Origination and reversal of temporary differences	(2,338)	1,372
Income tax expense reported in the Income Statement	**14,292**	**17,728**
Deferred income tax (revenue)/expense included in income tax expense comprises:		
Decrease (Increase) in deferred tax assets	(2,200)	1,638
(Decrease) Increase in deferred tax liabilities	(138)	(266)
	(2,338)	**1,372**
Statement of Changes in Equity		
Deferred income tax related to items charged or credited directly to equity:		
Asset revaluation reserve	196	—
Income tax expense reported in equity	**196**	**—**
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 income tax	47,436	59,846
At the statutory income tax rate of 30% (2007: 30%)	14,231	17,954
Expenditure not allowable for income tax purposes	4	7
Recognition of temporary differences	(160)	(428)
Under provided in prior years	217	195
Income tax expense reported in the Income Statement	**14,292**	**17,728**

9 CASH AND CASH EQUIVALENTS

Cash at bank and on hand	173,065	103,969
	173,065	**103,969**

Included in the cash and cash equivalents is restricted cash of $3.453 million (2007 $1.403 million). These funds are held as security deposits for various projects.

	2008 $'000	2007 $'000

10 TRADE AND OTHER RECEIVABLES

Current		
Trade receivables	12,874	56,011
Provision for doubtful debts	—	(6)
Crown Lands Homesites Program	1,882	551
Development bonds	1,519	1,712
	16,275	**58,268**
Non-current		
Trade receivables	23,141	20,825
Loan receivables	1,242	1,099
	24,383	**21,924**

The non-current trade receivable of $23.141 million (2007: $20.825 million) included deferral of payment for sale of land for the project at Wolli Creek of $13.893 million (2007: $14.701 million), receivable for land sold at Prince Henry $0.610 million (2007: $nil), $6.985 million receivable from Department of Community Services for development at Renwick (2007 – $6.124 million) and Green Square $1.653 million (2007 $nil).

Non-current loan receivable represents second mortgages with purchasers of properties sold at Stanhope Gardens amounting to $1.242 million (2007: $1.099 million) as part of Landcom's moderate income housing program. The second mortgages must be repaid within 13 years or on sale of the properties, whichever comes first.

11 INVENTORIES

Current		
Work in progress	104,923	70,424
Developed land	34,728	56,074
	139,651	**126,498**
Non-current		
Work in progress	97,178	113,790
Undeveloped land	214,328	251,216
	311,506	**365,006**
	451,157	**491,504**
Details of inventories:		
Acquisition costs	276,235	286,199
Development costs	135,099	168,845
Other costs	39,823	36,460
	451,157	**491,504**

12 OTHER

Current		
Prepayments	10,047	20,157
	10,047	**20,157**
Non-current		
Deferred expenditure	6,818	12,371
	6,818	**12,371**

	2008 $'000	2007 $'000

13 NON-CURRENT PROPERTY, PLANT AND EQUIPMENT

Land		
At fair value	1,545	974
Buildings		
At gross carrying amount	950	1,628
Accumulated depreciation	(83)	(340)
Net carrying amount at fair value	867	1,288
Leasehold improvements		
At gross carrying amount	3,714	3,760
Accumulated depreciation	(3,174)	(2,711)
Net carrying amount at fair value	540	1,049
Motor vehicles		
At gross carrying amount	105	48
Accumulated depreciation	(12)	(1)
Net carrying amount at fair value	93	47
Plant and equipment		
At gross carrying amount	3,832	3,636
Accumulated depreciation	(2,513)	(2,174)
Net carrying amount at fair value	1,319	1,462
Total net carrying amount	**4,364**	**4,820**

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:

2008	Land $'000	Buildings $'000	Leasehold improvements $'000	Motor vehicles $'000	Plant and equipment $'000	Total $'000
Net carrying amount at the start of the year	974	1,288	1,049	47	1,462	4,820
Additions	—	—	44	57	266	367
Disposals	(185)	(139)	(65)	—	—	(389)
Depreciation expense	—	(113)	(488)	(11)	(409)	(1,021)
Increment/decrement on revaluation	756	(169)	—	—	—	587
Net carrying amount at the end of the year	**1,545**	**867**	**540**	**93**	**1,319**	**4,364**

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:

2007	Land $'000	Buildings $'000	Leasehold improvements $'000	Motor vehicles $'000	Plant and equipment $'000	Total $'000
Net carrying amount at the start of the year	974	1,402	1,207	—	1,506	5,089
Additions	—	—	538	48	359	945
Depreciation expense	—	(114)	(696)	(1)	(403)	(1,214)
Net carrying amount at the end of the year	**974**	**1,288**	**1,049**	**47**	**1,462**	**4,820**

	2008 $'000	2007 $'000

14 INVESTMENT PROPERTIES

Fair value		
Opening balance as at 1 July	5,250	3,800
Net gain/(loss) from fair value adjustment	(250)	1,450
	5,000	**5,250**

During the current financial year investment property was 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. The same valuer conducted the valuation in the prior year.

15 INTANGIBLE ASSETS

Computer software and website		
Net carrying amount at start of year	138	238
Additions	—	23
Amortisation	(91)	(123)
Net carrying amount at end of year	**47**	**138**

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

Computer software:	4 years
Website cost:	5 years

16 DEFERRED TAX ASSETS

Depreciation	253	283
Provisions	2,885	1,546
Sundry	685	7
Fair value adjustments	1,566	1,401
Accruals	—	147
	5,389	**3,384**

Movements		
Opening balance at 1 July	3,384	5,022
Credited/(charge) to the Income Statement	2,200	(1,638)
Credited/(charge) to equity	(195)	—
Closing balance as at 30 June	**5,389**	**3,384**

17 TRADE AND OTHER PAYABLES

Current		
Trade payables	12,473	21,791
Crown Land Homesites Program	—	1,114
Security deposits received	4,477	3,347
Bonds and deposits held	5,739	4,948
Accrued expenses	14,883	23,611
Retentions	717	631
Land tax equivalent	4,852	13,540
	43,141	**68,982**

Non-current		
Trade payables	455	—
Security deposits received	4,569	6,592
Unearned income	22,000	—
Accrued expenses	—	494
	27,024	**7,086**

	2008 $'000	2007 $'000
18 CURRENT TAX LIABILITIES		
Opening amount	3,296	9,637
Income tax expense	14,292	17,728
Movement in deferred tax assets and (liabilities)	2,172	(1,372)
Tax payment	(13,948)	(22,697)
	5,812	**3,296**
19 PROVISIONS		
Employee benefits – current		
Provision for annual leave	1,465	1,485
Provision for long service leave		
– Expected to be settled within 12 months	243	309
– Expected to be settled after 12 months	3,116	2,776
Provision for superannuation liability	2,308	30
Accrued on-costs	626	503
Other	109	74
	7,867	**5,177**
Employee benefits – non-current		
Provision for long service leave	173	168
Accrued on-costs	23	20
	196	**188**
Total employee benefits	**8,063**	**5,365**
Other provisions – current		
Provision to complete projects	32,037	25,657
Provision for rebates	2,889	1,366
Provision for distribution to NSW Treasury	36,013	39,606
Provision for future rectification works	2,996	2,440
	73,935	**69,069**
Other provisions – non-current		
Provision to complete projects	4,593	1,181
	4,593	**1,181**
Total current and non-current provisions		
Current liability	81,802	74,246
Non-current liability	4,789	1,369
	86,591	**75,615**

Reconciliations of the carrying amount of each class of provision are set out below:

Employee benefits

2008	Provision for annual leave $'000	Provision forlong service leave $'000	Superannuation liability $'000	Accrued oncosts $'000	Other $'000
Carrying amount at beginning of the year	(1,485)	(3,253)	(30)	(523)	(104)
Additional provision recognised	(313)	(578)	(2,791)	(153)	(5)
Amounts used during the year	333	299	513	27	—
Carrying amount at end of the year	**(1,465)**	**(3,532)**	**(2,308)**	**(649)**	**(109)**

19 PROVISIONS (continued)

Other provisions

2008	Provision for Distribution to NSW Treasury $'000	Provision for Rectification Works $'000	Provision for Rebates $'000	Provision to Complete Projects $'000
Carrying amount at beginning of year	(39,606)	(2,440)	(1,366)	(26,838)
Additional provisions recognised	(36,013)	(556)	(2,471)	(23,814)
Reductions in provisions from payments	39,606	—	948	10,664
Reductions in provisions from re-measurement	—	—	—	3,358
Carrying amount at end of year	**(36,013)**	**(2,996)**	**(2,889)**	**(36,630)**

20 SUPERANNUATION

Fund information

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).

These schemes are all 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.

Superannuation position as at 30 June 2008

	SASS 30 June 2008	SANCS 30 June 2008	SSS 30 June 2008	Total 30 June 2008
Member numbers				
Contributors	21	33	12	
Deferred benefits	—	—	1	
Pensioners	—	—	6	
Pensions fully commuted	—	—	2	
Superannuation position for AASB 119 purposes	$'000	$'000	$'000	$'000
Accrued liability	6,358	1,359	12,372	20,089
Estimated reserve account balance	(5,417)	(1,136)	(11,228)	(17,781)
	941	223	1,144	2,308
Future Service Liability (Note 1)	(1,419)	(589)	(720)	(2,728)
Surplus in excess of recovery available from schemes	—	—	—	—
Net (asset)/liability to be recognised in balance sheet	941	223	1,144	2,308

Note 1: The Future Service Liability (FSL) does not have to be recognised by an employer. It is only used to determine if an asset ceiling limit should be imposed. Under AASB 119, any prepaid superannuation asset recognised cannot exceed the total of any unrecognised past service cost and the present value of any economic benefits that may be available in the form of refunds from the plan or reductions in future contributions to the plan. Where the "surplus in excess of recovery" is zero, no asset ceiling limit is imposed.

	SASS $'000	SANCS $'000	SSS $'000	Total $'000
20 SUPERANNUATION (continued)				
Reconciliation of the present value of the defined benefit obligation				
Present value of partly funded defined benefit obligation at beginning of the year	5,955	1,297	12,216	19,468
Current service cost	200	74	151	425
Interest cost	373	81	774	1,228
Contributions by Fund participants	116	—	157	273
Actuarial (gains)/losses	144	61	(231)	(26)
Benefits paid	(430)	(154)	(695)	(1,279)
Present value of partly funded defined benefit obligation at end of the year	**6,358**	**1,359**	**12,372**	**20,089**
Reconciliation of the fair value of Fund asset				
Fair value of Fund assets at beginning of the year	5,768	1,285	12,445	19,498
Expected return on Fund assets	442	102	971	1,515
Actuarial gains/(losses)	(705)	(185)	(1,909)	(2,799)
Employer contributions	226	87	260	573
Contributions by Fund participants	116	—	157	273
Benefits paid	(430)	(153)	(696)	(1,279)
Fair value of Fund assets at end of the year	**5,417**	**1,136**	**11,228**	**17,781**
Reconciliation of the assets and liabilities recognised in the balance sheet				
Present value of partly funded defined benefit obligation at end of year	6,358	1,359	12,372	20,089
Fair value of Fund assets at end of year	(5,417)	(1,136)	(11,228)	(17,781)
Subtotal	941	223	1,144	2,308
Net liability/(asset) recognised in Balance Sheet at end of year	**941**	**223**	**1,144**	**2,308**
Expense recognised in Income Statement				
Components recognised in Income Statement				
Current service cost	200	74	151	425
Interest cost	373	81	774	1,228
Expected return on Fund assets (net of expenses)	(442)	(103)	(971)	(1,516)
Actuarial losses/(gains) recognised in year	849	246	1,679	2,774
Expense/(income) recognised	**980**	**298**	**1,633**	**2,911**
Amounts recognised in the Statement of Changes in Equity				
Actuarial (gains)/losses	—	—	—	—
Adjustment for limit on net asset	—	—	—	—
Cumulative amount recognised in the Statement of Changes in Equity				
Cumulative amount of actuarial (gains)/losses	—	—	—	—
Cumulative adjustment for limitation on net asset	—	—	—	—

Fund assets

The percentage invested in each asset class at the Balance Sheet date:

	30 June 2008
Australian equities	31.6%
Overseas equities	25.4%
Australian fixed interest securities	7.4%
Overseas fixed interest securities	7.5%
Property	11.0%
Cash	6.1%
Other	11.0%

20 SUPERANNUATION (continued)

Fair value of Fund assets

All Fund assets are invested by STC at arm's length through independent Fund managers.

Expected rate of return on assets

The expected return on assets assumption is determined by weighting the expected long-term return for each asset class by the target allocation of assets to each class. The returns used for each class are net of investment tax and investment fees.

Actual return on Fund assets

	SASS $'000	SANCS $'000	SSS $'000	Total $'000
Actual return on Fund assets	(383)	(82)	(802)	(1,267)

Valuation method and principal actuarial assumptions at the Balance Sheet date

a) Valuation method

The Projected Unit Credit (PUC) valuation method was used to determine the present value of the defined benefit obligations and the related current service costs. This method sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

b) Economic assumptions

	30 June 2008
Salary increase rate (excluding promotional increases)	3.5% pa
Rate of CPI increase	2.5% pa
Expected rate of return on assets backing current pension liabilities	8.3%
Expected rate of return on assets backing other liabilities	7.3%
Discount rate	6.55% pa

c) Demographic assumptions

The demographic assumptions at 30 June 2008 are those used in the 2006 triennial actuarial valuation. A selection of the most financially significant assumptions is shown below:

(i) SASS Contributors – the number of SASS contributors expected in any one year (out of 10,000 members), at the ages shown, to leave the Fund as a result of death, disability, resignation, retirement and redundancy. Promotional salary increase rates are also shown.

	Number of members expected in any one year, out of 10,000 members at the age shown to leave the fund as a result of:					
Age nearest birthday	Death	Total and permanent disability	Retirement	Resignation	Redundancy	Additional promotional salary increase rate %
Males						
30	4	8	—	280	150	2.90
40	6	10	—	150	150	1.80
50	11	30	—	112	150	0.00
60	30	—	1,400	—	150	0.00
Females						
30	2	2	—	372	150	2.90
40	3	6	—	175	150	1.80
50	7	28	—	144	150	0.00
60	18	—	1,500	—	150	0.00

20 SUPERANNUATION (continued)

(ii) SSS Contributors – the number of SSS contributors expected in any one year (out of 10,000 members), at the ages shown, to leave the Fund as a result of death, disability, resignation, retirement and preservation. Promotional salary increase rates are also shown.

	Number of members expected in any one year, out of 10,000 members at the age shown to leave the fund as a result of:					
Age nearest birthday	Death	Ill-health retirement	Retirement (R60 for females)	Cash resignation (R60 for females)	Preservation (R60 for females)	Additional promotional salary increase rate %
Males						
30	4	42	—	178	95	2.90
40	6	54	—	80	140	1.80
50	11	144	—	20	50	0.00
60	30	—	6,500	—	—	0.00
Females						
30	2	6	—	204	124	2.90
40	3	21	—	72	105	1.80
50	7	103	—	30	90	0.00
60	18	—	6,300	—	—	0.00

Note: Different assumptions apply to females who have elected to retire at age 55 (R55 members)

(iii) SSS Commutation – the proportion of SSS members assumed to commute their pension to a lump sum in any one year.

Age	Proportion of pension commuted	
	Retirement	Breakdown
Later of commencement or age 55	.15	.20
	Widow	Widower
55	.2500	.2500
65	.5380	.5800
75	.4825	.5160
85	.3928	.3728

(iv) SSS Pensioner Mortality – assumed mortality rates (in 2006/2007) for SSS pensioners (separately for normal retirement/spouses and invalidity).

	Retirement pensioners and spouses and widows		Invalidity pensioners	
Age	Males	Females	Males	Females
55	0.0025	0.0014	0.0081	0.0066
65	0.0070	0.0055	0.0112	0.0125
75	0.0194	0.0157	0.0505	0.0314
85	0.0945	0.0634	0.1134	0.1268

(v) SSS Pensioner Mortality Improvements – per annum assumed rates of mortality improvement for SSS pensioners.

	Improvement rates (for years post 2006)	
Age	Males	Females
55	0.0152	0.0113
65	0.0101	0.0065
75	0.0087	0.0068
85	0.0052	0.0080

	SASS $'000	SANCS $'000	SSS $'000	Total $'000

20 SUPERANNUATION (continued)

Historical information

Present value of defined benefit obligation	6,358	1,359	12,372	20,089
Fair value of Fund assets	(5,417)	(1,136)	(11,228)	(17,781)
(Surplus)/deficit in Fund	941	223	1,144	2,308
Experience adjustments – Fund liabilities	144	61	(231)	(26)
Experience adjustments – Fund assets	705	185	1,909	2,799

Expected contributions

Expected employer contributions	220	86	251	557

Funding arrangements for employer contributions

a) Surplus/deficit

The following is a summary of the 30 June 2008 financial position of the Fund calculated in accordance with AAS 25 "Financial Reporting by Superannuation Plans":

	SASS $'000	SANCS $'000	SSS $'000	Total $'000
Accrued benefits	6,349	1,366	11,430	19,145
Net market value of Fund assets	(5,417)	(1,136)	(11,228)	(17,781)
Net (surplus)/deficit	932	230	202	1,364

b) Contribution recommendations

Recommended contribution rates for the entity are:

	SASS	SANCS	SSS
	multiple of member contributions	% member salary	multiple of member contributions
	1.90	2.50	1.60

c) Funding method

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.

d) Economic assumptions

The economic assumptions adopted for the last actuarial review of the Fund were:

Weighted-average assumptions

Expected rate of return on Fund assets backing current pension liabilities	7.7% pa
Expected rate of return on Fund assets backing other liabilities	7.0% pa
Expected salary increase rate	4.0% pa
Expected rate of CPI increase	2.5% pa

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.

20 SUPERANNUATION (continued)

Superannuation position as at 30 June 2007

	SASS 30 June 2007	SANCS 30 June 2007	SSS 30 June 2007	Total 30 June 2007
Member numbers				
Contributors	21	35	14	
Deferred benefits	—	—	1	
Pensioners	—	—	5	
Pensions fully commuted	—	—	1	
Superannuation position for AASB 119 purposes	$'000	$'000	$'000	$'000
Accrued liability	5,955	1,297	12,216	19,468
Estimated reserve account balance	(5,768)	(1,285)	(12,445)	(19,498)
	187	12	(229)	(30)
Future service liability (Note 1)	(1,465)	(620)	(875)	(2,960)
Surplus in excess of recovery available from schemes	—	—	—	—
Net (asset)/liability to be recognised in balance sheet	187	12	(229)	(30)

Note 1: The Future Service Liability (FSL) does not have to be recognised by an employer. It is only used to determine if an asset ceiling limit should be imposed. Under AASB 119, any prepaid superannuation asset recognised cannot exceed the total of any unrecognised past service cost and the present value of any economic benefits that may be available in the form of refunds from the plan or reductions in future contributions to the plan. Where the "surplus in excess of recovery" is zero, no asset ceiling limit is imposed.

	SASS $'000	SANCS $'000	SSS $'000	Total $'000
Reconciliation of the present value of the defined benefit obligation				
Present value of partly funded defined benefit obligations at beginning of the year	5,544	1,241	12,196	18,981
Current service cost	208	75	167	450
Interest cost	324	72	718	1,114
Contributions by Fund participants	115	—	146	261
Actuarial (gains)/losses	37	(39)	(663)	(665)
Benefits paid	(273)	(52)	(348)	(673)
Present value of partly funded defined benefit obligations at end of the year	**5,955**	**1,297**	**12,216**	**19,468**
Reconciliation of the fair value of Fund				
Fair value of Fund assets at beginning of the year	5,038	1,099	10,808	16,945
Expected return on Fund assets	387	85	828	1,300
Actuarial gains/(losses)	292	69	768	1,129
Employer contributions	209	84	243	536
Contributions by Fund participants	115	—	146	261
Benefits paid	(273)	(52)	(348)	(673)
Fair value of Fund assets at end of the year	**5,768**	**1,285**	**12,445**	**19,498**
Reconciliation of the assets and liabilities recognised in the balance sheet				
Present value of partly funded defined benefit obligations at end of year	5,955	1,297	12,216	19,468
Fair value of Fund assets at end of year	(5,768)	(1,285)	(12,445)	(19,498)
Subtotal	187	12	(229)	(30)
Net liability/(asset) recognised in Balance Sheet at end of year	**187**	**12**	**(229)**	**(30)**
Expense recognised in Income Statement				
Components recognised in Income Statement				
Current service cost	208	75	167	450

	SASS $'000	SANCS $'000	SSS $'000	Total $'000
20 SUPERANNUATION (continued)				
Interest cost	324	72	718	1,114
Expected return on Fund assets (net of expenses)	(387)	(85)	(828)	(1,300)
Actuarial losses/(gains) recognised in year	(255)	(108)	(1,431)	(1,794)
Expense/(income) recognised	**(110)**	**(46)**	**(1,374)**	**(1,530)**
Amounts recognised in the Statement of Changes in Equity				
Actuarial (gains)/losses	—	—	—	—
Adjustment for limit on net asset	—	—	—	—
Cumulative amount recognised in the Statement of Changes in Equity				
Cumulative amount of actuarial (gains)/losses	—	—	—	—
Cumulative adjustment for limitation on net asset	—	—	—	—

Fund assets

The percentage invested in each asset class at the Balance Sheet date:

	30 June 2007
Australian equities	33.6%
Overseas equities	26.5%
Australian fixed interest securities	6.8%
Overseas fixed interest securities	6.4%
Property	10.1%
Cash	9.8%
Other	6.8%

Fair value of Fund assets

All Fund assets are invested by STC at arm's length through independent fund managers.

Expected rate of return on assets

The expected return on assets assumption is determined by weighting the expected long-term return for each asset class by the target allocation of assets to each class. The returns used for each class are net of investment tax and investment fees.

Actual return on Fund assets

	SASS $'000	SANCS $'000	SSS $'000	Total $'000
Actual return on Fund assets	**718**	**154**	**1,554**	**2,426**

Valuation method and principal actuarial assumptions at the balance sheet date

a) *Valuation method*

The Projected Unit Credit (PUC) valuation method was used to determine the present value of the defined benefit obligations and the related current service costs. This method sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

b) *Economic assumptions*

	30 June 2007
Salary increase rate (excluding promotional increases)	4.0% pa to June 2008; 3.5% pa thereafter
Rate of CPI increase	2.5% pa
Expected rate of return on assets backing current pension liabilities	7.6%
Expected rate of return on assets backing other liabilities	7.6%
Discount rate	6.4% pa

c) *Demographic Assumptions*

The demographic assumptions at 30 June 2007 were those used in the 2006 triennial actuarial valuation. These are the same assumptions used in the current 2007–2008 reporting year.

	SASS $'000	SANCS $'000	SSS $'000	Total $'000

20 SUPERANNUATION (continued)

Historical information

Present value of defined benefit obligation	5,955	1,297	12,216	19,468
Fair value of Fund assets	(5,768)	(1,285)	(12,445)	(19,498)
(Surplus)/deficit in Fund	187	12	(229)	(30)
Experience adjustments – Fund liabilities	38	(39)	(664)	(665)
Experience adjustments – Fund assets	(292)	(69)	(768)	(1,129)

Expected contributions

Expected employer contributions	218	84	235	537

Funding arrangements for employer contributions

a) Surplus/deficit

The following is a summary of the 30 June 2007 financial position of the Fund calculated in accordance with AAS 25 "Financial Reporting by Superannuation Plans":

	SASS $'000	SANCS $'000	SSS $'000	Total $'000
Accrued benefits	5,879	1,283	11,039	18,201
Net market value of Fund assets	(5,768)	(1,285)	(12,445)	(19,498)
Net (surplus)/deficit	111	(2)	(1,406)	(1,297)

b) Contribution recommendations

Recommended contribution rates for the entity are:

	SASS	SANCS	SSS
	multiple of member contributions	% member salary	multiple of member contributions
	1.90	2.50	1.60

c) Funding method

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.

d) Economic assumptions

The economic assumptions adopted for the last actuarial review of the Fund were:

Weighted-average assumptions

Expected rate of return on Fund assets backing current pension liabilities	7.7% pa
Expected rate of return on Fund assets backing other liabilities	7.0% pa
Expected salary increase rate	4.0% pa
Expected rate of CPI increase	2.5% pa

	2008 $'000	2007 $'000
21 BORROWINGS		
Current		
Unsecured loans at face value	60,000	30,000
Unamortised premiums	(4)	—
Total current borrowings	**59,996**	**30,000**
Non-current		
Unsecured loans at face value	112,907	172,907
Unamortised discounts	1,026	1,414
Total non-current borrowings	**113,933**	**174,321**
Repayment of borrowings		
Not later than 1 year	59,996	30,000
Between 1 and 5 years	113,933	174,321
Total borrowings	**173,929**	**204,321**
22 DEFERRED TAX LIABILITIES		
The balance comprises temporary differences attributable to:		
Fair value adjustments	273	400
Prepayments	—	11
	273	**411**
Movements		
Opening balance at 1 July	411	677
Charge to the Income Statement	(138)	(266)
Closing balance as at 30 June	**273**	**411**
23 OTHER LIABILITIES		
Lease incentive:		
Current liability	—	22
	—	**22**
24 CONTRIBUTED CAPITAL		
Balance at the beginning of financial year	275,847	275,847
Balance at the end of financial year	**275,847**	**275,847**
25 RESERVES		
Asset revaluation		
Balance at the beginning of financial year	218	218
Increment on revaluation of land and buildings	618	—
Transfer to retained earnings upon disposal of assets	(134)	—
Balance at end of financial year	**702**	**218**

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

	2008 $'000	2007 $'000
26 RETAINED EARNINGS		
Balance at beginning of financial year	85,987	83,475
Net profit for the year	33,144	42,118
Transfer from reserves	134	—
Dividend to NSW Treasury	(36,013)	(39,606)
Balance at end of financial year	**83,252**	**85,987**

27 CASH FLOW STATEMENT

(a) For the purpose of the Cash Flow Statement, cash and cash equivalent includes cash in bank and cash on hand. 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)	**173,065**	**103,969**
(b) Reconciliation from the net profit after tax to the net cash flows from operations:		
Net profit for the year	33,144	42,118
Depreciation and amortisation	1,112	1,337
(Profit)/loss from sale of property	(92)	—
Bad debts	20	5
Amortisation of loan premiums	(392)	(368)
Share of joint venture entities	—	44
Unwinding of discount rate income and expense	212	—
Unrealised loss of assets revaluation	226	—
Change in fair value of investment property	250	(1,450)
Change in assets and liabilities		
Increase/(decrease) in provisions	14,569	(8,773)
Increase/(decrease) in payables	(6,638)	6,537
(Increase)/decrease in receivables	40,191	(48,323)
(Increase)/decrease in inventory and other assets	56,012	18,949
Net cash flows from operating activities	**138,614**	**10,076**

28 FINANCIAL INSTRUMENTS

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

Landcom's principal financial instruments and risks are outlined below together with its processes for managing risk. These financial instruments arise directly from its operations. It does not enter into or trade in financial instruments including derivative financial instruments for speculative purposes.

The Audit and Risk Committee has overall responsibility for the establishment and oversight of risk management and reviews and agrees policies for managing each of these risks. Risk management policies are established to identify and analyse the risks faced by Landcom to set the risk limits and controls and to monitor risks. Compliance with policies is reviewed by the Audit and Risk Committee on a continuous basis.

28 FINANCIAL INSTRUMENTS (continued)

Financial instrument categories

Financial assets	Notes	Category	Carrying amount 2008 $'000	Carrying amount 2007 $'000
Class				
Cash and cash equivalent assets	9	N/A	173,065	103,969
Trade and other receivables	10	Loans and receivables (at amortised cost)	37,989	79,093
Financial assets at fair value	12	At fair value through profit or loss – classified as held for trading	6,818	12,371
Other financial assets	10	Loans and receivables (at amortised cost)	1,225	1,099
Financial liabilities				
Class				
Trade and other payables	17	Financial liabilities measured at amortised cost	42,150	62,528
Borrowings	21	Financial liabilities measured at amortised cost	173,929	204,321

Note: This analysis excludes statutory receivables and payables, prepayments and unearned revenue as these are not within the scope of AASB 7.

(a) 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.

Cash comprises cash on hand and at the bank. Interest is earned on daily bank balances.

All trade debtors are recognised as amounts receivable at balance date and are reviewed regularly for collectibility on an ongoing basis. No debts are considered unrecoverable, generally being resolved within 30 days. No interest is earned on trade debtors.

The only financial assets that are past due or impaired are in the "receivables" category of the Balance Sheet.

	Total $'000	Past due but not impaired $'000	Considered Impaired $'000
2008			
< 3 months overdue	80	80	—
3 months – 6 months overdue	2	2	—
> 6 months overdue	1,048	1,048	—
2007			
< 3 months overdue	80	80	—
3 months – 6 months overdue	309	309	—
> 6 months overdue	950	950	—

Note: This analysis excludes statutory receivables, as these are not within the scope of AASB 7.

28 FINANCIAL INSTRUMENTS (continued)

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.The maximum exposure to credit risk of these bank guarantees is $6.95 million (2007 $6.90 million).

(b) Liquidity risk

Liquidity risk arises if Landcom is unable to meet its payment obligations when they fall due. During the current and prior years there were no defaults or breaches on any loans payable or borrowings. No asset has been pledged as collateral. Exposure to liquidity risk is deemed insignificant.

The table below summarises the maturity profile of Landcom's financial liabilities and interest rate exposure.

Maturity analysis and interest rate exposure of financial liabilities

			Interest rate exposure			Maturity dates		
	Weighted average effective interest rate	Nominal amount	Fixed interest rate	Variable interest rate $'000	Non interest bearing	< 1 Year	1–5 Years	> 5 Years
2008								
Payables	—	64,367	—	—	64,367	37,408	26,959	—
Borrowings	6.22%	197,747	197,747	—	—	69,918	127,829	—
	—	**262,114**	**197,747**	—	**64,367**	**107,326**	**154,788**	—
2007								
Payables	—	63,569	—	—	63,569	55,442	8,127	—
Borrowings	6.41%	239,337	239,337	—	—	41,590	197,747	—
	—	**302,906**	**239,337**	—	**63,569**	**97,032**	**205,874**	—

Note: The nominal amounts disclosed are the contractual undiscounted cash flows of each class of financial liability. Therefore the amounts disclosed will not reconcile to the balance sheet. This analysis also excludes statutory payables, as these are not within the scope of AASB 7.

(c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

Landcom does not have any investments nor is there any exposure to foreign currency or commodity contracts.

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.

Exposure to interest rate risk arises primarily though Landcom's interest bearing liabilities. This risk is minimized by undertaking mainly fixed rate borrowings with NSW TCorp. Landcom does not account for any fixed rate financial instruments at fair value through profit or loss or as available for sale.

The following table provides the sensitivity analysis of interest rate risk affecting financial assets and liabilities on the operating result of Landcom. Landcom's borrowings are fixed interest and are held to maturity and therefore are not affected by interest rate movements. A reasonably possible change of +/- 1% is used, consistent with current trends in interest rates. Landcom's exposure to interest rate risk is set out below.

	Carrying amount $'000	Profit $'000	-1% Equity $'000	Profit $'000	+1% Equity $'000
2008					
Financial assets					
Cash and cash equivalents	173,065	(1,731)	(1,731)	1,731	1,731
2007					
Financial assets					
Cash and cash equivalents	103,969	(1,040)	(1,040)	1,040	1,040

28 FINANCIAL INSTRUMENTS (continued)

(d) Net fair value

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

(e) 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.

Landcom has interest rate future contract at a $1.5 million face value to hedge against unfavourable interest rate movement.

Net exposure

The market value of Landcom's transaction in derivative financial instruments outstanding at 30 June 2008 is as follows:

	2008 $'000	2007 $'000
Fair value of derivative financial instruments		
Amount receivable under derivative financial instrument	**26**	**—**

29 EXPENDITURE COMMITMENTS

(a) Expenditure commitments

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

Not later than one year	2,297	2,344
Total (including GST)	**2,297**	**2,344**

The total expenditure commitments above include input tax credits of $0.209 million that are expected to be recoverable from the ATO (30 June 2007: $0.213 million).

(b) Operating lease commitments

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

Not later than one year	1,118	788
Later than one year but not later than five years	1,201	647
Total (including GST)	**2,319**	**1,435**

The total lease expenditure commitments above include input tax credits of $0.211 million that are expected to be recoverable from the ATO (30 June 2007: $0.130 million).

30 CONTINGENT LIABILITIES

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

(a) Landcom has commenced the Seconds 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 is approximately halfway through 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 in the Narellan Release Area. A letter from the Director of Housing in October 1988 indemnified that the Department would undertake repairs of any major structural failures for a period of 20 years. The cost is currently estimated as $3.9 million subject to final negotiations.

(f) Landcom has commenced the Sanctuary 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.

(g) Landcom has commenced the North Tuncurry Project. The contract contains certain indemnities and liabilities in the event of forced termination by either party. Under the agreement the Department of Lands is resolving issues surrounding Aboriginal Land Claim and Native Title prior to Landcom incurring any substantive development expenditure. As an early termination is considered remote, no attempt has been made to estimate the contingent liability.

(h) Landcom has commenced the New Rouse Hill Project. Landcom and the Department of Planning (DoP) has entered into a Project Delivery Agreement (PDA) with Lend Lease Pty Ltd and the GPT Group to undertake the project. If Lend Lease and GPT create an event of default under the PDA, Landcom has an option to purchase the remainder of the site from DoP for the residual land value. As compensation, Landcom can recover the remainder of the guaranteed payments from Lend Lease and GPT under the contract.

(i) Landcom has commenced the Middleton Grange (Parkbridge) 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.

(j) Landcom has commenced the South Cecil Hills 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.

31 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		
Robyn Clubb		
Gae Raby		
Madeline Dermatossian		Appointed 1/1/2008

ii. Specific Executives

Mick Owens	General Manager Development		
Kerry Robinson	General Manager Development		
Greg South	General Manager Corporate and Finance/ Corporate Secretary		
Michael Burt	General Manager Development	Appointed 4/10/2007	
Rob Sullivan	General Manager Corporate Marketing	Appointed 5/11/2007	
Stuart McCowan	General Manager Development	Appointed 1/12/2007	
Michelle Abbey	General Manager Corporate Marketing	Appointed 23/7/2007	Resigned 24/10/2007
Geoff Joyce	General Manager Development		Resigned 30/11/2007

iii. Compensation of key management personnel paid during the financial year

2008	Short-term employee benefits $'000	Bonus $'000	Other $'000	Post-employment benefits $'000	Total $'000
Directors					
William Kirkby-Jones	91	—	3	8	102
Neil Bird	78	—	—	7	85
Gae Raby	64	—	—	6	70
Robyn Clubb	65	—	—	6	71
Madeline Dermatossian	23	—	—	2	25
Executives					
Sean O'Toole	341	30	9	33	413
Mick Owens	204	24	7	20	255
Kerry Robinson	202	21	3	25	251
Stuart McCowan	197	20	2	13	232
Michael Burt	201	20	7	17	245
Greg South	242	25	—	25	292
Michelle Abbey	53	—	—	3	56
Geoff Joyce	71	39	1	38	149
Rob Sullivan	131	—	—	9	140
30 June 2008 total compensation	**1,963**	**179**	**32**	**212**	**2,386**

2007	Short-term employee benefits $'000	Bonus $'000	Other $'000	Post-employment benefits $'000	Total $'000
Directors					
William Kirkby-Jones	95	—	5	—	100
Neil Bird	74	—	—	6	80
Chris Carroll*	42	—	—	3	45
Gae Raby	63	—	—	5	68
Robyn Clubb	65	—	—	6	71
Executives					
Sean O'Toole	366	55	8	32	461
Mick Owens	196	26	7	19	248
Kerry Robinson	194	17	2	23	236
Geoff Joyce	153	30	—	89	272
Greg South	231	24	—	24	279
David Craig**	144	33	3	17	197
30 June 2007 total compensation	**1,623**	**185**	**25**	**224**	**2,057**

**Chris Carroll – Director resigned 8/2/2007*
***David Craig – General Manager Corporate Marketing Resigned 16/3/2007*

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.

32 POST BALANCE SHEET EVENTS

There have been no material post balance sheet events which would require disclosure or adjustments to the 30 June 2008 Financial Statements

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 2 of this Report.

The principal functions of the Corporation are:

(a) to undertake and participate in residential, commercial, industrial and mixed development projects;

(b) to provide advice and services related to urban development, on a commercial basis, to government agencies and others.

The Corporation may also:

(a) provide facilities or services that are ancillary or incidental to its principal functions; and

(b) 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.

Landcom's Board of Directors consists 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
Ms Robyn Clubb – Director
Ms Gae Raby – Director
Ms Madeline Dermatossian – 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
Mr Neil Bird AM
Ms Gae Raby

Marketing and sales committee

Mr Neil Bird – 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	13
N Bird AM	13	12
S O'Toole	13	13
R Clubb	13	13
G Raby	13	13
M Dermatossian*	6	6

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

**Ms Dermatossian was appointed as Director of the Board effective 1 January, 2008.*

Risk management and insurance activities

Risk management

Landcom implements a standard approach and methodology for the process and practice of risk management in general compliance with key principles and processes described in the Australian/New Zealand Risk Management Standard AS/NZS 4360:2004.

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

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

The Board reviews the major operational risks to the organisation on a monthly basis and the inherent strategic risks on a quarterly basis.

Business continuity

Landcom continues to review and implement actions relating to the management of business continuity. As part of this process a specific business processes risk review and impact analysis was conducted in June 2008 to refresh and validate Landcom's Business Continuity Plan. The Plan objective puts in place procedures to build operational resilience for adverse incidents, minimising the impact of a disaster and enable business to continue with minimum impact on stakeholders.

Testing of the business continuity plan continued during the reporting period with a focus on disaster recovery rehearsals. These rehearsals included workplace recovery and critical business functions such as payment processing, fixed assets, corporate allocations, sales and conveyancing and documents management. These tests covered more than 90% of Landcom's critical IT systems and confirmed the ability to recover key business processes within agreed maximum outage periods.

Insurance

Landcom's insurance cover is provided by the NSW Treasury Managed Fund. The Fund is based on the principles of self-insurance and, as such, places high priority on the implementation of sound risk management practice. The self-insurance scheme is administered by the GIO General Limited for risks relating to motor vehicle, property, public liability and directors/officers liability. Workers' Compensation Insurance is administered by Allianz Australia Insurance Limited under the Treasury Managed Fund.

Landcom completed its 2008/2009 Renewal Declarations for Treasury Managed Fund in November 2007 and renewed all covers for the 2008/2009 year.

Landcom has in past years relied on Principal obtained insurance for civil and landscape works, brokered by Marsh Pty Ltd. A review in early 2008 determined the contractor, being responsible for the entire works, was appropriately positioned to manage risks and insure the works under their own cover, assuring separation of the insured parties.

Freedom of information

During 2007/2008 Landcom received 13 Freedom of Information requests and continued work on one request from the 2004/2005 reporting period. Ten of these requests were received from agencies seeking agreement to release documents. The release of the information was agreed to in 9 requests and one request was determined exempt. Landcom's Summary of Affairs was published in the NSW Government Gazette in December 2007 and its Statement of Affairs updated.

Freedom of information statistics

The following table shows all categories affected by *Freedom of Information Act 1989* requests in 2006/2007 and 2007/2008.

	TOTAL 2006/2007	TOTAL 2007/2008
Total number of FOI requests	12	14
Completed	11	13
Unfinished	1	1
What happened to completed requests?		
Granted in full	11	13
Granted in part	1	0
Applicant refused	0	1
FOI Requests granted in part or refused?		
Section 22 – advanced deposit not paid	0	0
Section 25 – diversion of resources	0	0
Section 25 – documents available free of charge	0	0
Section 25 – exempt	1	1
Costs and fees of requests processed		
Assessed costs	>$10,000	>$60,000
FOI Fees received	$30	$60
Discounts allowed	0	0
Days to process		
0–21	11	12
22–35	0	0
Over 35	1	2
Reviews and appeals		
Number of internal reviews	0	0
Administrative Decision Tribunal	0	1

Privacy

Landcom is committed to ensuring that the privacy of individuals is protected under the Privacy and Personal Information Protection Act 1998 (NSW) and the Privacy Amendment (Private Sector) Act 2000 (Commonwealth) as applicable. Landcom's Privacy Management Plan is based on the 12 information principles, which establish standards for using personal information.

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

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

FOI and Privacy Coordinator
Landcom
PO Box 237
Parramatta NSW 2124

or email:
enquiry@landcom.nsw.gov.au

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 and Sustainability Report 2006/2007; Street Design Guidelines 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 2007/2008 Annual Report is estimated at $60,000.

Consumer response

Landcom has in place a complaints/compliments handling system which welcomes feedback from all its stakeholders. This system is supported by a policy and procedures which provide guidance to staff and customers on the complaints handling process relating to products, services, conduct, and other policies and procedures. The complaints are reviewed by the Executive and are analysed to determine if there is cause to implement corrective or preventative action. The majority of complaints are dealt with within 7 days of receipt.

Landcom also received 8 formal compliments relating to customer service and the management of community events.

CATEGORY OF COMPLAINT	NUMBER OF COMPLAINTS 2006/2007	NUMBER OF COMPLAINTS 2007/2008
Design	8	3
Environment	9	4
Marketing/sales	4	6
Miscellaneous	4 (crime) 5 (other)	3 (construction) 6 (council) 2 (crime)
Total	30	24

Code of conduct

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

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 and Directors. All staff commencing employment with Landcom are briefed on the Code during their induction to the organisation and required to sign an Acknowledgement Form which accompanies the Code of Conduct.

Consultants

The amount spent on consultants during the 2007/2008 financial year totalled $75,976. The engagements were for facilitation of Landcom's strategic planning workshop.

Occupational health and safety

Landcom is committed to providing a safe and healthy work environment for employees, clients and stakeholders. Landcom is further committed to continuous improvement in occupational health and safety, achieved through effective planning, consultation, implementation, monitoring and review.

The Landcom Board has endorsed continuous improvements to the OH&S framework meeting targets outlined by the NSW Government "Taking Safety Seriously" and "Working Together" strategies.

Centralised accountability for the OH&S System and processes underpinning OH&S Management is taken by the General Manager Corporate & Finance and functionally by the Business Services Manager. An Occupational Health and Safety Consultation Committee operates with staff volunteers and nominated management representatives. This is in accordance with Landcom's Occupational Health and Safety Policy which was refreshed during May 2008.

The Committee meets quarterly to review OH&S issues previously raised and new issues or near miss incidents otherwise brought to the notice of the Committee.

The OH&S System and processes have enabled;

- a forum for employees and management to openly discuss OH&S concerns;
- an adequate regime of prevention, inspection, identification and reduction of OH&S hazards;
- a continuous improvement philosophy to OH&S within Landcom;
- hazard identification inspections at all employee locations using defined checklists;
- maintenance of an OH&S actions database to monitor the status of hazard elimination or mitigation.

Landcom's efforts and commitment to providing a safe and healthy work environment has been rewarded with no Workers' Compensation injury claims reported during the reporting period.

Overseas trips

Two senior Landcom staff members attended an overseas study tour during the year. The tour was organised by the Urban Development Institute of Australia.

Heritage management

During the report period, the whole of the Prince Henry site and its heritage buildings, landscapes and landscape items are listed on the State Heritage Register. Each Development Application, whether by Landcom or other, is referred to the Heritage Council by Randwick City Council during the application process.

The landscapes are in excellent condition. Some 13 heritage buildings have been sold by Landcom to private sector developers who are restoring/adaptively reusing them. The completed ones are in excellent condition. Those that are yet to be restored are generally in poor condition. The 6 heritage buildings that Landcom has restored are also in excellent condition.

Ethnic Affairs Priorities Statement 2007–2009 (EAPS)

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

Landcom communicates with the community through its Community Welcome and Development Program and through stakeholder consultation programs. The Landcom Community Welcome and Development Program provides services and home "welcome" visits to Landcom customers who move into Landcom estates. Welcome kits, provided to new residents through the Community Welcome and Development Program include information about local Culturally and Linguistically Diverse (CALD) organisations, services for CALD residents and information how to access the free interpreter service.

Over the past year, Landcom's Community Welcome and Development Program made contact with over 600 households in 11 new housing estates. Approximately 15%–20% 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.

Landcom's Walking School Bus (WSB) project, established at Parklea Public School during 2006/2007 has expanded with more than 100 students now walking regularly on the WSB. Parklea Public School is located in the suburb of Glenwood which is significantly CALD with more than 35% of households speaking a language other than English (ABS 2006). The project has had significant social outcomes and has seen participation from a high proportion of CALD families, with more than 50% of participating students coming from a CALD background.

"Harmony Day" events were held in March 2008 as part of Landcom's Welcome Program in Blacktown and Shellharbour. These were a celebration of diversity and multiculturalism within those communities. 34% of Blacktown residents and 19% of Shellharbour residents were born overseas (ABS 2006).

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 provide references to the availability of interpreter and translation services. Posters detailing the Department of Immigration and Multicultural Affairs' Translating and Interpreting Services (TIS) are on display in all Landcom sales offices. Where appropriate, marketing campaigns for individual projects target specific CALD groups based on market research that has identified these groups as being potential purchasers.

Merit selection practices are utilised and the principles of Cultural Diversity communicated in all Landcom recruitment processes. In addition, staff training is conducted annually which incorporates cross cultural components.

Over the next two years, Landcom will continue to implement and review its performance against its Ethnic Affairs Priority Statement.

EAPS 2007–2009: Performance report

The priorities established for Landcom during 2007/2008 and the details of Landcom's performance against these priorities are set out on the following page:

ETHNIC AFFAIRS INITIATIVE	KEY RESULT AREA	STRATEGIES/TASKS	RESPONSIBILITY	RESOURCES/ BUDGET	PERFORMANCE INDICATORS	REPORT 2007/2008	GOALS FOR 2008/2009
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 Development	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).	100% of current projects to report on implemented community consultation activities.	100% of current projects to report on implemented community consultation activities.
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. Interpreters used for specific community meetings.	References to TIS in marketing and community information.
Use census data to identify languages spoken by emerging communities in Landcom estates.	Social Justice. [1.7 Access to interpreters and translators]	Arrange for access to interpretive and translation services and provision of Welcome Program information in key community languages.	Director, Sustainability & Policy and General Manager Corporate Marketing	Project budgets	Review complete (timeliness)	Census data reviewed for all Landcom projects where there was an active welcome Program to identify major CALD communities.	Initiate a minimum of one community development project or event in each Welcome Program that addresses the needs and interests of identified CALD groups.
CALD community based organisations actively encouraged to tender for the delivery of Landcom's Welcome Program in new estates.	Social Justice [1.9 Planning for Cultural Diversity]	Facilitate information sessions prior to the Expressions of Interest process, outlining the role and benefit of Landcom's Welcome Program.	Director, Sustainability & Policy	Project budgets	Number of CALD community based organisations submitting EOIs for the delivery of new Welcome Programs.	A CALD community based organisation (Macarthur Diversity Services Inc) are currently delivering Landcom's Welcome Program at Mount Annan in the Camden LGA.	Continue to actively encourage CALD community based organisations to tender for the delivery of Landcom's Welcome Programs in new estates.
Through market research identify strategies to increase participation by CALD young people in Landcom's Welcome Program.	Social Justice [1.9 Planning for Cultural Diversity]	Undertake consultation with young people in established Landcom communities.	Director, Sustainability & Policy and General Manager Corporate Marketing	Marketing and/or project budgets	Research project completed (timeliness)	Landcom sponsored a youth forum in the Camden LGA which identified a number of issues for CALD young people, particularly lack of information on local youth services.	Initiate further research in the Blacktown LGA. Integrate initiatives for CALD young people into Welcome and Community Development Projects.
Develop strategic partnerships with CALD community based organisations for delivery of Community Development initiatives in Landcom estates.	Community Harmony [2.1 Community Development]	Invite CALD organisations to submit proposals for community development initiatives in Landcom estates.	Director, Sustainability & Policy	Division budget	Partnership established	Macarthur Diversity Services Inc are delivering a range of community development initiatives (playgroups, environmental education etc) in Landcom's Garden Gates estate at Mount Annan.	Establish additional partnerships and explore opportunities for Community Development initiatives targeting Landcom CALD communities.

(CALD – Culturally and Linguistically Diverse)

Equal Employment Opportunity (EEO)

Landcom is an Equal Opportunity Employer. Landcom has in place an EEO Policy and a Code of Conduct which prescribes the organisation's commitment to EEO.

In accordance with Landcom's EEO Plan, initiatives completed for 2007/2008 are highlighted below:

- Ensured all new employees receive an induction and are aware of Landcom's policies on OHS, Fair Treatment at Work and Grievance Procedures, and the Working from Home Policy.
- Promoted professional development opportunities for all staff through career and development plans as part of performance review.
- Continued to conduct update training, when necessary, on Merit Recruitment Principles.
- Continued to seek an employment opportunity for an Indigenous person through the development of a Landcom Indigenous Scholarship.
- Offered Coaching/Mentoring through Landcom's Training and Development Program which provides a structure for the growth and development of employees.
- Conducted annual EEO training for new employees.

NSW government action plan for women

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

- Promoted through Landcom's performance management cycle, the development of career plans for all women, including access to professional development programs.
- Promoted Landcom's annual Training and Development Program, including Coaching and Mentoring.
- Ensured access to part-time employment arrangements.
- Ensured access to Landcom's 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.

Executives with remuneration equal to or exceeding SES level 1

Landcom has 19 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: Three of these positions were filled by women in the current year.

EEO GROUP	BENCHMARK OR TARGET	2005	2006	2007	2008
Women	50%	42%	40%	41%	41%
Aboriginal people and Torres Strait Islanders	2%			0%	0%
People whose first language was not English	20%	24%	26%	28%	29%
People with a disability	12%	1%	1%	1%	1%
People with a disability requiring work-related adjustment	7%			0%	0%

EXECUTIVE	POSITION	BASE REMUNERATION PAID 2007/2008	AT RISK PAID 2006/2007	TOTAL	KEY ACHIEVEMENTS
Sean O'Toole	Managing Director	$374,690	$30,000	$404,690	• Achieved key financial targets. • Ensured project delivery agreements, development approvals and relevant documentation in place in anticipation of a market upturn. • Ensured the timely delivery of all project milestones by further developing a "sense of urgency" within Landcom. • Implemented the asset realisation program. • Undertook a review of projects to identify cost and time savings to improve Return on Assets, without jeopardising project outcomes. • Put in place programs and measures to build staff skills to match the Corporation's needs. • Developed and fostered good relationships with key stakeholders.
Mick Owens	General Manager Development	$224,195	$24,000	$248,195	• Achieved key financial targets. • Ensured project delivery agreements, development approvals and relevant documentation in place in anticipation of a market upturn. • Ensured the timely delivery of project milestones by further developing a "sense of urgency" within Landcom. • Assisted in the delivery, and achievement, of the asset realisation program. • Undertook a review of projects to identify cost and time savings to improve Return on Assets, without jeopardising project outcomes. • Contributed to programs and measures in order to build staff skills to match the Corporation's needs. • Developed and fostered good relationships with key stakeholders.
Kerry Robinson	General Manager Development	$226,595	$21,600	$248,195	• Achieved key financial targets. • Ensured project delivery agreements, development approvals and relevant documentation in place in anticipation of a market upturn. • Ensured the timely delivery of project milestones by further developing a "sense of urgency" within Landcom. • Assisted in the delivery, and achievement, of the asset realisation program. • Undertook a review of projects to identify cost and time savings to improve Return on Assets, without jeopardising project outcomes. • Contributed to programs and measures in order to build staff skills to match the Corporation's needs. • Developed and fostered good relationships with key stakeholders.
Mick Burt	General Manager Development	$217,606	$19,800	$237,406	• Achieved key financial targets. • Ensured project delivery agreements, development approvals and relevant documentation in place in anticipation of a market upturn. • Ensured the timely delivery of project milestones by further developing a "sense of urgency" within Landcom. • Assisted in the delivery, and achievement, of the asset realisation program. • Undertook a review of projects to identify cost and time savings to improve Return on Assets, without jeopardising project outcomes. • Contributed to programs and measures in order to build staff skills to match the Corporation's needs. • Developed and fostered good relationships with key stakeholders.

EXECUTIVE	POSITION	BASE REMUNERATION PAID 2007/2008	AT RISK PAID 2006/2007	TOTAL	KEY ACHIEVEMENTS
Stuart McCowan	General Manager Development	$210,453	$19,800	$230,253	• Achieved key financial targets. • Ensured project delivery agreements, development approvals and relevant documentation in place in anticipation of a market upturn. • Ensured the timely delivery of project milestones by further developing a "sense of urgency" within Landcom. • Assisted in the delivery, and achievement, of the asset realisation program. • Undertook a review of projects to identify cost and time savings to improve Return on Assets, without jeopardising project outcomes. • Contributed to programs and measures in order to build staff skills to match the Corporation's needs. • Developed and fostered good relationships with key stakeholders.
Greg South	General Manager Corporate and Finance	$260,835	$24,570	$285,405	• Effectively contributed to the achievement of financial targets. • Ensured project delivery agreements, development approvals and relevant documentation in place in anticipation of a market upturn. • Assisted with the timely delivery of project milestones by further developing a "sense of urgency" within Landcom. • Effectively contributed to the delivery, and achievement, of the asset realisation program. • Effectively contributed to a review of projects to identify cost and time savings to improve Return on Assets, without jeopardising project outcomes. • Put in place programs and measures in order to build staff skills to match the Corporation's needs. • Developed and fostered good relationships with key stakeholders.

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 GROUP	PEOPLE WHOSE LANGUAGE FIRST SPOKEN AS A CHILD WAS NOT ENGLISH	PEOPLE WITH A DISABILITY	PEOPLE WITH A DISABILITY REQUIRING ADJUSTMENT AT WORK
$38,272–$44,493	0	0	0	0	0	0	0	0
$47,835–$51,970	4	0	4 (1 x part-time) (3 x temporary)	0	2	2	0	0
$54,574–$59,722	9	1	8 (2 x part-time)	0	4	4	0	0
$63,172–$69,712	11	4	7 (2 x temporary)	0	6	6	0	0
$75,534–$83,354	23	7 (2 x temporary)	16 (1 x part-time) (2 x temporary)	0	8	8	1	0
$88,442–$95,720	21	16 (3 x temporary)	5	0	9	7	0	0
$100,610–$110,687	34	25 (1 x part-time) (3 x temporary)	9 (2 x part-time) (1 x temporary)	0	10	10	0	0
$120,118–$131,357	6	4 (1 x temporary)	2 (1 x temporary)	0	1	1	0	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
ANNUAL REPORTING EXEMPTIONS		
• Detailed budget for the year in review • Outline budget for next year • Particulars of material adjustments to detailed budget for the year in review	Budgets s.7(1) (a) (iii) Annual Reports (Statutory Bodies) Act 1984 s.7(1) (a) (iii) Annual Reports (Statutory Bodies) Act 1984 cl. 6 Annual Report (Statutory Bodies) Regulation 2005	
REPORT OF OPERATIONS		
Summary review of operations • Narrative summary of significant operations • Selected financial and other quantitative information associated with the administration of programmes or operations	Schedule 1 Annual Report (Statutory Bodies) Regulation 2005	Exemption subject to a condition that comments and information relating to the "summary review of operations" are to be disclosed in a summarised form.
Management and activities • 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 2005	Exemption subject to a condition that comments and information relating to "management and activities" are to be disclosed in a summarised form.
Research and development • Completed research including resources allocated • Continuing research including resources allocated • Development activities including resources allocated	Schedule 1 Annual Report (Statutory Bodies) Regulation 2005	
Human resources • 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 2005	Exemption subject to a condition that overseas visits with the main purposes highlighted are required to be disclosed.
Consultants • For each engagement costing more than $30,000: - name of consultant - title of project - actual cost • For each engagement costing less than $30,000: - total number of engagements - total cost • If applicable, a statement that no consultants were engaged	Schedule 1 Annual Report (Statutory Bodies) Regulation 2005	Exemption subject to a condition that the total amount spent on consultants is to be disclosed along with a summary of the main purposes of the engagements.

STATUTORY REQUIREMENTS	ACT/REGULATION REFERENCES	COMMENTS
Land disposal • Properties disposed of during the year: - total number - total value • If value greater than $5 million and not by public auction or tender: - 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 2005	
Consumer responses • Extent and main features of complaints • Services improved/changed in response to complaints/suggestions	Schedule 1 Annual Report (Statutory Bodies) Regulation 2005	Exemption subject to a condition. The condition is that comments and information relating to "consumer responses" are to be disclosed in a summarised form.
Payment of accounts • Performance in paying accounts, including action to improve payment performance	Schedule 1 Annual Report (Statutory Bodies) Regulation 2005	This exemption only applies to statutory State Owned Corporations as they are not subject to the payment of accounts provisions in s15 of the Public Finance and Audit Regulation.
Time for payment of accounts • Reasons for late payment • Interest paid due to late payments	Schedule 1 Annual Report (Statutory Bodies) Regulation 2005	As above.
Report on risk management and insurance activities	Schedule 1 Annual Report (Statutory Bodies) Regulation 2005	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 • Details of names, objectives, operations, activities of controlled entities and measures of performance	Schedule 1 Annual Report (Statutory Bodies) Regulation 2005	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 performance	cl. 12 Annual Report (Statutory Bodies) Regulation 2005	
Liability management performance	cl. 13 Annual Report (Statutory Bodies) Regulation 2005	

References: ARSBA – Annual Reports (Statutory Bodies) Act 1984, ARSBR – Annual Reports (Statutory Bodies) Regulation 2005.

Independent Assurance Statement

NetBalance
MANAGEMENT GROUP

To the Board and Stakeholders of Landcom:

Landcom commissioned Net Balance Management Group Pty Ltd (Net Balance) to provide independent assurance of the non-financial sustainability information in the Annual Report 2008 (the report). The Report was prepared by Landcom and outlines their sustainability performance from 1 July 2007 to 30 June 2008. As an independent assurer of the report, the responsibility of Net Balance is to the Landcom Board and Executive in accordance with the terms of reference. Other stakeholders should perform their own due diligence before taking any action as a result of this statement. Net Balance has provided Landcom with a full assurance statement which is available on the Landcom website at **www.landcom.com.au.**

Assurance standard

The assurance of the report was undertaken in accordance with the AA1000 Assurance Standard and its principles of materiality, completeness and responsiveness. A detailed description of these principles can be found in our full assurance statement.

Assurance objectives and process

The objective of the assurance process is to provide stakeholders of Landcom with an independent opinion on the quality of the report. This is confirmed through verification of the claims made, and a review of the organisation's underlying systems, processes and competencies in sustainability reporting with respect to the principles of materiality, completeness and responsiveness. A complementary objective is to ensure continuous improvement in data management systems and reporting processes.

Assurance level and limitations

The level of assurance provided to the report is moderate as defined by the scope and methodology described in this assurance statement. A detailed description of the assurance level and limitations is contained in our full assurance statement.

Our opinion

Based on the scope of the assurance process, the following represent the assurance provider's opinion:

- The findings of the assurance engagement provide confidence in the information contained within the report. The level of data accuracy was found to be high. 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 economic performance achieved during the period.
- All errors noted by the assurance provider were satisfactorily addressed by Landcom prior to finalising the report.

Overall, the assurance provider that is satisfied the report is an appropriate representation of Landcom's sustainability performance during the reporting period.

Conclusions and recommendations

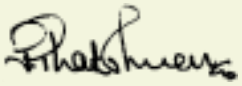
- Materiality: Net Balance believes the material environmental, social and broader economic aspects of Landcom's sustainability performance are appropriately addressed in the report.
- Completeness: Net Balance found the report to be complete in addressing key environmental and social performance of Landcom's operations using the Global Reporting Initiative's (GRI) G3 as a guide.
- Responsiveness: Net Balance found Landcom is responding appropriately to the concerns of its stakeholders and is focusing on improving engagement with stakeholders in the coming year and reporting the results of this engagement in the 2009 annual report.

The way forward

Landcom's focus on sustainability has resulted in significant management commitment, an increased level of awareness of the organisation's own environmental and social footprint, and an aspiration to lead the sector and influence partners, customers and peers to become more sustainable. To ensure that Landcom continues to improve, Net Balance has provided specific suggestions for clarification on sustainability material issues with broader stakeholder representations, implementation of indicators reviewed and improving systems for collating environmental and social data and information. These have been outlined in a more detailed report presented to Landcom management.

On behalf of the audit team

18th September 2008
Melbourne, Australia



Terence Jeyaretnam
Director
Net Balance & Lead CSAP (IRCA UK)

Glossary

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/

CO_2 (Carbon dioxide)

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 (CO_2-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 CO_2 emissions which would have the same effect.

Cogeneration

Or combined heat and power, refers to the simultaneous production of electricity and heat using a single fuel such as natural gas. The heat produced from the electricity generating process, which would otherwise be wasted, is captured and utilised to produce steam, which in turn can be used as a heat source.

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).

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.

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 $52,000 and $79,000 per year in 2007–2008.

OHS&R

Occupational Health, Safety and Rehabilitation.

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, decreasing clogging gills of fish and smothering aquatic habitat.

VENM (Virgin Excavated Natural Material)

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 grey water or black water. Refer to 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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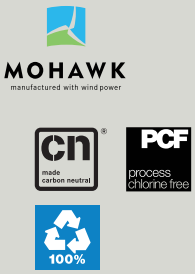

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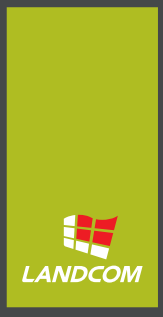

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