

LANDCOM ANNUAL REPORT

11



Ministers' letter

The Hon. Mike Baird MP
Treasurer

Governor Macquarie Tower
1 Farrer Place
Sydney NSW 2000

The Hon. Greg Pearce MLC
Minister for Finance and Services
Minister for the Illawarra

Governor Macquarie Tower
1 Farrer Place
Sydney NSW 2000

31 October 2011

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 2011. The report has been prepared in accordance with the Annual Reports (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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NEWBURY

introducing **Landcom**

Chairman's review



William Kirkby-Jones AM

On behalf of Landcom's Board of Directors and our management and staff, I am pleased to report that, for the 14th consecutive year, the Corporation has met or exceeded its financial targets set out in the Statement of Corporate Intent, which is a formal agreement with our Shareholder Ministers. Net profit after tax was \$54.3 million, some \$20.5 million better than forecast, and this result has enabled us to return to the government \$59.6 million by way of dividends and income tax equivalents.

Notwithstanding continuing difficult circumstances and uncertainty in the industry, which is still facing low levels of demand, Landcom was able to yet again retain its enviable credit rating. This is testament to the Corporation's ongoing pursuit of prudent financial and operational practices and the taking of only well-considered risks.

The land development industry is an opportunistic one, in which fortunes can, and often do, change rapidly: cash flow is always lumpy. Demand for residential land and housing is highly influenced by movements in interest rates, employment prospects and the overall level of community confidence. Fortunately, Landcom has a well-structured balance sheet with a manageable proportion of debt to equity, and this has enabled us to cope with downturns in the market, and to be able to respond quickly to opportunities and tasks signalled to us by the government.

There has been an equally satisfactory achievement of most of our non-financial targets as is evidenced in the balance of this year's Annual Report which includes, inter alia, descriptions and photographs of but a few of our projects which collectively demonstrate the versatility and creativity of Landcom's people.

Over the last decade, the Corporation has completed some industry leading projects, such as the conversion of the old carpet factory site in Five Dock to what is now the showpiece development of Kings Bay. In a similar vein, the former Leyland factory at Victoria Park has been transformed into a most desirable residential and commercial community with over 2,000 dwellings.

The redevelopment of the former Prince Henry Hospital site demonstrates just how well Landcom has been able to preserve and restore historic buildings and to blend new development with existing architecture. This project reflects the sensitivity of the Corporation and its people towards doing things in a way that will benefit the community for many years into the future.

I particularly draw attention to the development known as Park Central in Campbelltown. It is a splendid example of a diverse and attractive range of housing which capitalises on the close proximity of medical facilities, rail and bus transport, the University of Western Sydney and other educational and cultural offerings, as well as an attractive major shopping centre. The

creation of a beautiful riparian corridor with water features that cleanse and treat stormwater using natural plant growth is but one example of the way in which Landcom has led and continues to lead in the innovation and implementation of environmental and social sustainability.

For those interested in sustainable, practical and attractive mixed use development, it is worth taking a visit to the new Rouse Hill Town Centre, which has been an extraordinary success since the day it opened. It results from Landcom partnering with a consortium of The Department of Planning and Infrastructure, Lend Lease and GPT.

It is no secret that our management and staff are extremely proud of these results. By any measure, Landcom has a small staff of around 140 people. They include development managers, our graduate cadets, planners, project directors, and those who provide business support services such as marketing and sales, legal counsel, financial management, administration and information technology. Among this relatively small group there exists a culture that is not often apparent in other enterprises: it is a determination to make things happen, to make a difference for the better and to act with integrity. It is this culture that drives the success of the organisation, and the Directors acknowledge and are greatly appreciative of the outstanding efforts of our staff.

The rationale for Landcom's existence is for it to address market failure and to tackle complex and strategic projects that the government sees as important to the realisation of its urban and regional development objectives. Landcom operates on a level playing field with the private sector: it pays all of the taxes that its industry counterparts pay and is not in any real sense a competitor.

This is because in just about all of our activities we enter into partnerships in one form or another with industry developers and builders. Of course, none of our projects would have come to fruition without the support and help of myriad stakeholders: our state government sister agencies; local government authorities; our civil works contractors and other suppliers; and our carefully selected consultant planners, architects and engineers. Our success here has been by virtue of our staff at all levels excelling in relationship building.

Turning to the future, Landcom has some exciting tasks to tackle. The government has committed the Corporation to delivering, over the next four years in western Sydney, the dwellings equivalent of 10,000 home sites. This is an increase of around 25% on our usual production rate, but the accelerated program is already well underway through land acquisitions, advancing development applications, streamlining design and engineering contracts and mobilising the additional capital that will be needed to fund these works.

Crucially, our Managing Director has met with the CEOs of relevant local government authorities as well as regulatory and other agencies to gather their support for this ambitious program. Given Landcom's 'do-factor', the Directors are quietly confident that the challenge will be met.

Some time ago we commissioned an independent survey of the people and firms with whom we transact business – to find out what they really thought about the way we engage with them. The survey comprised personal interviews with more than 50 people, and while we were modestly pleased with the overall result, there were quite a few areas in which we could have done much better. This led the Board to ask management to conduct a comprehensive business improvement program, which has involved the whole of our staff. It has included simplification of systems, the overhaul of contract documentation, making sure that our actions are always seen as being fair, and that we are always courteous and pleasant to deal with.

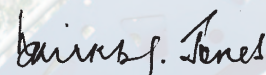
The results of the survey and the progress of our improvement program have been shared with the participants. They have appreciated the feedback and have contributed to our improvements. I am pleased to report that the program will be ongoing. Its aim is, of course, to make it easier for people to do business with us.

My 'overview' report this year is somewhat longer than usual: at the end of the calendar year I am to retire from the chairmanship after 14 years in the role. There is a need for new blood and different ways of thinking. In consequence, I felt the need to write more about the contribution that Landcom's people have made to the industry, to the community in general and to the government which has invested in us much confidence.

During the whole of my term in office, my fellow Directors and I have had the benefit of serving alongside our talented Managing Director, Mr Sean O'Toole. It is Sean who has been the visionary and it is Sean who has inspired and led the Corporation with such distinction. I thank him for what I have seen as a productive and thoroughly enjoyable partnership.

This year, Ms Madeline Dermatossian and Ms Kim Cull both retired from the Board after rendering a valuable contribution to the work of the Corporation; they will be missed. We have been fortunate to welcome two new Directors, Mr Robert Hamilton, the well-known founder and former CEO of Mirvac Limited, and Ms Bonita Boezeman, who is also well known for her wide range of skills and expertise.

Finally, I thank my fellow Directors for their support, their encouragement and good humour. They have provided me with wise counsel and friendship, and they have always acted in a collegiate manner. I thank this and other governments for granting me the privilege of serving as Chairman of the Board and I wish Landcom good fortune. It is a fine organisation.



William Kirkby-Jones AM
Chairman



Managing Director's review



Sean O'Toole

This has been a year of sustained endeavour for Landcom, in which we have geared up to significantly increase production in the coming years. Our strong investment in greenfield projects has continued to provide stability for our project partners and others, as the industry finds its way through a prolonged period of economic and market uncertainty. We have continued to leverage our sustainability efforts and to advance sustainability innovation. And we have focused our efforts to step up production of land and deliver on our new mandate to produce 10,000 home sites over the next four years in western Sydney.

In his review, the Chairman described some of the distinguished projects that have earned Landcom its standing as a developer of excellence and integrity, including Victoria Park at Zetland, Prince Henry at Little Bay, Park Central at Campbelltown and The New Rouse Hill. This year we have continued to build this reputation, reaching a number of significant milestones on our current projects.

At Oran Park, a whole new town is taking shape, from the inside out. A fundamental principle of this project is that key facilities and services should be in place early, because this infrastructure will provide much of the foundation for the growth of a strong community. Along with our committed development partner, Greenfields Development Company, we are working with the University of Western Sydney and a host of community service agencies to plan Oran Park as a hub of technology, health and education innovation. Following our sale of the first school site to Sydney Anglican Schools this year, construction is well underway, and the school will open the doors to its first primary school students in 2012. We also negotiated the sale of the Kindergarten to Year 12 school site this year to The Department of Education and Communities. This will eventually be one of the largest schools in the state, and primary classes are expected to commence in 2014. Construction of the retirement village also commenced and the first families began to move into their new homes in early 2011.

While Oran Park Town takes shape, we also reached a very important milestone for the development of a town of a different nature – Green Square. This year Landcom secured the Gateway Determination by the Minister for Planning and Infrastructure for the development of Green Square Town Centre. This is a critical step in the planning process which clears the way for this landmark urban regeneration development in Sydney's inner south.

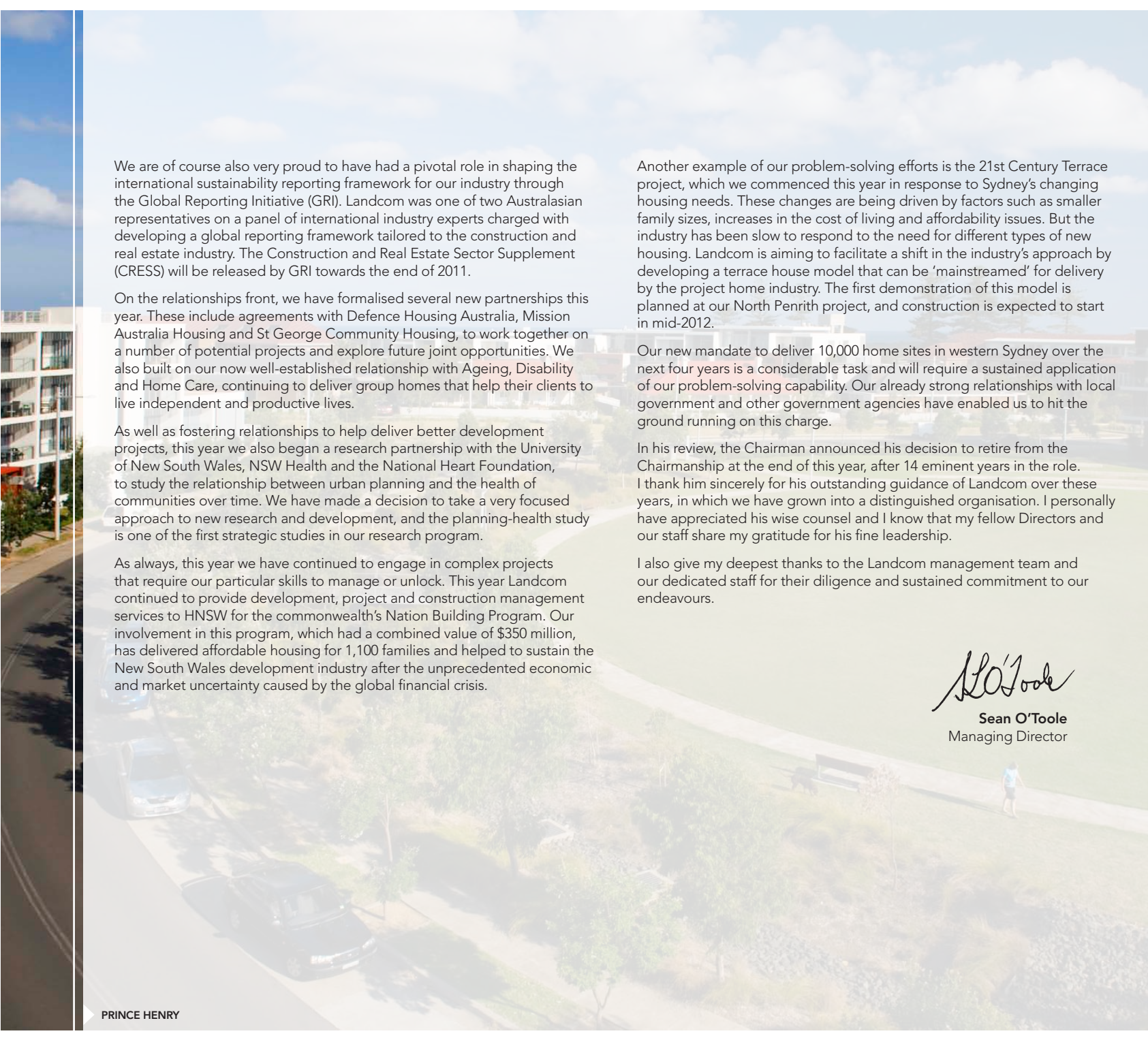
We also finalised the purchase of surplus Defence land at North Penrith from the Commonwealth Government. Landcom's transit-oriented development of this site will help to support and shape the evolution of Penrith city as it adapts to provide more housing choice, jobs and better access to services and facilities for current and future residents.

Other significant beginnings this year include our release of land at Talana, our first residential neighbourhood in the Edmondson Park release area. Landcom has been working for several years to facilitate the precinct and infrastructure planning for the entire area, and with Talana we aim to provide a model and catalyst for the development of neighbouring areas.

While Landcom is breaking ground with these new projects, our role in others is wrapping up – at Greenway Views in the southwest and Newbury in the northwest. These long-term projects were among the first in which Landcom partnered with the private sector and took an active role in the delivery of built form. The planning of these projects was focused very much on the principles of new urbanism – to create walkable, connected and diverse neighbourhoods with quality architecture and urban design. We have learnt a great deal about the art of place-making from these projects, which we carry forward into our current work.

We continue to pride ourselves on – and aim continuously to improve – our sustainability leadership, the trusting and productive relationships we have with our partners and stakeholders, and our resolve and skill in unlocking complex land development problems. This year's sustainability conference – DiverseCity – was enormously successful in advancing the industry's collective dialogue on the sustainability issues we currently face, and those on the horizon. The conference also gave us the opportunity to launch our new planning and design guides on housing density, diversity and built form, bringing the total number of published guides in our collection to 10. We were very pleased to host 340 of our colleagues and stakeholders at the conference, and their feedback was overwhelmingly positive.

DiverseCity followed our last conference at which we launched PRECINX®, Landcom's sustainability modelling tool. This year we have enhanced the functionality of the tool with generous sponsorship from the former Department of Environment, Climate Change and Water. I am pleased to report that we have been working closely with our government land organisation colleagues in other states and made the tool available to them. We are proud that our work may provide the platform for development of a national approach to sustainability modelling.



We are of course also very proud to have had a pivotal role in shaping the international sustainability reporting framework for our industry through the Global Reporting Initiative (GRI). Landcom was one of two Australasian representatives on a panel of international industry experts charged with developing a global reporting framework tailored to the construction and real estate industry. The Construction and Real Estate Sector Supplement (CRESS) will be released by GRI towards the end of 2011.

On the relationships front, we have formalised several new partnerships this year. These include agreements with Defence Housing Australia, Mission Australia Housing and St George Community Housing, to work together on a number of potential projects and explore future joint opportunities. We also built on our now well-established relationship with Ageing, Disability and Home Care, continuing to deliver group homes that help their clients to live independent and productive lives.

As well as fostering relationships to help deliver better development projects, this year we also began a research partnership with the University of New South Wales, NSW Health and the National Heart Foundation, to study the relationship between urban planning and the health of communities over time. We have made a decision to take a very focused approach to new research and development, and the planning-health study is one of the first strategic studies in our research program.

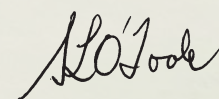
As always, this year we have continued to engage in complex projects that require our particular skills to manage or unlock. This year Landcom continued to provide development, project and construction management services to HNSW for the commonwealth's Nation Building Program. Our involvement in this program, which had a combined value of \$350 million, has delivered affordable housing for 1,100 families and helped to sustain the New South Wales development industry after the unprecedented economic and market uncertainty caused by the global financial crisis.

Another example of our problem-solving efforts is the 21st Century Terrace project, which we commenced this year in response to Sydney's changing housing needs. These changes are being driven by factors such as smaller family sizes, increases in the cost of living and affordability issues. But the industry has been slow to respond to the need for different types of new housing. Landcom is aiming to facilitate a shift in the industry's approach by developing a terrace house model that can be 'mainstreamed' for delivery by the project home industry. The first demonstration of this model is planned at our North Penrith project, and construction is expected to start in mid-2012.

Our new mandate to deliver 10,000 home sites in western Sydney over the next four years is a considerable task and will require a sustained application of our problem-solving capability. Our already strong relationships with local government and other government agencies have enabled us to hit the ground running on this charge.

In his review, the Chairman announced his decision to retire from the Chairmanship at the end of this year, after 14 eminent years in the role. I thank him sincerely for his outstanding guidance of Landcom over these years, in which we have grown into a distinguished organisation. I personally have appreciated his wise counsel and I know that my fellow Directors and our staff share my gratitude for his fine leadership.

I also give my deepest thanks to the Landcom management team and our dedicated staff for their diligence and sustained commitment to our endeavours.



Sean O'Toole
Managing Director



“ Landcom’s business is built on three core values: building and maintaining good relationships, solving problems, and developing sustainable places for sustainable communities. ”

About us

As the New South Wales Government’s property developer, Landcom is charged with delivering the state’s plans for urban growth and change, while leading our industry in best practice sustainable development.

We plan and deliver strategic developments across the greater metropolitan region including residential neighbourhoods; mixed use centres of commerce, employment and services; and regional recreational facilities.

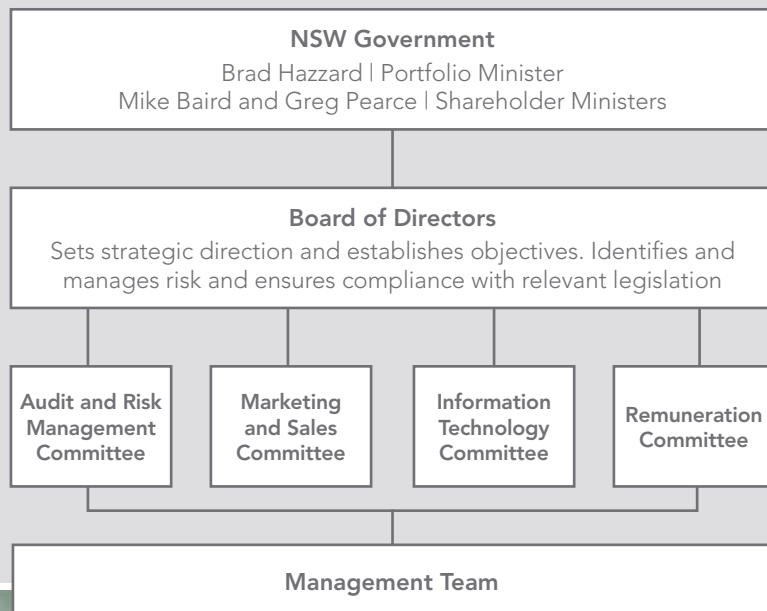
Our developments must deliver on the urban growth and management objectives set by the New South Wales Government. We provide the link between the government’s social, environmental and economic objectives, the operation of the private development sector, and community aspirations.

How we operate

Landcom’s business is built on three core values: building and maintaining good relationships, solving problems, and developing sustainable places for sustainable communities.

- We focus on complex projects – of strategic importance to the state – that require our problem-solving skills.
- We partner with the private sector as well as state and local government.
- Our business model is based on using a moderate level of investment to leverage and direct a much larger private sector investment, and so maximising the benefits for the government and communities.
- Sustainability is fundamental to our business.
- We are committed to creating places where communities can grow and thrive.
- Being a government agency, we are subject to the same probity and ethics considerations that apply to others in state and local government.

Governance



AS A STATE-OWNED CORPORATION, WE OPERATE UNDER THE LANDCOM CORPORATION ACT 2001.

Our objectives under the act are:

- (a) to be a successful business and, to this end:
 - (i) to operate at least as efficiently as any comparable businesses, and
 - (ii) to maximise the net worth of the state's investment in it,
- (b) to exhibit a sense of social responsibility by having regard to the interests of the community in which it operates,
- (c) to protect the environment by conducting its operations in compliance with the principles of ecologically sustainable development contained in section 6 (2) of the Protection of the Environment Administration Act 1991,
- (d) to exhibit a sense of responsibility towards regional development and decentralisation in the way in which it operates,
- (e) to undertake, or assist the Government in undertaking, strategic or complex urban development projects,
- (f) to assist the Government in achieving its urban management objectives,
- (g) to be a responsible developer of residential, commercial and industrial land.



Board of Directors



Neil Bird AM

B ARCH, GRAD DIP MGT, FRAIA, FAICD, FPIA

Deputy Chairman

Neil Bird has extensive experience in the development industry including senior executive positions with Delfin Property Group and Pioneer Housing Group. He has served on many government and industry boards and committees including the Urban Development Institute of Australia, Hunter Development Corporation and Central Sydney Planning Committee.

Neil was made a Member of the Order of Australia in 2000 for services to urban development.



Bonita Boezeman AO

PMD Harvard, FAICD

Bonita Boezeman worked for Time Warner Inc in senior executive positions for 23 years in Europe and Australia and has extensive experience in marketing, finance, strategy, and the music and entertainment industry.

Bonita is the Chair of PayPal Australia and has had several years on public company, government property and gaming boards. Bonita was made an Officer in the Order of Australia in 2003 and awarded the Centenary Medal for service to business and the community.



Robyn Clubb

B ECON, CA, ASIA, MAICD

Robyn 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.



Kim Cull

DIP LAW, MAICD, FCIS

Kim Cull is the Chief Governance and Planning Officer and Legal Counsel at the University of New England. She has extensive public sector experience as a senior executive in The NSW Premier's Department, The Department of Planning and the Legal Aid Commission of NSW.

A former president of the Law Society of NSW (2002), Kim has been in private practice as a solicitor, partner and consultant in regional and Sydney firms. She currently chairs an advisory board to The Department of Commerce.



Robert Hamilton

Robert Hamilton's career in the property industry spans over 50 years and he is a qualified real estate valuer. After founding and operating Hamilton & Co Real Estate for more than 10 years, Robert co founded The Mirvac Group in 1972, retiring as Managing Director in 2005.

Robert is a member of the Salvation Army Advisory Board and is regularly called upon to provide property advice across the development industry.



William Kirkby-Jones AM

DIP CD, FAICD, FAIM, FAMI

Chairman

William 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, William 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, FRAP, ASSOC API

Managing Director

Sean O'Toole has been the Chief Executive of Landcom since 1996. Prior to joining Landcom he held senior urban planning management positions in both state and local government.

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

Madeline Dermatossian served on the Board until 31 December 2010.

Management team



Michael Brodie

B EC, CA, GAICD

General Manager Finance and IT

Michael Brodie manages Landcom's finance, IT and business services functions, ensuring that there is a sufficient level of business infrastructure in place.

Michael is an experienced CFO with over 20 years of senior financial and commercial experience in dynamic investment, aged care and property development organisations.



Michael Burt

BE, MBA

General Manager Development

Michael Burt manages Landcom's urban development projects in Sydney's southwest and the Illawarra, and a project at Renwick in the Southern Highlands.

Michael has 30 years experience spread in the construction industry, local government and in property development.



Stuart McCowan

MBA, HDIP ENG

General Manager Development

Stuart McCowan manages Landcom's urban renewal projects across New South Wales. Prior to this, he was a Landcom Development Director, managing a number of major urban development projects in the northwest sector.

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



Mick Owens

B SURV, MIS

General Manager Development

Mick Owens leads the urban development team responsible for delivering a significant Landcom project at Oran Park in southwest Sydney. He also has particular responsibility for managing infrastructure 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 in major growth centres.



Kerry Robinson

BTP (HONS), ASS DIP VAL, MPIA, GAICD

General Manager Development

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

Kerry 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, CPA

Chief Operating Officer

Greg South oversees Landcom's finance and corporate services 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, MMTG

General Manager Corporate Marketing

Robert Sullivan directs Landcom's sales, promotions and corporate marketing activities including media/public relations, brand management and sponsorship. He has over 25 years experience in sales and marketing, including head of marketing roles in the property development, gaming, entertainment, television, club and sports industries.

Robert leads a motivated sales and marketing team, dedicated to positioning Landcom as a recognised industry leader and assisting the operational divisions of Landcom in achieving their objectives.



How we measure our overall performance

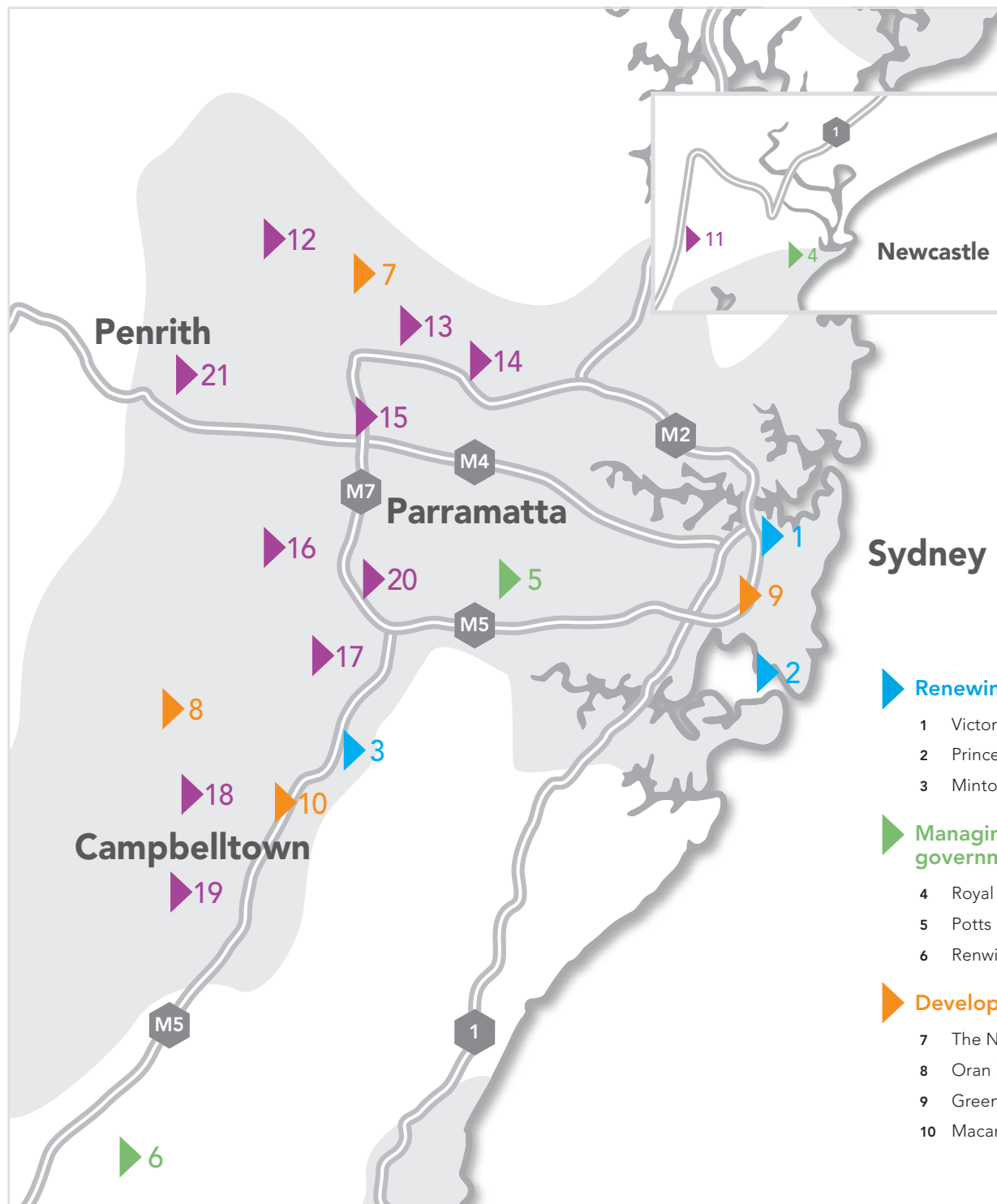
Landcom uses long term success measures to guide and review our overall performance year by year.

We consider ourselves to be successful if we:

- have an important role in delivering strategic metropolitan projects on behalf of government
- are financially sustainable with robust financial ratios
- demonstrate industry leadership in economic, environmental and social sustainability
- enjoy mutually beneficial relationships with our stakeholders
- are recognised as an employer of choice.

2011 financial and economic achievements

Total revenue	\$402.9 million
Earnings before interest and tax (EBIT)	\$82.8 million
Returned to the state government (dividends and tax equivalent payments)	\$59.6 million
Dwelling equivalents delivered to the market	1,758
Jobs generated from our development activities	10,209
Economic output generated from our development activities	\$800.2 million



Our operations

Our projects are in the Greater Sydney Metropolitan Area and in the Hunter, the Illawarra and the Southern Highlands.

Most are residential, although we are also involved in a range of retail, commercial, industrial and mixed use developments.

In line with government priorities for Sydney's future, our projects are becoming larger and more complex. This reflects a strategic decision to work on leadership projects that are important for the long term development of the state.

We are planning and developing major centres, managing complex government sites and urban areas, and rolling out greenfield residential development in circumstances where we can support Sydney's growth sectors or provide the foundation for future development within high-growth areas.

Renewing urban areas

- 1 Victoria Park
- 2 Prince Henry
- 3 Minto Renewal Project

Managing complex government assets

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- 6 Renwick

Developing major centres

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Supplying housing

- 11 Sanctuary
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- 15 Bunya
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- 18 Mount Annan/Spring Farm
- 19 Menangle Park
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Renewing urban areas

Victoria Park

Where: Joynton Avenue, Zetland

Council: City of Sydney

Area: 25.2ha

What's proposed: Around 3,500 dwellings, 18,000m² of commercial area, 17,000m² of retail area, open space and community facilities.

Our role: As masterplanner and developer, we delivered all the infrastructure, environmental features and parklands. The private sector is delivering the built form in accordance with council requirements and the Victoria Park design guidelines.

Where it's up to: Delivery phase. Over 1,550 apartments have been delivered, along with key infrastructure, water sensitive urban design features, a small retail precinct, community facilities and four parks. A further 900 apartments are under construction.

Features: This multi-award-winning project is the catalyst for the broader redevelopment occurring in and around Green Square. It is designed to accommodate a rapidly changing housing market and caters for a wide range of housing types. The cutting-edge design and environmental features pioneered in Victoria Park are now being rolled out across Landcom projects.



Renewing urban areas

Prince Henry

Where: Anzac Parade, Little Bay

Council: Randwick

Area: 85ha

What's proposed: Redevelopment of the former Prince Henry Hospital site, featuring 950 dwellings, restoration of 19 heritage buildings, conservation of 4.2ha of eastern suburbs banksia scrub, community facilities and open space.

Our role: We have masterplanned the estate and the delivery of built form has been undertaken by the private sector according to our requirements.

Where it's up to: Delivery phase. Remediation, infrastructure and civil site works are complete. A large number of community organisations are now housed on the site. All home sites have been sold and agreements have been negotiated with developers, including Stockland, Sunland, St Lukes and Brookfield Multiplex. Around 75% of dwellings have been completed. A reserve trust has been established to manage the land and building assets which remain in public ownership.

Features: This development is significant for its sensitive management of environmental, social and heritage issues and its coastal location. It not only provides diverse dwellings, including aged care, but also includes various social and environmental sustainability initiatives and returns 80% of the site to the public as open space.



Renewing urban areas

Minto Renewal Project

Where: Ben Lomond Road, Minto

Council: Campbelltown

Area: 84ha

What's proposed: Around 1,200 dwellings in total with 850 lots for private sale by Landcom and 350 lots that will be built and retained by Housing NSW. Also included are a reconfigured road and footpath network, cycleways, six public reserves and a multi-purpose community facility.

Our role: We are working with Housing NSW and Campbelltown City Council to redevelop this former public housing estate.

We negotiated the development management agreement and site masterplan and we are providing funding and development management services for what will become a model for the redevelopment of public housing estates.

Where it's up to: Delivery phase. The concept plan was approved and rezoning gazetted in 2006. Stage 1 construction activities were completed in September 2008, followed by Stage 2 (2009), Stage 3 (2010) and Stage 4 (2011). The Stage 5 and 6 construction works commenced in April 2011 and are due to be completed in mid 2012.

Features: The redevelopment will revitalise and transform the former estate's poor physical and social environment and help address the issues that have troubled this estate in the past.



Managing complex government assets Royal Newcastle Hospital

Where: Shortland Esplanade, Newcastle

Council: Newcastle

Area: 1.28ha

What's proposed: Redevelopment of the former Royal Newcastle Hospital site comprising up to 240 dwellings, a hotel and retail space.

Our role: Working in cooperation with The NSW Department of Health, Landcom and Mirvac have developed a landmark residential project that incorporates environmental design and sustainability principles and establishes new benchmarks for Newcastle.

Where it's up to: The first two stages comprising 169 units and an 89-room hotel have been completed.

Features: The project has transformed the city's disused former hospital into apartments and associated commercial/retail uses while taking into account the site's heritage significance and sensitive beachfront location. It provides an important pedestrian link from the city to the beach.



Managing complex government assets Potts Hill

Where: Near the corner of Brunker and Cooper Roads, Potts Hill

Council: Bankstown

Area: 25ha

What's proposed: A business park and a new 450 home residential development including three new open space areas.

Our role: We partnered with the site owner, Sydney Water, to rezone the land and will acquire the site in late 2011.

Where it's up to: The business park is complete. Landcom is working with Bankstown Council to finalise construction approvals for the residential precinct and construction will begin late in 2011.

Features: The proposed development respects the site's significant established vegetation, heritage items and water infrastructure and is providing housing for the local community.



Managing complex government assets Renwick

Where: Bong Bong Road, Mittagong

Council: Wingecarribee

Area: 116ha

What's proposed: Landcom is transforming this disused former child welfare facility into a masterplanned community with 600 dwellings, a village centre including retail, child care and community facilities, and 30ha of open space incorporating parks, local woodland and an extensive riparian corridor.

Our role: We are managing the planning and development in a partnering arrangement with the site owner, The Department of Family and Community Services.

Where it's up to: Delivery phase. Construction of Stage 1 is complete, and the first sales release will be in August 2011.

Features: Renwick will feature social and environmental sustainability initiatives that respect and reinterpret the unique Highlands character of the area. The project will also promote a healthy lifestyle, with the site masterplan addressing the National Heart Foundation's 'Healthy by Design' principles.



Developing major centres

The New Rouse Hill

Where: Windsor Road, Rouse Hill

Council: The Hills Shire

Area: 122ha

What's proposed: Up to 1,800 dwellings, 200,000m² of retail and commercial area, community and recreation facilities, and 32ha of public open space including 27ha of riparian corridor conservation area.

Our role: The Department of Planning and Infrastructure developed the planning concept. Landcom is managing this project through a partnering arrangement with Lend Lease and the GPT Group.

Where it's up to: Delivery phase. Stage 1 of the Rouse Hill Town Centre, comprising 73,000m² of mixed retail, commercial, recreational, civic and residential floor space, opened in March 2008. Two schools and the community facilities at Mungerie House are now open. Work on the southern residential precinct is complete and work is currently underway on the eastern residential precinct (188 lots).

Features: This \$1.5 billion regional centre will eventually serve a population the size of Canberra. Landcom adopted a 'main street' model as the basis for the \$470 million town centre, which is being developed over 12 years to cater for the future demands of Sydney's northwest. Despite its size, the project has a significantly smaller ecological footprint than other similarly sized centres.



Developing major centres

Oran Park Town

Where: Oran Park Drive, Oran Park

Council: Camden

Area: 300ha (approximately)

What's proposed: Over 2,700 dwellings, a major town centre, a retirement village, public open space, riparian conservation corridors, community and leisure facilities and schools.

Our role: We are partnering with the Greenfields Development Company to develop the largest landholding within the southwest growth centre. Our role is to deliver the first 2,700 lots in the larger 8,000 lot Oran Park precinct.

Where it's up to: The first residential stages were launched in 2010 and the first 20 families moved in in early 2011. There are now 120 dwellings completed in addition to the existing 43 home display village. A retirement village is under construction and the first school will open its doors for the 2012 school year. The strategic social plan is being implemented with the recent appointment of a community facilitator.

Features: This project represents an opportunity to set the benchmark for housing diversity, dwelling density, urban design, communications, infrastructure and town centre development in the southwest growth centre. One of our key objectives is to provide major facilities including schools and retirement homes, and significant community, leisure and retail facilities in the very early stages of development. By guaranteeing access to these facilities upfront, we are aiming to encourage a strong feeling of community among the first residents.



Developing major centres

Green Square Town Centre

Where: Above and adjacent to the Green Square Railway Station, Zetland

Council: City of Sydney

Area: 14ha

What's proposed: The entire Town Centre will include 410,000m² of mixed use gross floor area comprising around 2,500 dwellings and 120,000m² of commercial and retail area to be built around a series of public plazas and community facilities. It is expected to accommodate 5,500 residents and 7,000 workers.

Our role: We resolved the site's complex planning and infrastructure constraints to unlock the potential of the town centre. It is one of Australia's largest and most transforming urban renewal projects. Landcom is developing the retail and mixed use core (approximately 6ha with a total gross floor area of 211,000m²). Our work is expected to generate \$1.7 billion of direct investment in NSW.

Where it's up to: We have consolidated government lands, secured private sector investment interest and intend to start construction in 2012, via a partnering arrangement with Green Square Consortium (Mirvac Projects/Leighton Properties).

Features: Green Square Town Centre is identified as a 'planned major centre' in the Metropolitan Strategy and is located at the heart of one of the largest redevelopment areas in the country. The development will showcase world-class urban renewal, underpinned by environmental, social and economic sustainability.



Developing major centres

Macarthur Regional Centre

Where: Surrounding Macarthur Railway Station, Campbelltown

Council: Campbelltown

Area: 148ha

What's proposed: Up to 2,400 dwellings, public open space (including Marsden Regional Park), the rehabilitation of Birunji Creek riparian corridors, aged care, and medical and commercial facilities.

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

Where it's up to: Park Central is now complete. Delivery of the Macarthur Gardens project on the southern side of the railway line is nearing completion. The final stage involves the delivery of 212 retirement dwellings by Stockland Retirement Living. The University of Western Sydney Campbelltown project, a partnering arrangement between Landcom and the university, is in the planning phase.

Features: These projects help implement the Macarthur Regional Strategy, set new standards in housing diversity and are a practical demonstration of the government's preferred model for future development across the growth centre.



Supplying housing

Sanctuary

Where: Minmi Road, Fletcher

Council: Newcastle

Area: 123ha

What's proposed: 862 dwellings with a local playing field, retail and community facilities.

Our role: As masterplanner, we are establishing an environmentally sensitive residential neighbourhood on a site that includes the Hexham Wetlands.

Where it's up to: Delivery phase. To date, the first three stages have been completed, providing 127 lots. A home display village and purpose-built sales suite were completed in 2008.

Features: This development is providing an important supply of greenfield land and housing in the Hunter Region. It incorporates water sensitive urban design features, bushfire mitigation measures and Indigenous heritage reserves.



Supplying housing

Riverstone Scheduled Lands

Where: Windsor Road, Riverstone

Council: Blacktown

Area: 300ha

What's proposed: Around 2,500 dwellings, an environmental conservation area and community facilities.

Our role: This area was subdivided into small 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 for development were unsuccessful.

We are acting as a facilitator, introducing a delivery model that will allow for the orderly development of the area.

Where it's up to: Planning phase. The area has been rezoned. Our unique delivery model addresses the long-standing problem of fragmented land ownership. We are currently working with landowners and major stakeholders, seeking support for the model.

Features: If this model is accepted, it could potentially be applied in areas with similar fragmented land ownership issues.



Supplying housing The Ponds

Where: The Ponds Boulevard, The Ponds

Council: Blacktown

Area: 330ha

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

Our role: We are acting as masterplanner and developer for the entire project. Part of this project is being developed in a partnering arrangement with Australand. The Ponds provides a crucial supply of housing pending the development of other land in the northwest growth centre.

Where it's up to: Delivery phase, with the first 1,500 lots sold. Civil works for services, infrastructure and the public domain are currently underway. Bushland conservation and regeneration works are being undertaken by Greening Australia.

Features: The development features a primary school, a proposed community resource hub and 7,000m² of retail area, and major open space that includes conservation and riparian corridors. We have also developed a public art strategy and community development program to help build cultural identity and a sense of place. Financial and other incentives have been developed to encourage residents to support energy efficiency initiatives, including solar power.



Supplying housing Newbury

Where: Old Windsor Road, Stanhope Gardens

Council: Blacktown

Area: 157ha

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

Our role: Landcom acted as masterplanner for this project and has developed the project in partnership with Mirvac. Our original masterplan and detailed design guidelines made solar orientation and energy efficient house design a priority. These principles are now being delivered throughout the estate in a partnering arrangement with Mirvac.

Where it's up to: Nearing completion, with housing sales almost complete. Major community facilities have been delivered.

Features: This project sets a new benchmark in urban design. It features a diverse range of housing, a district shopping centre, an aquatic centre and innovative community facilities. It also represents an important supply of greenfield land and housing.



Supplying housing Bunya

Where: Doonside Road, Bungarribee

Council: Blacktown

Area: 88ha

What's proposed: Bunya is a masterplanned residential community which will comprise 730 lots when complete.

Our role: We are managing the planning and delivery of the new neighbourhood on behalf of the New South Wales Minister for Planning and Infrastructure.

Where it's up to: All lots in Precinct 1 have been sold, with Precinct 2 construction well underway. It is anticipated that Precinct 2 lot sales will commence in late 2011. The Bunya Display Village is open, showcasing eight new houses that meet the higher standard Bunya environmental and design benchmarks. The 5ha Heritage and View parks are also now complete.

Features: Part of the sale proceeds from this project will be used for the development of the adjacent Western Sydney Parklands. The development will have high quality public and recreational spaces and a range of sustainability features, and will contribute diverse and affordable housing.



Supplying housing Parkbridge

Where: McIver Avenue, Middleton Grange

Council: Liverpool

Area: 40ha

What's proposed: 723 dwellings, public open space and riparian corridor rehabilitation.

Our role: We set the planning and development framework and delivered more than half the project in a partnering arrangement with Mirvac. Having set the scene, Landcom sold the project to Mirvac in December 2010.

Where it's up to: Delivery phase. Stages 1 to 3, comprising a total of 361 lots, a display village, parkland and community facilities were delivered jointly by Mirvac and Landcom. Stage 4, comprising 141 lots, has been delivered by Mirvac. Sales began in March 2009 and are expected to continue until 2012.

Features: The project provides planning and environmental outcomes that benefit other developments in the locality. One example is the delivery of bulk infrastructure, including recycled water, to the entire Southern Hoxton Park release area. With a diverse mix of housing to cater for various household types, Parkbridge is linked to nearby Greenway Views through the adjoining Western Sydney Parklands by a Landcom-sponsored cycleway. All dwellings have access to high speed fibre internet capable of delivering information at 100 Megabits per second.



Supplying housing Edmondson Park

Where: Camden Valley Way, Hume Highway and Zouch Road, Edmondson Park

Council: Liverpool

Area: The entire release area is 795ha, 90ha of which is currently owned by Landcom. Landcom's landholdings are expected to increase to 400ha with the purchase of the former Ingleburn Army Camp.

What's proposed: A major release area in the southwest growth centre with potential for around 8,200 dwellings, a town centre with up to 45,000m² of retail and commercial area, community facilities, schools and 150ha of regional open space (mostly Cumberland Plain Woodland). Landcom's current landholdings will deliver approximately 600 dwellings and a combined high/primary school. With the Ingleburn Army Camp, Landcom will develop 3,530 dwellings.

Our role: The release area is highly fragmented, and Landcom has facilitated early precinct and infrastructure planning for the entire area. Detailed planning of the northwest precinct, with potential for 450 lots (including 170 on Landcom's land) began in 2008-2009. The construction of 'Talana', the first residential neighbourhood, is nearing completion, with 131 lots released. Talana has been the catalyst for owners in the surrounding areas to proceed with their own developments.

Where it's up to: Planning and delivery phase. Construction on Stage 1 at Talana (170 lots) began in September 2009 and the first lots were released at the end of 2010.

Features: A regional park that encircles the town centre, extensive riparian corridors, a proposed bus/rail interchange located in the heart of the centre, good access to the nearby M5 and M7 motorways and a bus transit-way.



Supplying housing Mount Annan and Spring Farm

Where: Mount Annan Drive, Mount Annan and Richardson Road, Spring Farm

Council: Camden

Area: 190ha

What's proposed: 2,150 dwellings, public open space, a neighbourhood centre and community facilities.

Our role: Landcom owns the sites. They provide an important supply of greenfield land and housing in the southwest. We are developing the final stages of Mount Annan and have completed the first 25 lots and the lead-in road (Easton Avenue) at Spring Farm.

Where it's up to: Construction at Mount Annan is continuing, with land and housing sales underway and final lot sales expected in 2012. We are constructing the next residential stages (80 lots) as we head towards launching East Village at Spring Farm in late 2011.

Features: The Mount Annan site comprises a lake and wetland system, walking trails, bike paths, conservation of threatened species and the integration of diverse forms of housing around a neighbourhood centre. Spring Farm comprises a series of urban villages within a bushland setting. Sustainability initiatives include conservation of bushland and riparian corridors, a bio-retention system integrated within main boulevards and the promotion of renewable energy systems.



Supplying housing Menangle Park

Where: Menangle Road, Menangle Park

Council: Campbelltown

Area: 380ha

What's proposed: 1,840 – 2,000 dwellings, retail and recreation facilities, and a primary school.

Our role: As a major land owner in the area, Landcom has worked with council and government agencies to complete the investigations needed to support the rezoning of the area. Landcom is working with services infrastructure agencies to ensure that services can be delivered to the area.

Where it's up to: Planning phase. The investigations required to support the rezoning of the area are complete and rezoning is anticipated some time in 2012.

Features: Menangle Park will provide an important source of greenfield land supply in Sydney's southwest, incorporating rehabilitated riparian corridors, a town centre, a primary school site, local parks, cycleways and a new playing fields precinct.



Supplying housing Elizabeth Hills

Where: Feodore Drive and Spencer Road, Elizabeth Hills

Council: Liverpool

Area: Total site area of 57.4ha

What's proposed: 648 residential lots, a pocket park and 12.2 ha of a drainage/environmental and open space corridor (incorporating a bridged chain of ponds).

Our role: Landcom and Mirvac have entered into an agreement to develop approximately 44.2ha of residential land and over 13ha of open space. The project includes affordable housing, mostly in Stage 2. The remaining built form will be delivered by the private sector in accordance with council requirements and the Elizabeth Hills design guidelines.

Where it's up to: Stage 1 and part of the riparian corridor are under construction with council approvals pending for Stages 2, 3, 4 and 6. The first sales release is expected in late 2011.

Features: Elizabeth Hills is a prestigious estate that will integrate the surrounding parklands and green landscapes with the development. Boardwalks, cycleways and paths will weave through the neighbourhood and open spaces providing high social amenity and connectivity.



Image courtesy of Integrated Design Group

Supplying housing North Penrith

Where: North Penrith, adjacent to Penrith train station

Council: Penrith

Area: 40ha

What's proposed: Around 1,000 dwellings with a variety of housing, 770 jobs, 10,300m² of commercial space, 3,200m² of retail space, 1.2ha of industrial land, open space and community facilities, and a transit interchange.

Our role: As masterplanner and developer, Landcom will deliver infrastructure, parklands and the community facility. Landcom will also demonstrate its '21st Century terraces' in the first stage of the development.

Where it's up to: Planning and construction phase. Landcom will begin construction of Stage 1 infrastructure by the end of 2011. This will facilitate the release of 200 dwellings, two parks, significant public artwork and a community facility. This facility will be the site's sales office before its later return to council.

Features: This is a transit orientated development and is a key site for the evolution of Penrith City.

Highlights of this year's achievements

Our achievements this year are a practical demonstration of what we value. We advance best practice sustainability across all of our projects and work to resolve difficult problems for the benefit of the state, while continually trying to build trusting, productive and mutually beneficial relationships with our partners and stakeholders.

This section sketches the highlights of our achievements this year under the headings of 'how we operate'. It describes:

- milestones that we have reached on our projects
- new partnerships that we have developed to deliver our projects and to progress research and policy
- systems improvements that we have made
- some of the benefits we have leveraged for communities
- ways that we have contributed to making stronger communities
- a decade of sustainability leadership.

Creating sustainable places

NEW AND CURRENT PROJECTS

We demonstrate sustainability leadership through our projects. Key milestones in 2010-2011 for some of our current projects included:

- At Green Square Town Centre, Landcom secured the Gateway Determination. This is a critical step in the planning process that clears the way for this landmark development. We also settled the acquisition of two key sites that will enable development to commence.
- The Ponds continues to be the state's fastest growing suburb, with approximately 1,500 lots of this 3,200 lot development now sold. This year we continued civil construction and delivered about 600 lots to the market. The Stanhope Parkway link between Waterfall Boulevard and Hambledon Road was opened by the local member of Parliament in November. Landcom expedited the construction of this long awaited road link by forward funding it. This will help to improve local traffic flows and relieve congestion.
- Also at The Ponds, we launched the first home in our Eco-Living display group in June. The Eco-Living homes showcase innovation in sustainable design, materials and technologies. The two remaining dwellings will be complete by the end of 2011.

- At Bunya, construction of the first 105 lots commenced in August. We worked very closely with our builder partners to develop initiatives that exceed minimum BASIX requirements without unduly adding to development costs. Several initiatives were commenced this year, including an ambitious public domain strategy incorporating cutting edge water sensitive urban design (WSUD). This project has been granted \$7.56 million for capital works from the Commonwealth Housing Affordability Fund (HAF). We will pass this on to consumers as a \$20,000 price discount on each lot. The first sales release took place in February and 49 out of 54 lots were reserved on the first day.
- At Potts Hill, we negotiated approval of the project application for the western residential precinct on behalf of the landowner, Sydney Water. This approval will allow Sydney Water to realise the value of its surplus asset and enables Landcom to commence delivery of 450 new homes, contributing to local supply and affordability. Construction of the residential precinct will begin in late 2011.
- Landcom finalised the purchase of the North Penrith site from the Commonwealth in May 2010, paving the way for this transit oriented development that will be key to the evolution of Penrith city. Development for this mixed use development will include affordable and aged care housing, as well as an expanded commuter car park that will provide an immediate benefit to the people of Penrith.
- At Oran Park Town, the first residential lots were settled in August and 20 families moved into their homes in early 2011. This year, one hundred and twenty homes were completed this year and construction of the retirement village commenced. Oran Park is the first of the major projects in the southwest growth centre. The precinct will ultimately provide 8,000 lots, a major town centre and regional community facilities.
- At Edmondson Park, the first lots at 'Talana' were released in September. This HAF supported project is the first residential neighbourhood in the Edmondson Park release area. Talana demonstrates how quality development can be achieved with smaller lots and provides a model for the development of adjoining land. Landcom has facilitated early precinct and infrastructure planning for the entire release area.
- At Elizabeth Hills, civil works commenced in March and the first sales release is expected in late 2011. This eagerly awaited development integrates surrounding parkland and open space and provides an important supply of housing in Sydney's southwest.



THE PONDS



POTTS HILL



- At North Tuncurry, a Native Title Agreement signing ceremony took place in November, which is a critical milestone for this significant place-making development on the New South Wales Mid-North Coast. The agreement provides employment opportunities for local Aboriginal people, including work on the cultural heritage study and in the future construction. This project will provide a mix of land uses including up to 3,000 homes, employment lands, community and tourism facilities, education facilities, open space and conservation lands. Landcom opened a project office to manage this project in January.
- At the Royal Newcastle Hospital site, the Sebel Hotel was opened in November. This enhanced public access at this striking beachfront location, delivering on the public domain masterplan that Landcom prepared some years ago.

COMPLETED PROJECTS

This year Landcom also reached significant end-milestones on a number of projects:

- We wound up our involvement at Greenway Views in the southwest and Newbury in the northwest. Both of these projects extended over more than 10 years and they were among the first in which Landcom took an active role in the delivery of built form, applying best practice urban design principles. They were also among the first projects on which we partnered with the private sector – with Australand at Greenway Views and Mirvac at Newbury. Through these projects we introduced our partners to Landcom's Welcome Program initiative, which they have since adopted for their own projects.
- At Shellharbour, we sold the final lot in the town centre. The Shellharbour masterplan integrated a 'main street' style retail and entertainment precinct with an existing commercial centre to service a sub-regional population of over 100,000 people. In many ways, the model was the precursor to the Rouse Hill Town Centre.
- The Waterford project at Punchbowl was completed and we concluded the partnership with our development partner, A V Jennings, in July.

Partnering with others

DEVELOPMENT PROJECT PARTNERSHIPS

We believe strongly in collaborating with others to achieve better outcomes for our projects. This year we entered into agreements to work with a number of agencies. Examples are outlined below.

- Along with our Oran Park development partner (Greenfields Development Company), we entered into a Memorandum of Understanding (MOU) with the University of Western Sydney in February to explore development and educational opportunities for Oran Park Town including:
 - a medical and health precinct
 - information technology and communications infrastructure
 - an 'education town' engagement model.
- We entered into agreements with Defense Housing Australia, Mission Australia and St George Community Housing, to work together on a number of potential projects and explore future joint opportunities.

As well as the above, Landcom was appointed by Ageing, Disability and Home Care (ADHC) during the year to deliver 50% of its 'Stronger Together 2' program. This will involve 150 projects over the next five years, mostly in the Sydney metropolitan area.

RESEARCH AND DEVELOPMENT

As well as partnering on development projects, we also collaborated with others to progress development of sustainability planning tools and new research.

- With a \$52,000 sponsorship from the former Department of Environment, Climate Change and Water (DECCW), we enhanced the energy module of Landcom's PRECINX® sustainability assessment tool. This work was co-managed by Landcom and DECCW. We made PRECINX® available to our government land organisation colleagues in other states.
- We commenced a partnership with the University of New South Wales, the National Heart Foundation and NSW Health on an Australian Research Council Linkage Project. This three-year research collaboration will explore the relationship between urban planning and health using four Landcom projects as case studies.

Solving problems

IMPROVING SUPPLY, DIVERSITY AND TECHNOLOGY

One of the things that distinguishes Landcom is our problem solving capacity. Landcom unlocks complex land planning and development problems that are of significance to the development of the state. For example:

- A major change in the direction of the organisation occurred in April when the Premier asked Landcom to increase its production to 10,000 home sites over the next four years. This is a 25% increase on our previous targets.
- This year Landcom continued to provide development, project and construction management services to HNSW for the commonwealth's Nation Building Program. Our involvement in this program, which had a combined value of \$350 million, has delivered affordable housing for 1,100 families.
- Working in close co-operation with the National Broadband Network Company (NBN Co), in February Landcom was granted approval for the provision of optical fibre in the current stages of The Ponds, Bunya, Renwick and Talana. We signed the first national developer agreements with NBN Co in March. These are the first agreements with NBN Co in Australia and will result in significant savings in the way we provide this technology to our customers.
- This year we commenced work on our 21st Century Terrace project. Sydney's housing needs are changing, driven by factors such as smaller family sizes, increases in the cost of living and affordability issues. However, the industry has been slow to respond to the need for different types of new housing. Landcom is leading the way with development of a terrace model that can be 'mainstreamed' and, importantly, delivered by the project home industry. The first demonstration of the model will be at our North Penrith project, and a toolkit will be developed to assist the industry to implement this housing type in its projects.



ORAN PARK



NORTH PENRITH
Image courtesy of Alan Jack Cottier

“ The conference was a credit to Landcom. I’m not sure where the public and commercial interest discussion that is presented at your conferences would occur elsewhere. Congratulations. I took a lot out of the occasion. ”

David Chandler, Chairman, Hunter Residential



PROF. ED BLAKELY, DIRECTOR BLAKELY GLOBAL, SPEAKING AT DIVERSECITY
(SEATED NEXT TO PROF. PETER NEWMAN, PROFESSOR OF SUSTAINABILITY AT CURTIN UNIVERSITY)

IMPROVING OUR OWN SYSTEMS

This year we made a number of improvements to our systems to help us manage our own performance and also to make it easier to do business with us.

- We developed an e-Tender portal to help us manage tenders via our website. The portal was used for the first time in October for The Ponds. The system reduces the potential for errors and delays, and includes features such as automated receipting, activity logs and direct filing of submissions. By the end of the reporting period there were around 500 registered users of the e-Tender portal. We also made improvements to our land registration portal during the year, which is now more sophisticated and user friendly.
- As part of our Business Improvement Program, we held a civil contractors panel forum in August, and further civil and landscaping forums in May. These sessions are part of an ongoing program of engagement and feedback with the people with whom we do business, and they have been very well received.
- In March, we began work on a web-enabled sustainability reporting tool, designed to enable a more efficient and user-friendly way of collating and analysing our sustainability performance data. The web portal will be complete and ready for use by our staff by the end of 2011.

CASE STUDY

A new model for primary health care

In November, based on our MOU with Greenfields Development Company and the University of Western Sydney (referred to in 'Partnering with others'), we began work on a business case for a world-class integrated primary care clinic in Oran Park Town.

This is a new concept and the vision is that the clinic will be a hub to connect various health care professionals and the community. A distinguishing feature of the concept is the involvement of academic leaders to create a local learning network for professionals and a way of engaging with the community about health issues. The clinic will be a major point of difference for this landmark project.

Leveraging benefits

SECURING NATURAL AND BUILT ASSETS FOR THE COMMUNITY

We are pleased that our work secures assets for current and future communities. Examples are outlined below.

- At Prince Henry at Little Bay, Randwick City Council accepted dedication of Little Bay Beach in December. From February, residents and retail tenants began moving into Stockland's Manta building, the project's first mixed use development. This provides much needed shopping facilities for residents and includes a small supermarket and professional services. Landcom is now in the process of concluding its involvement at Prince Henry, with all lots sold, roads and beach dedicated to council and a reserve trust established to coordinate the ongoing management of the community assets.
- At Victoria Park in Zetland, we transferred the heritage listed Tote Building to Sydney City Council. Council is using the building as a community centre and offices.

For more information on the full range of community facilities we provided during the year, please refer to our social sustainability performance on pages 51 to 52.

SHARING OUR KNOWLEDGE AND PROMOTING CONTINUED INDUSTRY INNOVATION

Landcom openly shares our knowledge and promotes industry discussion and innovation to leverage our work beyond our own projects. One of the ways we do this is through our sustainability conferences.

In May we hosted our highly successful DiverseCity conference, which was attended by 340 of our stakeholders. The conference, which featured 10 Australian and international speakers, focussed on the importance of housing, population and landuse diversity for the creation of sustainable places. At the conference, the Minister for Planning and Infrastructure, The Hon Brad Hazzard MP, launched our new Residential Density Guide, Housing Diversity Guide and Built Form Guide (second edition). Of the conference attendees who gave formal feedback, 95% rated the conference 4 or 5 on a scale of 1 to 5 (where 1 is poor and 5 is excellent). Similarly, 95% rated the topics 4 or 5.

Building stronger communities

Landcom understands how land use planning and development affects social wellbeing, and we are committed to creating places where communities can develop and thrive. We work closely with state agencies, service providers, councils and local communities to make sure we get this right. Some of our community-building achievements this year are outlined below.

DELIVERING COMMUNITY FACILITIES AND SERVICES

At Oran Park Town, the first 'Collaboration for Social Service' meeting was held in April. This is a network of community and social service agencies working together to co-ordinate delivery of community and social services to the Oran Park and surrounding communities. Landcom settled the sale of the first Oran Park Town school site to Sydney Anglican Schools in May. Construction commenced with a sod turning ceremony on 9 June and the school is planning to open its first primary school classes in 2012. We also negotiated the sale of the Kindergarten to Year 12 school site to The Department of Education and Communities (DEC) at the end of June. This will eventually be one of the biggest public schools in the state, catering for over 2,000 students, with the primary school expected to be open by 2014.

At One Minto, Redfern Park was opened by the Mayor of the City of Campbelltown in December. Delivery of the park is part of a major program of public domain and open space upgrades that is revitalising the neighbourhood. The park was designed in close consultation with the community and features a state-of-the-art and innovative playground, an extensive amphitheatre for live performances and cultural activities, and modern picnic facilities. It also features a half basketball court, providing recreational opportunities for local youth, and a circuit for bikes and trikes. Redfern Park is set to become an integral part of Minto's social infrastructure.

At Bunya, Landcom and Blacktown City Council are collaborating to build the South Blacktown Community Resources hub. This \$4.5 million much needed community facility will serve the new and existing communities.

At Vantage, major public artworks were installed in November, contributing to the cultural identity of the new neighbourhood. This development makes the most of the natural Corlette setting and provides for relaxed living, right by the heart of Nelson Bay.



VICTORIA PARK



PRINCE HENRY

people places™



RESPONDING TO EMERGING HOUSING NEEDS

This year we handed over 24 'group homes' to ADHC. We also entered into a contract with Eurella Community Services Inc in March to build a group home on their behalf at Abbotsford. Group homes enable people who are unable to live independently to live in a home-like environment as part of the community. Group homes are usually in accessible locations close to services and supports, to meet the needs of clients and their families. They are designed to help people increase their independence and live full and productive lives.

USING SOCIAL MEDIA TO SUPPORT COMMUNITY DEVELOPMENT

We launched our 'Landcom People Places' (www.peopleplaces.com.au) website in 2011 to support our existing community development programs. People Places uses social media (Facebook and Twitter) to connect Landcom and other communities and provides a forum for discussion, news and education. People Places also features People TV, a video forum where we feature educational and community stories.

GLOBAL REPORTING INITIATIVE

Our sustainability leadership was recognised when, in 2009, the GRI invited us to be one of 10 companies worldwide to help develop the Construction and Real Estate Sector Supplement. This year, the group completed the supplement, which is to be officially launched for use in September 2011.

As part of our participation, in October Landcom co-sponsored a seminar at the Museum of Contemporary Art titled 'Who'd Trust a Modern Corporation?'. Attended by over 200 people, this GRI-hosted event examined the ethics of modern business, the value of sustainability reporting and the importance of social and corporate responsibility. Landcom's Chairman gave a welcoming address and set the scene for a stimulating panel discussion involving business leaders and sustainability experts from companies across Australia and around the world.

Protecting the public interest

OPEN AND ACCOUNTABLE REPORTING

Our 2010 Sustainability Report received a Global Reporting Initiative (GRI) A+ application level, which means we have achieved the highest level of sustainability disclosure available under the GRI framework and the results have been independently verified. Our 2010 Annual Report (which includes the Sustainability Report) was distributed electronically to over 2,000 stakeholders and announced to an international list of sustainability advocates. In the first week following its announcement, the report had received 400 unique views.

This is our first full year of reporting under the Government Information (Public Access) Act 2009 (GIPA). This Act encourages government agencies to be proactive in providing access to any information considered to be in the public interest. During the year, we reviewed our suite of policies and posted those relevant to our stakeholders online for full public access. Further information on our compliance with the Act can be found on page 78.



Awards 2010-2011

A number of our projects were, once again, singled out by our industry peers for recognition during the year. Set out below are the awards bestowed on Landcom projects during 2010/2011

► Planning Institute of Australia (PIA) Awards for Excellence in Planning

The PIA Annual Awards for Excellence promote the benefits of planning to the community, recognise the outstanding achievements of planners and acknowledge the role of public and private organisations in creating environments of distinction.

PRECINX®

Winner – National President's Award

For more information see: <http://www.planning.org.au/whatson/national-awards-for-planning-excellence>

PRECINX®

Winner – NSW President's Award

PRECINX®

Winner – NSW Excellence in environmental planning or conservation

For more information see:
<http://www.planning.org.au/nswcontent/2010-2>

► Urban Development Institute of Australia (UDIA) NSW Awards for Excellence

The UDIA NSW Awards for Excellence highlight innovation, sustainability and industry leadership, and recognise excellence in urban development.

The Matron Dixon building at Prince Henry

(submitted by Stockland)
Winner – President's Award

One Minto

Winner – Excellence in affordable development

Second Ponds Creek

(submitted by Arup Pty Ltd, Craig & Rhodes Pty Ltd, Western Earthmoving Pty Ltd)

Winner – Excellence in consultancy/contracting

For more information see: <http://udia-nsw.com.au/html/39948.cfm>

► Urban Land Institute Global Awards for Excellence

These awards recognise projects that best provide cross-regional lessons in land use practices. A jury of international members selects up to five global winners each year, from superior projects in the Americas, Europe and the Asia-Pacific region.

Rouse Hill Town Centre

(submitted by the GPT Group)
Joint Winner

For more information see: <http://www.uli.org/AwardsAndCompetitions/GlobalAwardsForExcellence.aspx>

► Urban Taskforce Development Excellence Awards

The Urban Taskforce Development Excellence Awards recognise projects that best meet community expectations and are a commercial success. Winning projects must deliver community benefits, care for the environment and adopt the highest standards of urban design and architectural distinction.

One Minto

Winner – Excellence in affordable housing

For more information see:
http://www.urbantaskforce.com.au/award_current.php

► International Association for Public Participation, Core Values Awards

These awards recognise projects at the forefront of public participation and are designed to encourage excellence, quality and innovation.

Airds/Bradbury Renewal Project 'OutLOUD' community consultations

(submitted by Straight Talk Pty Ltd and Housing NSW)
Winner – Public participation innovation

For more information see:
<http://www.iap2.org.au/awards/cid/24/parent/0/t/awards/1/layout>

► Randwick City Council Urban Design Awards

These awards encourage higher standards of urban design in categories that reflect the variety of development taking place across Randwick City.

The Matron Dixon building at Prince Henry

(submitted by Tanner Architects and Stockland)
Winner – Heritage/adaptive reuse category

For more information see:
http://www.randwick.nsw.gov.au/Places_for_people/Building_and_development/Urban_design/Design_awards/2010_Urban_Design_Awards/index.aspx

awardprofile

► PRECINX® receives industry recognition

Landcom's groundbreaking sustainability planning tool, PRECINX®, scooped the pool at the 2010 PIA Awards, winning the NSW award for excellence in environmental planning or conservation, the NSW President's Award, and the coveted National President's Award for overall planning excellence.

The NSW awards were announced on 3 November 2010, at a ceremony in Darling Island Wharf on Pyrmont Bay, Sydney. The national award was announced at PIA's National Congress in Hobart, on 9 March 2011. Landcom shared all awards with its project consultants, Kinesis and Simpson + Wilson Architects.

PRECINX® is the first of its kind – a unique planning and design tool that analyses the potential sustainability performance of large, multi-dwelling and mixed use developments. It is designed to be used at the neighborhood scale, where opportunities to make significant sustainability gains are greatest, rather than house by house or building by building.

Its usefulness lies in the fact that it can assess sustainability performance for various options quickly and cheaply at the early design stages – avoiding misdirected effort and unnecessary cost.

While we originally developed the tool for use in our own projects, there has been unprecedented nationwide interest in PRECINX®. Landcom has offered the tool for use by our Government Land Organisation colleagues in other states, and we are working on other ways to share the tool with the development industry so that as many people as possible can benefit from this innovation.



► Photo courtesy of PIA



MOUNT ANNAN



Our biggest challenges

There are plenty of challenges facing us in our day-to-day business and these are well documented throughout this report. We are also mindful of the broader challenges facing our business and the industry as a whole, and how best to respond over the longer term.

ACHIEVING THE GOVERNMENT'S DWELLING TARGETS

In April, the New South Wales Government asked Landcom to deliver 10,000 home sites in western Sydney over the next four years. This represents a 25% increase on our previous targets. We have prepared a plan to deliver on the government's objective, but the task ahead is considerable, with little margin for error.

Our main challenge will be securing resources, both staff and land. We are bringing forward current projects and reviewing contingencies for new supplies of land. We will also work closely with our government partners, exploring options to streamline the approval and development process.

INCREASED UNCERTAINTY IN THE DEVELOPMENT INDUSTRY

At a time when we face ambitious dwelling targets, a variety of external factors are also increasing potential risk and uncertainty, both for us and for the rest of the industry.

A significant overhaul of the development approval framework in New South Wales is imminent and likely to be wide-ranging. At the same time, the national impact of a future emissions trading scheme on the cost of development remains largely unknown. Finally, while the development industry is still recovering from the effects of the recent global financial crisis, worldwide fears of a second round of crises and defaults continue to persist.

RESPONDING TO MODERATE INCOME HOUSING NEEDS

Our ability to meet our moderate income housing target remains an ongoing challenge. Australia's recent emergence from a record low interest rate environment has highlighted the challenges we face. We have been unable to get traction for some of our initiatives, such as our shared equity loan scheme and our attempts to attract institutional investors to the low cost rental housing market (see case study page 48). Since the problem is both ingrained and structural, we gear most of our efforts towards achieving incremental and sustainable improvements.

We are responding by promoting housing diversity in our projects, since this enables us to offer a range of differently priced products. Our Housing Diversity and Density Guides were launched this year and are successfully influencing policy makers and regulators in the industry. We also aim to influence a shift in consumer preferences towards smaller housing through our 21st Century Terrace demonstration project. Next year, we will seek closer alliances with small to medium sized home builders and developers, who tend to produce the majority of Sydney's affordable housing. More information on our moderate income housing performance is on pages 51-52.

MAINTAINING OUR INDUSTRY LEADERSHIP AND RELEVANCE

Sustainability innovation is gaining momentum in the development industry, with the greatest advances being made in the building sector. Landcom outsources building and construction to third parties, and this limits our ability to participate directly in these advances. The challenge ahead for Landcom lies in our ability to remain relevant and maintain a leadership position in sustainability innovation, while not being a builder.

What we aim to achieve in 2011-2012

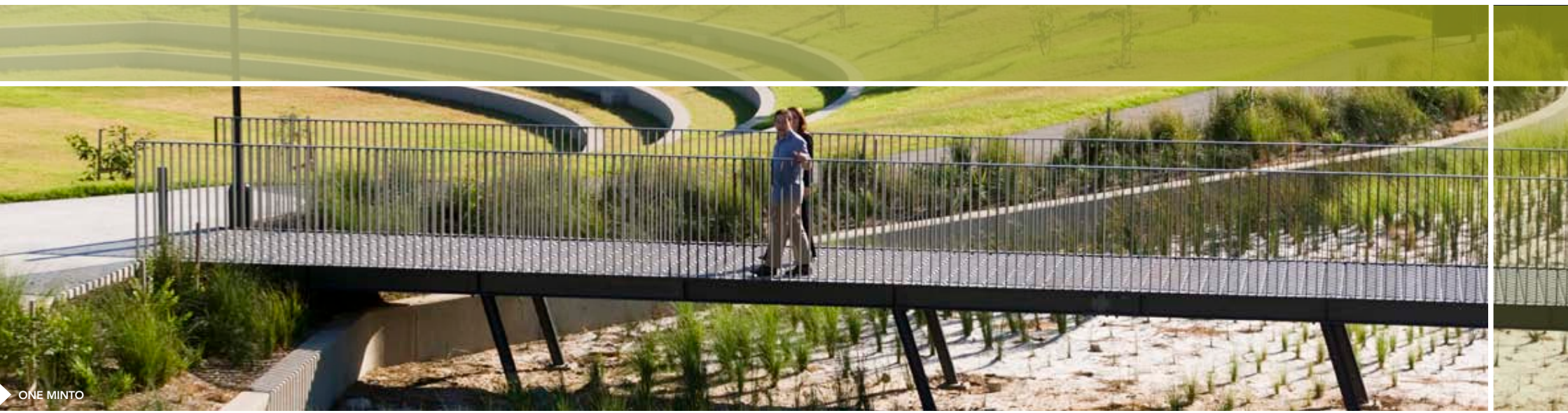
While our core projects and initiatives will continue during 2011-2012, we have targeted several issues for specific attention, as follows.

We will support economic development in New South Wales by:

- delivering 10,000 home sites in western Sydney over the next four years
- commencing construction at our Green Square, North Penrith and Ingleburn projects

- advising government on ways to facilitate urban renewal and greenfield development
- facilitating regional development opportunities, where the local housing market may be under stress
- contributing to the supply of more affordable housing via a range of initiatives.

We will also promote a national rollout of PRECINX® through strategic alliances with government land agencies in other states. We also plan to establish new alliances that will enhance our ability to promote sustainability leadership and innovation.



ONE MINTO

sustainability **performance**
2010 - 2011



Sustainability performance 2010-2011

The year's highlights

We are pleased to present the 2010-2011 Sustainability Report – our second year of reporting against Landcom's 'second generation' of sustainability indicators.

OUR STRATEGIC DIRECTION

It's been nearly a decade since we first began reporting our sustainability performance and a lot has changed in that time. In 2001, Landcom was one of the few voices in sustainability reporting in the development industry and our aim at that time was to lead the way for sustainability reporting in our industry.

Most of our partners were exposed first-hand to our sustainable building and development innovations by working with us on our projects. Many of the innovations we introduced or participated in developing, such as BASIX, have now become the industry standard. Over the past decade, the development industry has developed an enormous capacity to operate more sustainably. Today, our development partners participate alongside us in the sustainability space, including in the area of sustainability reporting. We acknowledge their performance and growth in this important task, and the impact this will have on our own sustainability activities.

The industry's capacity has improved because Landcom tends to focus on areas of need where the private sector is either unwilling or unable to participate – we prefer to collaborate and lead rather than compete. Given this rationale, we recently reset our strategic direction to fill what we believe to be the next 'space' in the sustainability continuum. We see two areas of need emerging: high level research and development, and improvements to grass roots delivery of sustainability innovations.

At the top end of sustainability innovation, we are committed to developing strategic partnerships with research and development organisations, universities and 'think tanks' across the country. Our aims are to create forums for us to test new ideas and extend our influence, and also to provide a vehicle for these institutions to develop and test their innovations in a 'real world' environment. Our initial focus is on innovations in environmental and social sustainability, particularly in the area of health.

We are also committed to delivering incremental improvements in the delivery of sustainability innovations across the development industry. Our larger industry partners have developed sophisticated sustainability initiatives of their own, helping lift the sector's sustainability credentials overall. However, while consumer preference for more sustainable homes is increasing, what's missing is their translation into the mass housing market. In the coming years, Landcom will look for ways to effect sustainable design and building at the grass roots level through closer partnerships with the project home industry and small to medium sized builders. Our initial focus will be to promote greater understanding through demonstration projects such as our Eco-Living display homes and 21st Century Terrace initiatives.

This strategic direction is reflected in our revised indicators. The business relationships we develop with builders and others is of growing importance for us as we increasingly rely on third parties to deliver our projects. One of our greatest challenges this year involves aligning our supply chain to deliver more sustainable practices.

CHANGES TO OUR REPORT THIS YEAR

We've made some changes to the way we report our sustainability performance this year. The changes reflect our continued integration of sustainability performance and other aspects of our business. While our indicators have not changed, we have reorganised them so that they reflect our environmental, social and economic performance more closely. We have combined our internal social sustainability results with our project results, and we have included a selection of case studies this year to illustrate the kinds of individual initiatives we typically undertake to deliver our overall sustainability targets.

IMPROVED PERFORMANCE AGAINST OUR NEW INDICATORS

This year we consolidated our performance against our second generation of indicator targets. For those new indicators where Landcom was unable to provide data in 2009-2010, we worked hard on our business processes to ensure that reliable data were available this year. We recognise that driving change can sometimes be met with resistance. So we spent time during the year working with both internal and external stakeholders to explain why change is needed and to better understand and respond to their concerns.

Some of the measures we took included:

Review of our environmental management system (EMS)

We have refined the scope of our certification under AS/NZS ISO 14001:2004 so that this more accurately defines our environmental responsibilities and those of our contractors. Since we are not a builder, we removed construction as a Landcom activity under the EMS, and our refined scope now includes the activities we are typically involved in.

Review of our sustainable supply chain business practices

We engaged environmental consultants (Banarra) to help us work with our major landscape and civil contractors to improve practices and environmental reporting along our supply chain. We aim to develop collaborative solutions that will meet Landcom's needs while also acknowledging the business constraints and opportunities of our suppliers.

Stakeholder consultation framework

Our current system of stakeholder engagement has grown incrementally over time. This year, we adopted a formal stakeholder consultation framework and put in place a five-year strategy which allows us to clearly demonstrate the thinking behind our engagement. One of our first priorities will be to focus on those stakeholders that are critical to help us deliver our revised sustainability targets.

Internal sustainability survey

In December, we conducted an internal survey of our staff to ask them about their commitment to sustainability both in their work and in their private lives. The staff demonstrated a sophisticated understanding of sustainability across the organisation and strong alignment to Landcom's core values. However, while they had clearly 'signed on' to sustainability, many expressed the need for better systems and processes to simplify its application in their day-to-day work. They also asked for the corporate sustainability data we compile for this report to be broken down to better enable performance to be tracked at a project level. We responded by developing a sustainability 'dashboard' prototype and used this to brief our project teams on sustainability trends emerging from their projects over time. This has proven to be a very worthwhile internal communications tool and our staff have requested more initiatives of this nature.

In response, we have commenced development of a web-based tool that will enable user-friendly reporting of sustainability results and tracking of individual projects over time.

materiality

We address materiality wherever relevant throughout this report.

Our overall approach to materiality can be traced back to 2002, when we first began drawing up a list of indicators to measure our performance and when we began to introduce the idea of sustainable development to the industry. We approached around 150 different entities, from local governments and environmental groups to staff and community organisations, for input into what was material. We entered freely into this dialogue even though some of the issues raised were beyond our scope or influence.

Over time, we have introduced checkpoints to manage materiality expectations, going back to selected stakeholders and introducing minor amendments to our indicators and sustainability report to address our stakeholders' material concerns.

We used the same approach when it came to identifying and selecting what was material to stakeholders during the implementation of our second generation of indicators. However, with the benefit of five years of sustainability reporting behind us, the process was more focused, the questions more targeted and, as a consequence, the responses were more informed. We do acknowledge that this process is not a finite one, but rather an ongoing dialogue between ourselves and those for whom, and with whom, we do business.



Our principal stakeholders and their interests in Landcom

Shareholder Ministers and Portfolio Minister

Landcom has two Shareholder Ministers and a Portfolio Minister who oversee and direct our operations. The Portfolio Minister provides an annual statement of priorities for us to achieve. The Shareholder Ministers review and endorse our financial and non-financial objectives through the annual Statement of Corporate Intent. These documents guide our actions in the short and medium terms.

NSW Parliament

We operate under legislation that requires us to table our Annual and Sustainability Report in Parliament each year for the information of both the Upper and Lower Houses.

Property development industry

For many of our projects we partner with developers and builders. These partnerships provide important development opportunities for the industry and allow us to share our knowledge and experience so that the quality of development in New South Wales, particularly in relation to sustainability, is continually improved. They also enable us to represent the industry's views if we're invited to comment on emerging government policy initiatives.

Government agencies

Government agencies are important regulators of our activities. As well as this, we use surplus government land in some of our projects, and we provide property advice and services to government agencies to help them manage their land.

Infrastructure/utility providers

Government infrastructure and utility providers are also regulators of our activities. The engagement is two-way, since we also undertake capital works on their behalf to help them roll out infrastructure to developing areas.

Local councils

Councils are the primary regulators of our development activities and, in some instances, their land may be involved in our developments. Local councils are also the recipients of the public assets we provide in our developments, such as parks, bushland reserves, community buildings and roads.

Industry groups

We regularly share our knowledge and experience with industry groups to improve development in New South Wales. We do this by supporting industry forums, entering into discussions and debates that emphasise sustainability and excellence in development, and by submitting our projects to industry scrutiny through annual awards processes and regular project reviews.

Local communities

We consult widely with the communities in which we operate and initiate community consultation processes in the planning and delivery of all our projects. Community input is sought particularly when we set the strategic direction for our projects. We often refer back to these communities at various stages in the delivery of our projects.

The residents in our projects

Our residents are the people who choose to invest in the new developments we create. We develop social capital among new residents by introducing programs and community-building initiatives and often continue funding them after our role in the development has ended.

Five-year performance summary

HOW TO INTERPRET THIS YEAR'S RESULTS

The control and influence Landcom has over a project depends on the type of project, how it's delivered, the end product and our level of involvement. For reporting purposes, we categorise our projects into those that deliver 'land' and those that deliver 'built form'.

- **Projects that deliver land**

These are projects where we subdivide land and sell it directly to the public. While we have no, or limited, control of the buildings subsequently erected, we can influence design and sustainability initiatives through our design guidelines or through the development approval process.

- **Projects that deliver built form**

For these projects, we subdivide land and retain an involvement throughout part, or all, of the building process. We exercise control over the built form through either joint ventures, project delivery agreements or other builder partnering arrangements. This allows us to promote sustainability and urban design objectives.

The sustainability data we collect are based on each project reaching a specific milestone. The 21 projects that this year's report covers are those that achieved these milestones in 2010-2011.

The milestones and the reporting indicators relevant to each, are set out in the table on page 32.

Immediately following the table is a list of the projects that are included in this year's report. Note that not all indicators are applied to every project at each milestone. This reflects our different levels of ownership and roles in each project. Which indicators apply also depends on what was delivered during the year.

Our project and corporate responsibility results follow on from these tables and include a detailed analysis of this year's results.

HOW TO READ THE TABLES

The results which appear in tables throughout this report are generally recorded in whole numbers. However, there are circumstances where the sensitivity of a result and our need to be accountable calls for greater accuracy. While this may result in minor inconsistencies in the way our results are presented, our overall aim is to be transparent and to help readers understand and interpret our performance.

The exceptions to reporting in whole numbers are:

- Results expressed as a percentage are provided in whole numbers, with results rounded up or down to the nearest whole number. The two exceptions to this rule are:
 - any results against targets that are themselves expressed to one decimal point (e.g. our 7.5% moderate income housing target)
 - when the result is 66.6% (rounded down to 66% for ease of understanding).
- Results that reflect units of measurement are recorded to one decimal place where the unit of measurement is large (e.g. tonnes, hectares). Results against smaller units of measurement (e.g. metres) are expressed in whole numbers only, with results rounded up or down to the nearest whole number.
- A zero result may be recorded either as not applicable (N/A) or no result where this better explains the result for the reader.
- Financial results are generally provided to two decimal places. This conforms to standard accounting practices.

In the tables, 'first generation' indicators (2008-2009 and earlier) that were either removed or amended in the 'second generation', appear in italics.

An explanation of certain words and terms used in this report is included in the glossary.

casestudy

Returning biodiversity to The Ponds

Landcom, working in collaboration with Greening Australia, has transformed a previously degraded riparian corridor at The Ponds. At last count we have planted well over one million trees, shrubs and groundcovers throughout the corridor, plus an additional 132,000 plants within the wetlands and rain gardens that complement this regional parkland.

This 80ha corridor, which contains Second Ponds Creek, is providing an important natural and recreational resource for this rapidly growing area. It represents one of the most significant opportunities in the region to enhance and nurture local biodiversity. It also provides a wonderful natural amenity for the residents of The Ponds and the surrounding area.

An impressive 85% survival rate was achieved for the plantings, ensuring that our efforts will deliver long-lasting benefits. This work has already improved species diversity in the area, with more birds and other flora and fauna being observed. Through Landcom's involvement, this land is now in much better shape than it was pre-development, and has a sustainable future.



casestudy

More Landcom guidelines launched

We influence design by demonstrating what we do. One of the ways we do this is by encouraging better standards of design through The Landcom Guidelines. Our guidelines draw on our own research, experience and projects to demonstrate best practice. Through them, we aim to lift the standard of planning and development across the industry.

This year, we added three new guidelines to our series, which were launched by the Minister for Planning at our DiverseCity conference in May 2011. The new guides include the Residential Density Guide, the Housing Diversity Guide and a second edition of our Built Form Guide.

The Density Guide explains how to use density measures to make sustainable places. It identifies common pitfalls for practitioners and illustrates a diverse range of well-designed housing at higher densities. The Diversity and Built Form guides set out key design and planning principles to achieve quality, diverse housing on compact as well as larger lots.



Milestone table

Milestone	What needs to be achieved	Indicator category	Indicator descriptor
Milestone 1 (M1) Masterplan completion	Completion of Concept Plan, Development Control Plans or Masterplan	Biodiversity and native vegetation management Riparian corridor management Social sustainability due diligence Strategic social planning Indigenous and non-Indigenous heritage Demonstration projects Sustainable supply chain	Native vegetation management Riparian corridor management Social sustainability due diligence Strategic social planning Conservation of Indigenous heritage Conservation of non-Indigenous heritage Demonstration projects Project sustainable supply chain
Milestone 2 (M2) Completion of precinct civil works	Completion of civil works	Urban water cycle management Waste Influencing design Moderate income housing Relative affordability Community facilities Regulatory compliance Demonstration projects Sustainable supply chain	Urban water cycle management Water quality Waterway protection Waste civil works Influencing design Moderate income housing Relative affordability Community facilities Civil works regulatory compliance Demonstration projects Sustainable supply chain
Milestone 3 (M3) Built form commencement	Commencement of built form where Landcom is partnering with a builder or other developer	Urban water cycle management Waste Energy and greenhouse gas emissions Moderate income housing Relative affordability Ageing in place Regulatory compliance Demonstration projects Sustainable supply chain	Water conservation Waste builders Energy efficiency Sustainable or renewable energy supply Moderate income housing Relative affordability Ageing in place Builder regulatory compliance Demonstration projects Sustainable supply chain
Milestone 4 (M4) Sustainable community programs	Completed projects where we still have community programs in place	Sustainable community programs Community sponsorship Demonstration projects	Sustainable community programs Community sponsorship Demonstration projects

Projects reported in 2010-2011

Project	Local Government Area	Suburb	Milestone					Landcom's product	Total number of lots/dwellings planned	Number of lots/dwellings delivered in 2010/2011
			Masterplan completion (M1)	Completion of precinct civil works (M2)	Built form commencement (M3)	Sustainable community programs (M4)	Waste and regulatory compliance only			
NSW Government Ageing, Disability and Home Care (ADHC)	N/A	N/A					X	N/A	N/A	N/A
Bunya	Blacktown	Doonside		X	X			Land	750	108
Edmondson Park	Liverpool	Edmondson Park	X					Land	419	N/A
Garden Gates	Camden	Mount Annan		X		X		Land	795	61
Greenway Views	Liverpool	West Hoxton		X	X	X		Land and built form	279	8
Macarthur Gardens	Campbelltown	Campbelltown			X			Built form	196	1
Minto	Campbelltown	Minto		X		X		Land	1,150	94
Newbury	Blacktown	Stanhope Gardens			X	X		Built form	1,750	30 dwellings
Oran Park	Camden	Oran Park		X		X		Land	2,630	53
Park Central	Campbelltown	Campbelltown			X	X		Built form	245	31 dwellings
Parkbridge	Liverpool	Middleton Grange		X	X	X		Land and built form	723	39
North Penrith	Penrith	North Penrith	X					Land and built form	252	N/A
Redgum	Penrith	St Marys			X			Built form	41	3 dwellings
Sanctuary	Newcastle	Fletcher		X				Land	844	36
Spring Farm	Camden	Spring Farm		X				Land	1,320	25
Talana	Liverpool	Edmondson Park		X			X	Land	148	105
The New Rouse Hill	The Hills	Rouse Hill		X	X	X		Land and built form	1,504	87
The Ponds – Stage 1	Blacktown	The Ponds		X	X	X		Land	1,299	235
The Ponds – Stage 2	Blacktown	The Ponds		X		X		Land	843	95
The Ponds – Stage 3	Blacktown	The Ponds		X		X		Land	719	303
Vantage	Port Stephens	Corlette		X				Land	300	38

casestudy

Exceeding our sustainability benchmarks at Bunya

At Bunya, we are committed to modelling sustainability initiatives that will exceed current Landcom practice and the stretch sustainability targets we have set for the Corporation as a whole. There are some notable highlights, including our plans to:

- deliver a reduction in energy use to achieve a BASIX score of 65% for dwellings at Bunya (our current target is 50% and the regulated compliance target is 40%)
- introduce a wide range of measures that reduce water consumption on this project so that dwellings achieve a 50% BASIX score, exceeding our current target of 45% and the compliance target of 40%
- double our current target of sourcing up to 5% of all electricity used onsite from renewable sources.

Our measures will ultimately save residents around \$600 per year in electricity bills and \$300 in water bills, based on current costs. When complete, Bunya will deliver annual greenhouse gas savings of almost 5,500 tonnes (the equivalent of almost 2,000 return flights from Sydney to Los Angeles) and an annual reduction in overall water use of 114 megalitres (enough to fill over 45 olympic sized swimming pools)*.

These ambitious targets are testing the ingenuity of our project team and builder partners, who are working closely with us to ensure that we deliver these results without significantly increasing overall project costs.

*Compared to average 2005 consumption

Environmental sustainability

Our environmental impact is assessed by monitoring and measuring the way we manage our water and energy use, our greenhouse gas emissions, our waste, native vegetation and riparian corridors, and our design influence.

Urban water cycle management

THE THINKING BEHIND OUR INDICATORS

Quality

There are many ways we could monitor the impact of our developments on the urban water system, but one of the more accurate proxies for the overall health of the water system is to measure the mean annual load of nitrogen, phosphorous and suspended solids.

Our targets are:

- 45% reduction in nitrogen – with a stretch target of 65%
- 65% reduction in phosphorus – with a stretch target of 85%
- 85% reduction in suspended solids – with a stretch target of 90%.

Management

Good planning is vital to reducing water pollution. We report on the percentage of projects that have water sensitive urban design (WSUD) strategies in place at the planning and design phase. This ensures that conserving water and improving its quality are firmly embedded in our development processes.

Conservation

The amount of water we are able to conserve is influenced by factors such as climate change, drought and the location of new infrastructure. But where we can make our influence felt is in minimising the consumption of potable water and capturing and recycling as much water as possible. To a degree, government legislation ensures that this happens. Any new or renovated home has to comply with the state government's Building Sustainability Index (BASIX). BASIX's aim is to limit potable water consumption and greenhouse gas emissions by imposing targets for water and energy reduction. Once the targets are met, a certificate is given to the owner and construction on the house or unit can begin.

Our aim is to go beyond the minimum BASIX requirements. For homes we build in partnership with builders and developers, we split targets into four categories, based on whether the homes are apartments or single/attached dwellings, and whether they are serviced by a recycled water scheme.

Our targets are:

- 45% reduction for single and attached dwellings not serviced by reticulated recycled water – with a stretch target of 60%
- 45% for all apartments not serviced by reticulated recycled water – with a stretch target of 55%
- 60% for single and attached dwellings serviced by reticulated recycled water – with a stretch target of 70%
- 55% for all apartments serviced by reticulated recycled water – with a stretch target of 65%.

Protection

We're acutely aware of the need to minimise any adverse impacts on natural waterways caused by surface runoff from our developments.

We assess our impact by modelling pre and post-development stormwater discharges and, through our Stream Erosion Index, the impact of our developments on receiving waterways. Our flow management target, which includes the Stream Erosion Index, is applied to greenfield sites and wherever there is a natural stream downstream of a development.

The target aims to bring the volume and duration of stormwater flows from a developed catchment to less than two times that of a natural catchment of the same size and location. Our stretch target is to match the volume and duration of stormwater flows from a developed catchment to those of a natural catchment.

HOW WE PERFORMED

URBAN WATER CYCLE MANAGEMENT

Indicator descriptor	Indicator	Target 2009/2010 to 2014/2015	Result 2010/2011	Result 2009/2010	Target 2002/2003 to 2008/2009	2008/2009	2007/2008	2006/2007
Urban water cycle management	Percentage of projects with specific Water Sensitive Urban Design (WSUD) strategies, ensuring that these strategies are appropriate to the size and location of the project	100%	100%	100%	100%	89%	100%	77%
Water quality	Percentage reduction in the mean annual load of total nitrogen	45%	46%	47%	45%	45%	45%	47%
	Percentage reduction in the mean annual load of total phosphorus	65%	72%	71%	45%	56%	62%	60%
	Percentage reduction in the mean annual load of total suspended solids	85%	90%	85%	80%	80%	83%	78%
Waterway protection	Stream Erosion Index (SEI) of 2.0	100%	66%	No result		No data - indicator introduced in 2009/2010		
	Projects where post development storm discharge equals pre-development storm levels for the 1.5 year ARI	N/A	N/A	N/A	100%	100%	100%	77%
Water conservation	Percentage reduction in potable water consumption compared to the base case (single and attached dwellings)	45%	43%	41%		No data - indicator introduced in 2009/2010		
	Percentage reduction in potable water consumption compared to the base case (single and attached dwellings serviced by reticulated recycled water)	60%	50%	48%		No data - indicator introduced in 2009/2010		
	Percentage reduction in potable water consumption compared to the base case (apartments)	45%	No apartments	No apartments		No data - indicator introduced in 2009/2010		
	Percentage reduction in potable water consumption compared to the base case (apartments serviced by reticulated recycled water)	55%	No apartments	No apartments		No data - indicator introduced in 2009/2010		
	Reduction in water consumption (average BASIX score)	N/A	N/A	N/A	40%	46%	49%	43%
	Percentage of public open space irrigation system supplied by a non-potable water source	100%	75%	100%		No data - indicator introduced in 2009/2010		
	Percentage of new developments incorporating a dual water reticulation system to supply non-potable water to toilets, gardens and laundry. Where recycled water is available, it must be connected and utilised for these uses	100%	0%	100%		No data - indicator introduced in 2009/2010		
	Percentage of commercial buildings designed and constructed to achieve a 5 star or greater rating under the NABERS Water scheme	100%	No result	One commercial building constructed - NABERS rating to be reported in 2010/2011		No data - indicator introduced in 2009/2010		

Managing urban water

All our projects had WSUD strategies appropriate to their size and location. Therefore, all should be capable of meeting our water quality and conservation targets. Since Bunya and Spring Farm were new projects undertaking civil works, their water strategies were assessed for the first time this year.

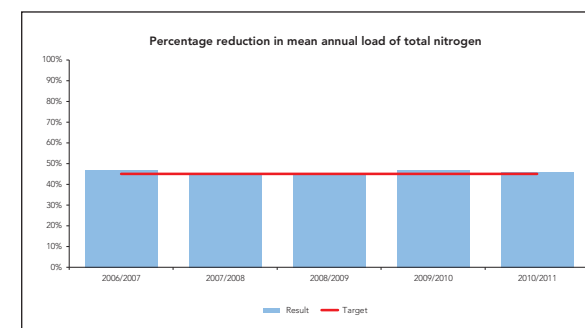
Improving water quality

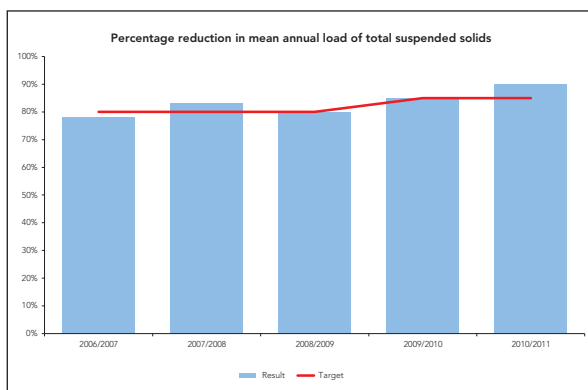
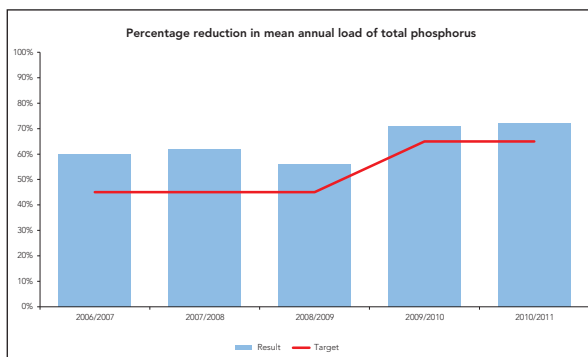
Thanks to our WSUD controls, our projects reduced nitrogen by 46% (against a target of 45%), and phosphorous by 72% (65% target). Of particular note this year was the reduction in suspended solids. A pleasing 90% of total suspended solids were removed from our projects' water systems this year.

Oran Park treats its water through a combination of wetlands and bio-retention systems and its overall results were excellent. It was the only project that came close to reducing nitrogen by our stretch target of 65% (it achieved 63%). It reduced phosphorous by 86%, far exceeding the target and even beating the stretch target of 85%.

Although only a small contributor, Greenway Views proved a comparative drag on the result, scoring a low 24% nitrogen reduction and a 53% phosphorous reduction. This is the last reporting year for this legacy project and its negative impact will not be felt in the coming years' results. Sanctuary, a project that we took over from our developer partner, and Garden Gates didn't meet our current target, but met our previous target, achieving phosphorous reductions of 56% and 57% respectively.

The Ponds Stages 1 and 3, Rouse Hill and Parkbridge exceeded our stretch target of 90% for removal of suspended solids, achieving 94%, 94%, 92% and 92% respectively. Garden Gates, Greenway Views and Sanctuary were again the lowest scoring performers.





Protecting our waterways

Our aim, as mentioned previously, is for Landcom developments to meet a Stream Erosion Index (SEI) score of 2.0, which is current best practice, with a stretch target of 1.0.

Of the three Landcom projects that have not been previously reported (Oran Park, Bunya and Spring Farm), Oran Park and Bunya apply the SEI and meet the target of 2.0. The WSUD strategy for Spring Farm was developed in 2006, before the SEI was introduced. This accounts for our result of 66% of projects meeting the target.

The stormwater industry is in the process of developing guidance on how to meet SEI targets. Landcom's work at Oran Park and Bunya will be used to help the industry evolve the SEI in Sydney, and these results, along with any SEI methodology amendments, will be reported in 2011-2012.

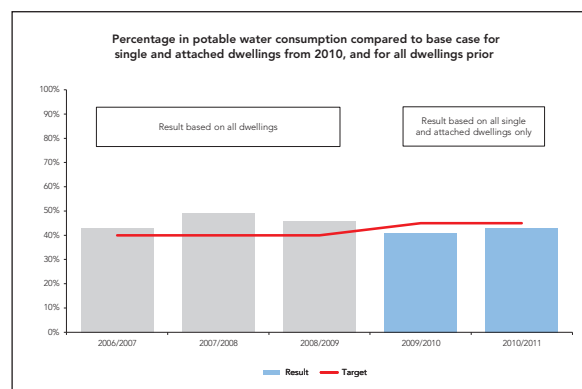
Conserving water

While we recorded a 43% reduction in the use of potable water in our single and attached dwellings not serviced by recycled water, which was a slight improvement on last year's 41%, the target remains a challenge. The best performers were at Bunya, where the dwellings are required to attain a BASIX score of 50. Once again, very few of our dwellings went beyond statutory requirements. We will work more closely with builders to persuade them that moving beyond compliance requires minimal cost adjustments.

Our aim of reducing potable water consumption by 60% for attached and single dwellings served by reticulated, recycled water also proved challenging. The 50% reduction was again a slight improvement on last year's 48%, with the best performers being at The Ponds Stage 1, where three demonstration dwellings have been constructed with BASIX reductions of 85 (one dwelling) and 70 (two dwellings).

Recycled water has allowed for more efficient mains water use at Newbury, Rouse Hill and Parkbridge. However, water consumption in these dwellings doesn't go beyond what can be easily attained through fittings and reuse, and does not go near to attaining the stretch targets.

Since we delivered no apartments this year, no results were recorded for these two indicators.



Our target of having all Landcom's public open space irrigated by non-potable water was not met. Four projects released areas of open space this year, Oran Park, the New Rouse Hill, The Ponds and Bunya, and 75% of these projects use either treated stormwater or recycled water for irrigation. Bunya was

unable to access recycled water because of regulatory authority policy amendments. While this indicator has not been formally adopted by the Minister, we reported on it last year and decided to do so again this year.

Our two new projects, Spring Farm and Bunya, have not incorporated dual water reticulation systems through their developments because these are no longer available from Sydney Water. This is another indicator that was not adopted by the Minister and, since this conservation option is no longer available, it will be removed in future reports.

We recorded no result this year against our target of designing and constructing commercial buildings that meet a 5 star + rating under the National Australian Built Environment Rating System (NABERS) water scheme. Last year we stated that our only commercial building at Park Central was yet to complete a NABERS rating, and results for the building would be reported in this year's report. Unfortunately, we have been unable to have the building rated. The building was completed several years ago, and has now been sold. Since we no longer own the building, gaining access was difficult and it was decided not to pursue a rating.

At the time of preparing this indicator, we expected that Landcom would be playing a significant role in urban renewal. This has not been the case and we have therefore reviewed how this indicator is applied. From this year we will take a more directive approach and all commercial buildings will require a NABERS rating at the design stage. We recognise that to achieve our target, we will need to raise awareness among our own project teams, as well as among our partners, to ensure that this target is properly understood and becomes fully embedded into our business processes.

Energy and greenhouse gas emissions

THE THINKING BEHIND OUR INDICATORS

Our energy targets aim to drive energy efficiency and encourage investment in less polluting energy supply. They are, to a large degree, driven by the principles of avoidance, reduction, education and promotion.

Energy efficiency

We acknowledge the need to demonstrate leadership beyond regulated minimum targets for greenhouse gas reduction.

With the added incentive of rising electricity prices and increasing community concern about energy pricing and affordability, our greenhouse gas reduction targets for homes built in partnership with a builder or a developer are intentionally challenging:

- 50% for detached and attached dwellings with a stretch target of 55%
- 40% for three storey apartments
- 35% for four and five storey apartments
- 30% for six storeys and more.

In addition, all new homes should achieve a minimum thermal efficiency rating of 6 stars or greater and all new commercial buildings should achieve a 5 star energy rating under NABERS.

Promoting a sustainable or renewable energy supply

We measure reductions in greenhouse gas emissions and the percentage of renewable energy supply in all our projects with more than 500 dwellings. We aim to reduce greenhouse gas emissions by 50% compared with the base case (as defined by BASIX) and for projects to have at least a 5% renewable energy supply.

In addition, we measure sustainable or renewable energy technologies installed in our developments. The Renewable Energy Certificates (RECs) system introduced in 2001 means that all solar hot water systems must be rated. Our target aims to ensure that all new homes built in partnership with a builder or developer are fitted with a solar hot water system capable of generating either a minimum of 30 RECs or 19 RECs for hot water systems appropriate for a two-bedroom or smaller home.

HOW WE PERFORMED

ENERGY AND GREENHOUSE GAS EMISSIONS

Indicator descriptor	Indicator	Target 2009/2010 to 2014/2015	Result 2010/2011	Result 2009/2010	Target 2002/2003 to 2008/2009	2008/2009	2007/2008	2006/2007
Energy efficiency	Percentage reduction in operational greenhouse gas emissions from dwellings built by Landcom compared with NSW average emissions (the base case as defined by BASIX) for detached and attached dwellings	50%	48%	45%		No data - indicator introduced in 2009/2010		
	Percentage reduction in operational greenhouse gas emissions from dwellings built by Landcom compared with NSW average emissions (the base case as defined by BASIX) for three storey apartments	40%	No apartments	No apartments		No data - indicator introduced in 2009/2010		
	Percentage reduction in operational greenhouse gas emissions from dwellings built by Landcom compared with NSW average emissions (the base case as defined by BASIX) for four and five storey apartments	35%	No apartments	No apartments		No data - indicator introduced in 2009/2010		
	Percentage reduction in operational greenhouse gas emissions from dwellings built by Landcom compared with NSW average emissions (the base case as defined by BASIX) for six or more storey apartments	30%	No apartments	No apartments		No data - indicator introduced in 2009/2010		
	Reduction in greenhouse gas emissions	N/A	N/A	N/A	40%	17%	20%	16%
	Percentage of dwellings that achieve a 6 star or greater thermal efficiency rating (measured using NatHERS or a similar rating tool)	100%	19%	20%		No data - indicator introduced in 2009/2010		
	Percentage of dwellings that achieve a 4.5 star NatHERS score	N/A	N/A	N/A	100%	91%	74%	76%
	Percentage of commercial buildings designed and constructed to achieve a 5 star or greater rating under the NABERS Energy scheme	100%	No result	One commercial building constructed NABERS rating to be reported in 2010/2011		No data - indicator introduced in 2009/2010		
	Percentage of commercial buildings to achieve a 4.5 star or greater under the Australian Building Greenhouse Rating	N/A	N/A	N/A	100%	N/A	100% (1 out of 1)	N/A

ENERGY AND GREENHOUSE GAS EMISSIONS | continued

Indicator descriptor	Indicator	Target 2009/2010 to 2014/2015	Result 2010/2011	Result 2009/2010	Target 2002/2003 to 2008/2009	2008/2009	2007/2008	2006/2007
Sustainable or renewable energy supply	Percentage of dwellings built by Landcom to be fitted with solar hot water systems capable of achieving a minimum of 30 RECs or 19 RECs for dwellings of two or fewer bedrooms	100%	18%	11%		No data - indicator introduced in 2009/2010		
	Percentage of dwellings to be fitted with gas boosted solar hot water systems to meet at least 60% of energy requirements for the year	N/A	N/A	N/A	100%	41% (93 out of 227)	47% (224 out of 477)	18% (29 out of 160)
	Percentage of projects greater than 500 dwellings to achieve more than 50% reduction of greenhouse gas emissions compared with NSW average greenhouse gas emissions	100%	Indicator in testing phase	Methodology under development		No data - indicator introduced in 2009/2010		
	Percentage of projects with over 500 dwellings to achieve more than 40% reduction of greenhouse gas emissions compared with base case (and including a percentage of renewable energy generation)	N/A	N/A	N/A	100%	N/A (Note 1)	N/A (Note 1)	100% (1 out of 1 projects)
	Percentage of projects greater than 500 dwellings to include a minimum of 5% renewable energy supply, either onsite or offsite	100%	Indicator in testing phase	Methodology under development		No data - indicator introduced in 2009/2010		
	Percentage of projects with over 500 dwellings that include a component of renewable energy generation either onsite or offsite	N/A	N/A	N/A	100%	N/A (Note 1)	N/A (Note 1)	100% (1 out of 1 projects)

Note 1: Renewable energy output for masterplanned projects completed this year was not determined at the time of reporting.

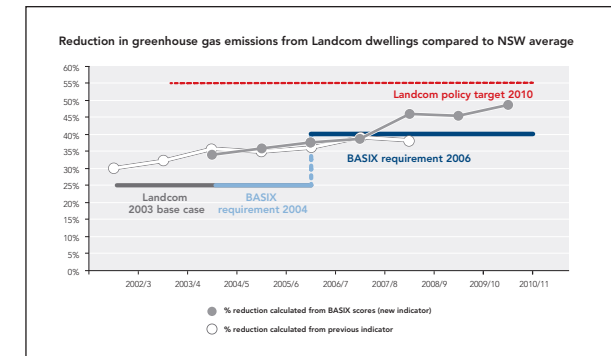
Energy efficiency

We reduced greenhouse gas emissions in detached and attached dwellings built by Landcom by 48% which was short of our 50% target.

Generally, progress has been steady since 2003, with emissions decreasing from 30% emissions reduction to 48% emissions reduction, but still short of our target. The reason for the lag in the greenhouse gas reduction achieved compared to the regulatory minimum, and to Landcom's target, is because each year's results include dwellings which gained planning approval ahead of these targets being in place.

Again this year, agreements with our delivery partners had been prepared well before the new, more challenging targets were determined.

In the past, we calculated our emissions reduction using a method developed by the Energy Smart Urban Solutions (ESUS) project. This has been replaced by comparing our reductions to the New South Wales average, as defined by BASIX.

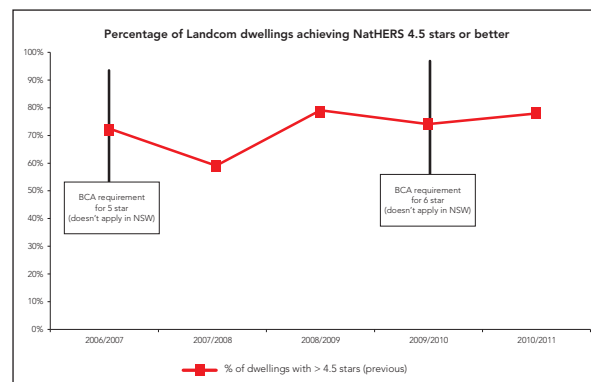


The graph above shows the results, using our current and previous methodology. It also shows how the regulatory standard has changed. Results are similar from both calculation methods up until 2009, when the ESUS methodology gives a smaller greenhouse gas reduction.

As mentioned previously, we have no result for our only commercial building, Park Central, and the NABERS rating indicator and the methodology for collecting the data have been changed.

casestudy

Only 19% or 29 out of 152 dwellings achieved a 6 star or greater thermal performance. If we remove the projects assessed before the 6 star rating became possible, and report only on those 118 dwellings to which the latest version of Nationwide House Energy Rating Scheme (NatHERS) can be applied, this result increases to 25%. Once again, we recognise that to achieve our target, we will need to raise awareness among our own project teams, as well as among our partners, to ensure that this target is properly understood and implemented.



The chart above shows the proportion of dwellings achieving better than a 4.5 star rating, and changes in regulation over the period. The Building Code of Australia introduced national requirements for 5 star homes in 2006. This increased to a 6 star rating in 2010, but these requirements don't apply in New South Wales, where energy performance is regulated by BASIX.

While we are still short of our target, there has been steady progress over the years, particularly when our performance is assessed against the 4.5 star rating. In the current year 78% of Landcom dwellings achieved better than 4.5 star ratings, a vast improvement from the 20% which achieved 4.5 stars just under a decade ago. There is a 30% improvement in energy use from a 4.5 star dwelling compared to a 6 star dwelling.

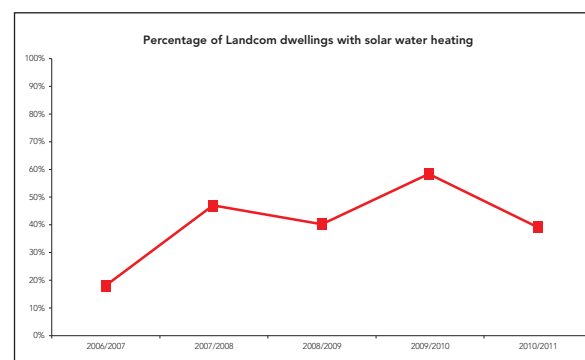
Achieving our target will not occur without a greater effort on our part to work with partner builders to create the momentum to improve on these results. As a first step, we are working with Clarendon Homes to develop three Eco-Living display houses at The Ponds that have a range of features beyond BASIX requirements (see case study on this page).

Promoting sustainable or renewable energy supply

We aim to have all large projects (defined as having over 500 dwellings) reduce their greenhouse gas emissions by more than 50% and to source at least 5% of their energy supply from

renewables sources. As signalled last year, the methodology we will use to measure this is our PRECINX® software, which we've developed in partnership with carbon consultancy Kinesis.

We tested our methodology during the reporting period and, from July 2011, we will be reporting on projects from the masterplan stage through to completion. Projects that completed their masterplan before 1 July 2011 will not be reported under this indicator. Also excluded will be projects where Landcom has limited influence over sustainability outcomes due to partnering arrangements.



The graph above shows the proportion of Landcom dwellings with solar water heating. This rose from zero in 2003 to nearly 60% in 2010, although we saw a significant fall in 2011 to 39%. Despite this, the numbers are still better than the state average, which only reached 31% in 2008.

The 39% of Landcom dwellings that have solar hot water systems is comprised of 18% with heaters that meet the performance standard and 16% that don't. 5% had no information about the heater's specification.

Only 18% of the dwellings we built were fitted with solar hot water systems capable of achieving a minimum of 30 RECs or 19 RECs for dwellings with two or fewer bedrooms.

Encouraging better compliance is at the top of our list of priorities for the coming year. From our investigation of the data, there is no apparent reason why the numbers fluctuate as much as they do. The installation of solar water heating should be a cost-effective solution for consumers, but from the limited audit we have undertaken, it would appear that RECs are not being claimed by either builders or consumers. We have been unable to determine any logical reason to explain why this is occurring and so in the coming year we will work with our supply chain to actively encourage better take-up of solar water heating.

Eco-Living at The Ponds

In partnership with Clarendon Homes, we launched our first Eco-Living demonstration home at The Ponds this year. These homes will showcase sustainable design, materials and technologies. Our aim is to increase community and industry awareness about sustainable house design and products and create more demand for them.

The first home is the Benchmark Home, which achieves a 6 star thermal performance, a 60% BASIX energy rating and a 70% BASIX water rating.

Our next home to be completed will be the Green Cycle Home, which will demonstrate ways to maximise the use of recycled materials or those with high recycled content. The final home is the Zero Emissions Home, which will demonstrate how to achieve net zero energy use and emissions and net zero water use.

All homes will feature universal housing principles, making them flexible to meet the needs of people of different abilities and ages over time. They include widespread use of sustainable materials and products. Special attention has been given to design features that encourage community interaction, passive surveillance and the provision of asthma-friendly internal and external spaces.



Biodiversity and native vegetation management

THE THINKING BEHIND OUR INDICATORS

Our developments occur on sites that have a range of ecological values. This calls for a range of responses. For instance, in transforming rural land into urban land, we must proceed with considerable sensitivity to protect, conserve and, where feasible, improve it. In other cases, our projects are located on development sites that are heavily degraded. We revegetate them, rehabilitate creek systems and, through zoning, restrictions on land title or other legal processes, secure their conservation for the future. Finally, we monitor the ecological communities we encounter by assessing the significance of native bushland, individual species and streams, and take steps to ensure that developments do not have a deleterious impact.

While the development process inevitably results in the clearing of native vegetation, our aim is to minimise any adverse impact and compensate for it wherever possible.

Local communities frequently have unique knowledge of the biodiversity of the areas in which they live and of its value to the community. For this reason, every Landcom project is the subject of a tailored community consultation program designed to elicit the views of the local community on, among others things, environmental issues of concern. All those raised are addressed as part of the planning and development process. Furthermore, like any New South Wales developer, we adhere to a state legislative framework that is specifically designed to manage biodiversity impacts arising from our activities.

HOW WE PERFORMED

This year these indicators applied to only one of our projects, North Penrith, since it was our only project in the masterplanning phase during the reporting period, which is the milestone at which this indicator is measured and reported.

No areas of high or medium conservation significance were identified in Penrith, and only 0.6ha of low significance vegetation were identified and will be cleared. As a result, there was no need to replant vegetation communities, zone for environmental protection or conservation, or invest in offsite conservation.

Some scattered trees that are foraging habitat for the threatened Eastern Bentwing Bat will be removed, while others will be retained in open space/parkland. A vegetation management plan will be included in the council plan, as agreed between Landcom and Penrith City Council.

BIODIVERSITY AND VEGETATION MANAGEMENT

Indicator descriptor	Indicator	Target 2009/2010 to 2014/2015	Result 2010/2011	Result 2009/2010	Target 2002/2003 to 2008/2009	2008/2009	2007/2008	2006/2007
Native vegetation management	Loss of 'High Conservation Significance' Endangered Ecological Communities	No loss	None recorded	7.8ha recorded, 0.2ha cleared	No loss	2.8ha cleared, 10.1ha conserved	Nil cleared 4.7ha conserved	Nil cleared, Nil conserved
	Loss of 'Moderate Conservation Significance' Endangered Ecological Communities	No target	None recorded	1.5ha recorded, 0.7ha cleared	No target	1.9ha cleared, 3.8ha conserved	5.7ha cleared, Nil conserved	5.6ha cleared, Nil conserved
	Loss of 'Low Conservation Significance' Endangered Ecological Communities	No target	0.6ha recorded, 0.6ha cleared	4.2ha recorded, 4.2ha cleared	No target	1.7ha cleared, 2.8ha conserved	13.9ha cleared, 13.8ha conserved	Nil cleared, Nil conserved
	Area of Endangered Ecological Communities replanted (including Endangered Ecological Communities/threatened species/remnant vegetation)	No target	0 ha	8.7ha		No data - indicator introduced in 2009/2010		
	Area of Endangered Ecological Communities replanted	N/A	N/A	N/A	No target	17.4ha	10.3ha	Nil
	Area zoned for environmental protection or conservation	No target	0ha	6.3ha	No target	8.0ha	8.8ha	Nil
	Percentage of projects where Endangered Ecological Communities or threatened species found are to have an appropriate Vegetation Management Plan (VMP)	100%	To be included in Council VMP	100%	100%	100%	100%	N/A
	Loss of native vegetation as potential habitat for threatened species	No target	No measurable loss	10.0ha replanted, 7.0ha cleared, net gain 3.0ha	No target	14.1ha cleared 16.7ha conserved	19.6ha cleared, 18.1ha conserved	Nil cleared, Nil conserved
	Areas of vegetation communities (Endangered Ecological Communities, threatened species or remnant vegetation) receiving onsite conservation in perpetuity	No target	0 ha	6.3ha		No data - indicator introduced in 2009/2010		
	Areas of vegetation communities (Endangered Ecological Communities, threatened species or remnant vegetation) receiving offsite conservation in perpetuity	No target	0ha	None recorded		No data - indicator introduced in 2009/2010		
	Value of conservation contribution (including biobanking offset onsite and offsite and works associated with VMP)	No target	\$0	\$903,340		No data - indicator introduced in 2009/2010		

Riparian corridor management

THE THINKING BEHIND OUR INDICATORS

Riparian corridors are the vegetated areas around creeks, streams, rivers, lakes, dams, estuaries, wetlands, river floodplains or any land influenced by tidal waters. They protect waterways by acting as a buffer between terrestrial and aquatic ecosystems. They also maintain the waterways' health and viability by holding riverbanks in place, reducing erosion risks, filtering sediments and nutrients from surface runoff and groundwater, regulating water temperature and providing shelter and organic matter for aquatic organisms. They are important community assets, providing visual appeal, recreational opportunities and integral links between suburbs.

Because of their importance, our aim is to avoid any loss of riparian corridors around water bodies that maintain significant aquatic habitat, and to conserve a riparian zone of between 20 and 40m and a vegetated buffer of 10m for first, second and third order streams.

HOW WE PERFORMED

RIPARIAN CORRIDOR MANAGEMENT

Indicator descriptor	Indicator	Target 2009/2010 to 2014/2015	Result 2010/2011	Result 2009/2010	Target 2002/2003 to 2008/2009	2008/2009	2007/2008	2006/2007
Riparian corridor management	Loss of riparian corridors for third order streams	No loss	No third order streams	325m loss, 746m gain		No data – indicator introduced in 2009/2010		
	Loss of riparian corridors for Category 1 – high significance streams	N/A	N/A	N/A	No loss	No Category 1 recorded	Nil	N/A
	Conservation of 20-40m core riparian zone, and 10m vegetated buffer for any third order or greater watercourses and where there is a defined channel where water flows intermittently or permanently. This includes estuaries, wetlands and any parts of rivers influenced by tidal waters	100%	No third order streams	100%		No data – indicator introduced in 2009/2010		
	Greater than 40m of riparian corridor from top of bank for Category 1 – high significance streams	N/A	N/A	N/A	100%	No Category 1 recorded	N/A	N/A
	Conservation of 20m core riparian zone and 10m vegetated buffer for any permanently flowing first order watercourse, and/or second order watercourse; and where there is a defined channel where water flows intermittently or permanently	100%	100%	None recorded		No data – indicator introduced in 2009/2010		
	20-30m of riparian corridor from top of bank for Category 2 – moderate significance streams	N/A	N/A	N/A	100%	No Category 2 recorded	N/A	100%
	Length of in-stream breaks resulting from Landcom's design for Third Order Streams	No breaks	None recorded	None recorded		No data – indicator introduced in 2009/2010		
	Length of in-stream breaks resulting from Landcom's design for Category 1 – high significance streams	N/A	N/A	N/A	No breaks	No Category 1 recorded	0 m	N/A
	Length of in-stream breaks resulting from Landcom's design for Second Order Streams	No target	None recorded	None recorded		No data – indicator introduced in 2009/2010		
	Length of in-stream breaks resulting from Landcom's design for Category 2 – moderate significance streams	N/A	N/A	N/A	No target	No Category 2 recorded	N/A	Nil
	Length of in-stream breaks resulting from Landcom's design for First Order streams	No target	494m infilled for development	Four first order watercourses infilled for development		No data – indicator introduced in 2009/2010		

RIPARIAN CORRIDOR MANAGEMENT | continued

Indicator descriptor	Indicator	Target 2009/2010 to 2014/2015	Result 2010/2011	Result 2009/2010	Target 2002/2003 to 2008/2009	2008/2009	2007/2008	2006/2007
	<i>Length of in-stream breaks resulting from Landcom's design for Category 3 – low significance streams</i>	N/A	N/A	N/A	No target	Nil	Nil	N/A
	Conservation of 10m for any first order watercourse where there is a defined channel and where water flows intermittently	100%	100%	None recorded		No data – indicator introduced in 2009/2010		
	<i>5-10m setback from top of bank for Category 3 – low significance streams</i>	N/A	N/A	N/A	100%	100%	100%	N/A
	Appropriate Riparian Corridor Management Plans developed for all Landcom projects where riparian land exists	100%	100%	100%	100%	100%	100%	100%
	Area of riparian land in environment protection zoning	No target	2.9ha	6.3ha		No data – indicator introduced in 2009/2010		
	<i>Area to be zoned for environmental conservation</i>	N/A	N/A	N/A	No target	Nil	8.8ha	Nil
	Ramsar wetlands or other significant or listed water bodies affected by Landcom's activities	No target	No Ramsar wetlands recorded	None recorded	No target	1	1	Nil

Only one project, Edmondson Park, was included in this year's results, since North Penrith, our other relevant masterplanned project, requires no riparian corridor management (because it has no riparian corridor).

Where applicable, all targets were met. Indicators relating to third order or greater streams were not applicable this year, because there were no such streams identified within the project area.

Our riparian zone and vegetation buffer targets were met. A 20m core riparian zone and 10m buffer will be maintained. Maxwell's Creek, a second order stream, is heavily wooded in the upper catchment. There is a large spillway and culverts that prevent the passage of fish and other aquatic species into the lower reaches. Erosion is evident and there is sewage discharge from the Ingleburn sewage treatment plant that has contributed to reduced water quality.

Within the project site, the creek line has variable cover of native vegetation and permanent water. Maxwell's Creek's tributaries are highly modified and as a consequence, there is little or no permanent flowing water to provide a habitat for fish.

An appropriate riparian corridor management plan for Edmondson Park will ensure that barriers to fish passage are removed and replaced with appropriate structures, the area is revegetated to provide habitat for native flora and fauna, the water quality is improved and bank erosion is prevented. In addition, bank and stream channels will be rehabilitated where these have been impacted by land use.

There were no in-stream breaks resulting from Landcom's design for second order streams in this reporting period. One first order watercourse, 494m long, will be in-filled for development and there are 2.9ha of riparian land zoned for environmental protection. There are no Ramsar or other important wetlands in the Edmondson Park area.

Waste

THE THINKING BEHIND OUR INDICATORS

For anyone in the construction and development industry, reducing the amount of waste sent to landfill is an important factor in environmental sustainability. Our targets in this area are aimed at promoting the importance of reuse and recycling practices to second and third parties such as the civil works contractors and builders with whom we do business.

In recent times, we have had considerable success with our civil works contractors. Since we now deal with fewer contractors than in previous years, we have been able to develop strong relationships and, because they are working on our land, we can exercise greater control.

However, on projects where responsibility for built form is passed to builders, our ability to influence compliance becomes weaker. In some cases, the solid relationships we have established with partner builders overcome this challenge, but where builders are unfamiliar with our requirements, or where the project delivery relationship is through another developer and there is no straight reporting line between Landcom and the builder, exerting influence becomes more difficult.

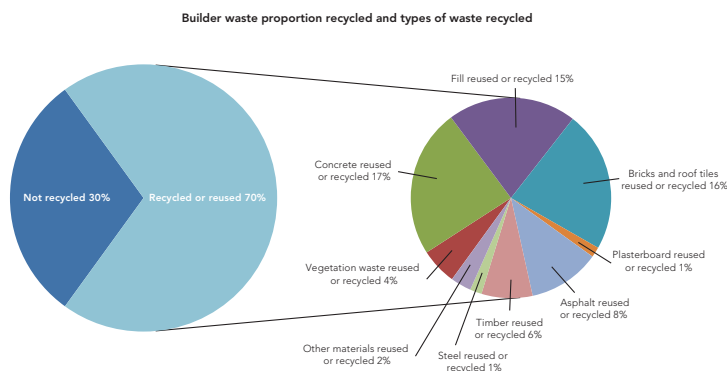
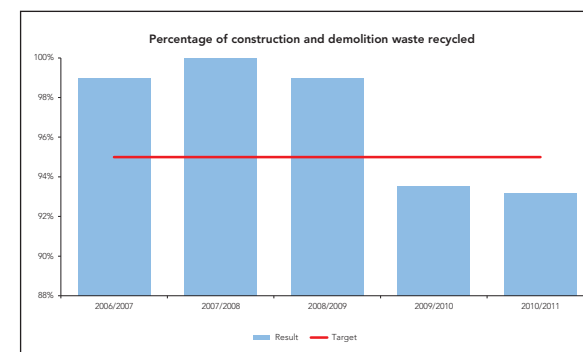
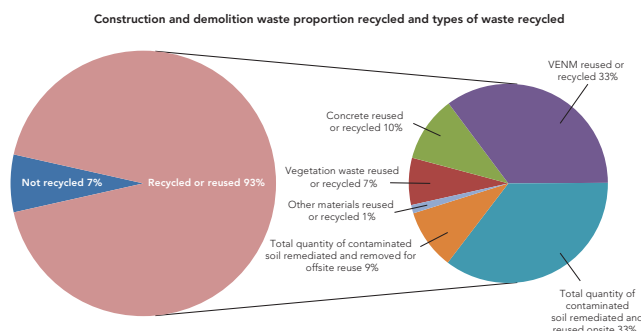
HOW WE PERFORMED

Neither of our waste indicator targets was met. We fell just short of our target of recycling or reusing 95% of our recyclable civil contracting waste, recording a figure of 93% this year compared with the previous year's 94%. While this is a negligible change, we will monitor our performance in this area in the coming year.

This is the first year we've been able to report on the recovery of total construction and demolition waste materials generated from building construction projects. This not only demonstrates improvement in our data collection processes, but also a significant improvement in our relationships with our partner builders and in the way we're managing our contracts. A total of nine builder Environmental Management Plan report cards were received: two from our Eco-Living builder partner, one from a contractor constructing an amenities block at The Ponds and six from the six ADHC group homes builder contracts that were completed last financial year. From the report cards received, 70% of the recyclable waste was recycled.

WASTE

Indicator descriptor	Indicator	Target 2009/2010 to 2014/2015	Result 2010/2011	Result 2009/2010	Target 2002/2003 to 2008/2009	2008/2009	2007/2008	2006/2007
Civil works project waste	Percentage of recovery (reuse and recycle) of total construction and demolition waste materials generated from civil works completed in the reporting year	95%	93%	94%	95%	99%	100%	99%
Builder project waste	Percentage of recovery (reuse and recycle) of total construction and demolition waste materials generated from building construction projects delivered in the reporting year	95%	70%	No result	76%	No data	No data	No data



Influencing design

THE THINKING BEHIND OUR INDICATORS

Influencing design is about 'walking the talk' and introducing a sustainability culture into our own projects so we can, in turn, influence broader development outcomes. The tools we use to achieve this are the Landcom Guidelines, which provide direction on how to achieve high quality and sustainable home and neighbourhood designs.

Our aim is for all our projects to take the Landcom Guidelines into account during the planning and design phase. Furthermore, all lots that have sustainable design criteria should have two of the following:

- solar orientation and passive solar design
- energy efficient design (6 star thermal performance)
- water conservation measures (4 star rated taps, shower roses, fittings and fixtures, toilets)
- household recycling facilities.

HOW WE PERFORMED

While 60% or six out of 10 projects used the Landcom Guidelines, Garden Gates, Spring Farm, The Ponds Stage 3 and Vantage are all projects that pre-date the guidelines, giving rise to the recorded result.

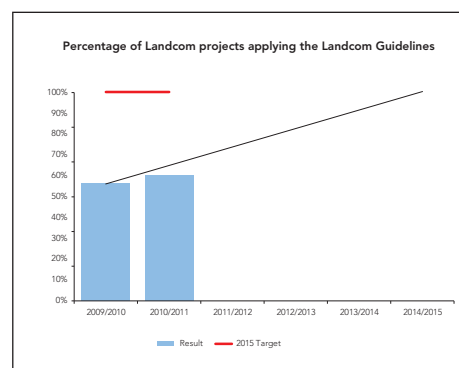
With regard to sustainable design criteria in solar, energy, water and recycling, 100% or 1,048 lots included two or more of these criteria in their design guidelines. This is an improvement over last year's figure of 93%.

For projects where we only sell land, we can normally only influence the built form by encouraging the use of the Landcom Guidelines. This year, 100% of projects have design guidelines – or 10 out of 10 of the projects delivering land only. This is equivalent to 1,048 lots being influenced by Landcom's preferred design outcomes.

It is pleasing to see that the steps we took last year to improve results, including introducing a refresher course on sustainability within the organisation and enhancing existing communication and information systems to improve knowledge about sustainability requirements, appear to have paid off.

INFLUENCING DESIGN

Indicator descriptor	Indicator	Target 2009/2010 to 2014/2015	Result 2010/2011	Result 2009/2010	Target 2002/2003 to 2008/2009	2008/2009	2007/2008	2006/2007
Influencing design	Number of projects where Landcom influences the builders' product by specifying design criteria	No target	10 of 10 projects	9 of 9 projects	No target	6 out of 6 projects	8 out of 8 projects	3 out of 4 projects
	Percentage of lots delivered where the builders' designs were influenced by Landcom through design guidelines	No target	100%	100%	No target	100%	94%	98%
	Percentage (and number) of projects where the Landcom Guidelines were used to influence urban outcomes	100%	60% (6 of 10 projects)	56% (5 of 9 projects)		No data – indicator introduced in 2009/2010		
	Percentage of lots delivered that had sustainable design criteria in design guidelines, comprising two out of four of the following sustainability criteria: (a) solar orientation and passive solar design (b) energy efficient design (i.e. 6 star thermal performance) (c) water conservation measures (i.e. 4 star rated fittings and fixtures) (d) household recycling facilities	100%	100%	93%		No data – indicator introduced in 2009/2010. Previously, the indicator was defined as Percentage of lots delivered that had sustainable design criteria in design guidelines, comprising two out of four of the following sustainability criteria: – solar orientation and passive solar design – energy efficient design (i.e. 4.5 star NatHERS (Nationwide House Energy Rating Scheme) – water conservation measures (i.e. AAA-rated shower roses, 3/6-litre flush toilets) – waste minimisation and ongoing recycling facilities. This was then superseded by BASIX, so data collection was no longer required.		



Demonstration projects

THE THINKING BEHIND OUR INDICATORS

We develop and road test environmental sustainability innovations in our 'demonstration' projects and then roll these out in other projects and more broadly through our project partnership arrangements with the private sector.

The results for demonstration projects that featured environmental sustainability innovations during the reporting period are provided in the table below. Further information on our demonstration initiatives at The Ponds and Bunya is provided as Case Studies elsewhere in this report (see table below for location).

HOW WE PERFORMED

DEMONSTRATION PROJECTS - ENVIRONMENTAL

Indicator descriptor	Indicator	Target 2009/2010 to 2014/2015	Result 2010/2011	Result 2009/2010	Target 2002/2003 to 2008/2009	2008/2009	2007/2008	2006/2007
Demonstration projects	Description of environmental leadership and innovation across the organisation (including development, policy, and corporate initiatives)	No target	The Ponds, Bunya	Refer to Demonstration projects section		No data – indicator introduced in 2009/2010		

The Ponds	Eco-Living House 1 delivered (case study on page 39).
Bunya	Stretch sustainability initiatives being delivered that are beyond or outside of Landcom's sustainability requirements. (case study on page 34).

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Our efforts at The Ponds hit the mark with the local community

We recently surveyed our new residents in The Ponds, the fastest growing neighbourhood in the state, to see how satisfied they were with their new home and to ask what they thought of the community development and Welcome Program initiatives we provide. Well over 200 households responded.

The results were overwhelmingly positive. As many as 98% of respondents agreed that overall, The Ponds was a good place to live and over half had participated recently in an event or activity organised by the local community development facilitator. Residents reported a high level of satisfaction with a wide range of features provided in and around their homes. There was also a strong awareness of our design guidelines and a high level of satisfaction with the benefits that these provide.

Perhaps most pleasing of all, almost 95% of those who responded would recommend The Ponds to their friends and relatives as a place to live.



Environmental performance in our office operations

THE THINKING BEHIND OUR INDICATORS

In addition to measuring our performance in our projects, like many organisations we have indicators that monitor our operations at an organisational level.

The New South Wales Government has issued sustainability guidelines with which all its agencies must comply. While our small size and legal structure (a state-owned corporation) mean that we fall below the compliance threshold for these guidelines, we have voluntarily chosen to meet them and have formalised this commitment by incorporating them into our targets. We have done so because they represent good sustainability practice.

That said, our ability to achieve them is, in some cases, hampered by factors outside our control. For example, our tenancy agreement limits our ability to effectively measure our water and electricity usage because we aren't able to access separate metering to monitor our performance against a baseline. However, Landcom will relocate its head office next year and we will take the opportunity to incorporate as many conditions as possible in our future lease contract to ensure that we can improve our performance and meet the targets we have established.

HOW WE PERFORMED

Water usage

The corporate water indicator is currently being developed in line with the new indicator from the New South Wales Government's sustainability strategy. As mentioned, our existing tenancy limits our ability to report on our potable water consumption. Our move to a new head office is planned for August 2012. The new office has improved sustainability performance (NABERS 5 star) and will allow us to track our performance against this indicator. The target is to reduce water consumption by 15% by 2010-2011. Given that our first baseline year will be 2012-2013 and we won't be able to record a result until 2014-2015, the timeframe for this indicator will be revised following our move.

ENVIRONMENTAL PERFORMANCE IN OUR OFFICE OPERATIONS

Indicator descriptor	Indicator	Target 2009/2010 to 2014/2015	Result 2010/2011	Result 2009/2010	Target 2002/2003 to 2008/2009	2008/2009	2007/2008	2006/2007
Water conservation	Reduce potable water consumption by 15% by 2010/2011	Baseline to be determined	No result	N/A		No data – indicator introduced in 2009/2010		
Energy conservation	Corporate fleet environmental performance score of 13.5/20 for passenger vehicles and 9.0/20 for light commercial vehicles	13.5 and 9	14.2 and 8.5	14.2	12	13	13	13
	Carbon neutral operations for each office	100% of greenhouse gas emissions offset	Position being finalised	Baseline to be determined		No data – indicator introduced in 2009/2010		
	Reduce greenhouse gas emissions from fleet by 20% based on 2004/2005 emissions (CO ₂ e tonnes)	< 42	28.4	29.2		No data – indicator introduced in 2009/2010		
	Greenhouse gas emissions generated through vehicle fleet	N/A	N/A	N/A	No target	43 tCO ₂ e	42 tCO ₂ e	51 tCO ₂ e
	Reduce reliance on offsets to achieve carbon neutrality	No target	Position being finalised. A fuel reduction did result since the previous reporting period.	Baseline to be determined		No data – indicator introduced in 2009/2010		
	Purchase 100% GreenPower for office use	Units of 100% Greenpower purchased	100% Greenpower purchased for office use	100%	No target	100%	100%	100%
	Reduce corporate greenhouse gas emissions by 1% annually based on the previous year's greenhouse gas emission generation	1% less energy consumption than previous year	1% reduction achieved – 212 CO ₂ e kg per employee generated	214 CO ₂ e kg per employee generated		No data – indicator introduced in 2009/2010		
	Greenhouse gas emissions generated from electricity consumption	N/A	N/A	N/A	No target	465 tCO ₂ e	434 tCO ₂ e	439 tCO ₂ e

Energy and greenhouse gas emissions

The total greenhouse gas emissions were 212 carbon dioxide equivalent (CO₂e) kilograms per person. This represents a significant reduction from last year's result. The methodology used last year to calculate our emissions included electricity use, which shouldn't have been included because we purchase 100% GreenPower for electricity, and therefore don't generate greenhouse gas emissions on this count. If we remove electricity from last year's calculation, the result was 214 CO₂e kilograms per person. This is due to less fuel and an increased proportion of ethanol blend fuel being used.

Fleet operations

All Landcom's vehicles are required to meet an average annual Vehicle Environmental Performance Score, in accordance with the New South Wales Government's sustainability policy. The score is calculated using the system adopted for the New South Wales Clean Car benchmarks, which rates a car's emissions and its impact on air quality.

Landcom's targets for passenger and light commercial vehicles are 13.5/20 and 9.0/20 respectively. We not only exceeded the target for passenger vehicles, scoring an environmental performance of 14.2, we also beat the New South Wales Government's benchmark of 12. We scored 8.5 on light commercial vehicles, which is below our target.

Our total fleet emissions were 28.4 CO₂e tonnes, an improvement on last year's 29.2 CO₂e tonnes and an improvement on our 2004-2005 fleet emissions of 42 CO₂e tonnes. The improvement can be attributed to the purchase of more fuel efficient vehicles and increased use of cleaner fuels. Of the fuel purchased 72% was the E10 ethanol blend.

Carbon neutrality

The bulk of Landcom's greenhouse gas emissions are 'Scope 3' emissions (i.e. emissions by others doing work on our behalf), which are addressed partly through our broader energy and sustainability supply chain indicators.

Accepted industry standards for a carbon framework to account for, and offset, greenhouse gas emissions and achieve carbon neutrality are still evolving. According to a methodology developed with sustainability consultancy Net Balance, we achieved 100% carbon neutrality by offsetting 100% of the energy used in our operations (Greenfleet offsets). We are, however, reviewing the most appropriate framework to adopt for our business, including the extent to which we disclose our Scope 3 emissions, and aim to have this clarified by next year's report.

ENVIRONMENTAL PERFORMANCE IN OUR OFFICE OPERATIONS | continued

Indicator descriptor	Indicator	Target 2009/2010 to 2014/2015	Result 2010/2011	Result 2009/2010	Target 2002/2003 to 2008/2009	2008/2009	2007/2008	2006/2007
Waste	A4/A3 paper purchased with recycled content	100%	98% of office paper contained 100% recycled content (3,516 of 3,571 reams), 54% of marketing materials contained 100% recycled content	99% or 4,396 of 4,441 A4 equivalent reams		No data – indicator introduced in 2009/2010		
	Paper purchased with recycled content (measured in reams of 500 sheets)	N/A	N/A	N/A	85% of paper purchased contains recycled content	A4 – 2,910 reams, A3 – 148 reams	A4 – 3,105 reams, A3 – 96 reams	A4 – 3,077 reams, A3 – 81 reams
	Used toner cartridges recycled	No target	162	198 of 198 cartridges recycled (100%)		No data – indicator introduced in 2009/2010. Landcom has intermittently reported this in previous years.		
	Volume of co-mingled recycling	No target	0.3t	0.4t	No target	0.4t	0.4t	0.2t
	Percentage (and number) of retired computers and monitors reused or recycled	100%	100% - 61 computer and 49 monitors	100% - 20 computers and monitors recycled	No target	23 monitors sent to landfill	20 CPU and 38 monitors reused, 11 monitors sent to landfill	No data
	Volume of paper and cardboard recycled	No target	16.9t	12.5t	No target	7.9t	4.1t	4.4t

Nevertheless we continue to make welcome inroads into energy efficiency as indicated by our decreasing reliance on offsets. This year we purchased 29.85 CO₂e tonnes of carbon offsets by planting 111 native trees, compared with the 31.1 CO₂e tonnes offset last year.

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Market-based solutions for affordable housing

Landcom believes that providing increased housing choice for consumers, combined with structural change, remains the most sustainable way for us to influence the supply of affordable housing. However, some of our attempts over time to demonstrate leadership through structural change have not progressed as we would have liked, for a variety of reasons.

Some years ago, we developed a shared equity loan product designed to increase the purchasing capacity of moderate income households, enabling them to secure a foothold in the property market. The basis for our scheme was that the lending institution would retain a share in the home's equity on settlement, which would enable the lender's recurrent costs to be offset by its share in future capital gains when the house was sold. The scheme was supported in principle by one of the major banks. However, it required changes to the commonwealth tax system to make it attractive for the banking sector to invest in the scheme and, to date, we have been unable to effect these changes.

We also developed a tailored investment framework designed to attract institutional investors to participate in the development of a portfolio of rental housing property properties. Landcom's proposal involved a proportion of each portfolio being made available for affordable rental. While this concept has growing support internationally, Australia's tight investment market, combined with a conservative approach towards residential property investment by the major institutions, meant that our initiative has failed to gain financial support at this time. We plan to keep this initiative under active review in coming years in the event that there is a shift in market sentiment.

ENVIRONMENTAL PERFORMANCE IN OUR OFFICE OPERATIONS | continued

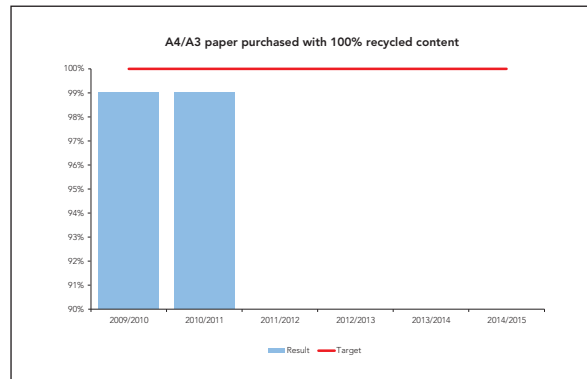
Indicator descriptor	Indicator	Target 2009/2010 to 2014/2015	Result 2010/2011	Result 2009/2010	Target 2002/2003 to 2008/2009	2008/2009	2007/2008	2006/2007
Sustainable supply chain	Number and percentage of new contracts relating to corporate activities that include sustainable innovation in the contract	No target	No result	0 of 2 contracts (0%)		No data – indicator introduced in 2009/2010		
	Percentage of 4.5 star NABERS rated buildings used as Landcom's head office and regional offices	100%	No result. Landcom's current office was re-leased in 2010-2011. It does not have a current NABERS rating.	No ratings undertaken		No data – indicator introduced in 2009/2010		
	Other products purchased containing recycled content or contributing to improved sustainability outcome	No target	33.1 tonnes of green waste recycled at banked inventory sites	Landcom purchased new record files that were carbon neutral and made from 100% recycled material. 929 A4 equivalent reams of materials produced were printed on paper with recycled content.		No data – indicator introduced in 2009/2010		
	Percentage of minimum 5 star MEPS and WELS appliances purchased	100%	N/A	1 x 4 star dishwasher		No data – indicator introduced in 2009/2010		

Electricity usage

All 447,843kWh of electricity consumed by our head office and regional offices during the reporting period was GreenPower, equating to zero carbon emissions for electricity consumption.

Waste reduction

Of the paper purchased for our office operations, 98% contained 100% recycled content. This was 3,516 of 3,571 equivalent A4 reams. All 162 used toner cartridges were recycled, as were all our obsolete computers and monitors (61 and 49 respectively). A total of 16.9t of office paper and of 0.3t of co-mingled products, such as aluminium cans and glass bottles, was also recycled. We also changed our methodology for this reporting period to only measuring each recycling bin when it was full. Our results are now more accurate. We also recycled 33.1t of green waste on our banked inventory sites.



We reduced our paper consumption this year. Our total paper use was 3,571 equivalent A4 reams or 27 reams of paper per staff member (excluding printed marketing materials), which is one ream less per person than last year. Also contributing to sustainability outcomes was the ink and paper used in our corporate communications and marketing material: 54% was printed on 100% recycled paper (313 reams) while the remaining requirements were printed on 80% recycled paper (52 reams), bringing the total to 586 reams of recycled paper. We also changed the ink we use in printing, as well as our contracts, which now require that suppliers use products with good environmental credentials where possible.

Energy and water efficiency

No appliances were purchased and we are reviewing this indicator in light of the recent amendments to the Minimum Energy Performance Standards (MEPS) and Water Efficiency Labelling and Standards (WELS) rating schemes. Our head office building, which we re-leased this year, is not a 4.5 star NABERS rated building. The decision to renew the lease was based on practical, not environmental, considerations, since planning for our move to a new office location in 2012 is well underway.

Sustainable supply chain (office operations)

We recognise that our environmental, social and ethical footprint goes beyond our own operations, and extends to those from our supply chain. For Landcom, the sustainable supply chain is about how we work with our suppliers to influence, manage and assess their sustainability. Given the wide benefits, opportunities and challenges in this area, we have engaged sustainability consultancy Banarra to help us in this work. Working in collaboration with our suppliers, particularly landscape and civil works contractors, we will continue to explore how to shift accepted practices towards improved sustainability.

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The Landcom Graduate Program

A place on Landcom's Graduate Program is one of the most sought after in the development industry, with an average of 100 applicants vying for around two positions each year. Landcom has offered the program for the past eight years and a total of 15 graduates have completed it. The initiative has deepened our pool of experience and has exceeded our expectations, with most graduates choosing to stay on at Landcom at the conclusion of their initial two-year term.

The program offers advantages on a number of levels. It provides opportunities for graduates to experience the development process and to build enduring connections with people in the industry. It provides an opportunity for Landcom to train young professionals in the way we do business, in the hope that they draw on that experience as they pass through the development industry. Finally, the program offers valuable mentoring opportunities for experienced Landcom staff.

Because graduates are encouraged to rotate throughout our business, their enthusiasm combined with the fresh perspective they provide, has refreshed and strengthened project teams across our organisation. The long-term impact on our business has been positive and is gathering momentum, with around 10% of our total staff now having come to us through the program.



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Public art at Vantage

Landcom has taken place-making to a new level at our Vantage project by sponsoring a major public art initiative designed to strengthen the cultural identity of this unique place.

Distinctive public artworks have been installed which act as focal points along the network of streets, cycleways and bush-walking paths that weave through the project.

We took a collaborative approach to the design and placement of the artworks by consulting within the community and drawing together civil engineering and project management disciplines to work with public art consultants, landscape architects and the artists themselves. An overall theme of 'tidal patterns' emerged from this collaboration, reflecting the area's strong associations with the sea.

The finished artworks have been integrated into the landscape and are contemporary in design, reflecting aspects of the coastal environment, land formation processes and changing settlement patterns over time. Traditional Aboriginal settlement is reflected in the artwork, along with later European influences, with a common link being the ongoing human interaction with the adjacent waterways.



Social sustainability

The social fabric we create and foster in our projects and across our organisation is essential to our success. The people who move into Landcom neighbourhoods form the communities that are the ultimate measure of what we do. We value them, as we do the people who work with us and contribute to this success.

We measure our achievements in social sustainability by the way we plan for healthy, diverse and supported communities, guarantee the health and safety of our own people, encourage innovation, and consult and address our stakeholders' concerns.

Social sustainability in our projects

THE THINKING BEHIND OUR INDICATORS

Landcom has a well-developed understanding of the relationship between land use planning/design and community wellbeing, and over the past five years has become a leader in social planning for new developments. Landcom defines socially sustainable places as connected places where relative inequalities are minimised and where the population is diverse and supported, and has access to appropriate opportunities. Our social planning processes are integrated into our business practices and measured and reported on through a set of indicators.

All our projects include local community engagement, social impact assessment and community development initiatives of one sort or another. These are designed to identify opportunities that should be maximised for the community, as well as potential negative social impacts and options to mitigate them.

When we originally launched our social sustainability indicators, we concentrated on community building initiatives such as the Welcome Program. However, this only gave us a limited understanding of our overall influence on communities. Our more recent indicators measure the extent to which social sustainability due diligence and social strategic planning have been undertaken at the masterplan stage.

This gives us the ability to identify social risks and provides opportunities to plan for the community's long-term social sustainability. We also specifically report on the development of 'universal housing' in new display villages. And since Welcome Programs have become standard practice in all new Landcom projects, we now also measure the types and value of all community programs and events throughout the year. This allows us to better identify the value we are adding to community development.

Providing information on the community facilities we create in our projects only gives a crude indication of our contribution. A better reflection of our contribution comes from measuring the impact of some of our other initiatives, such as community sponsorships. We now measure the monetary value of both these and our community facilities.

The housing market has undergone radical change since we first began reporting against the moderate income housing indicator in 2003. While we still report against this indicator, our more recent relative affordability indicator describes the percentage of Landcom housing sold at or below the average sales price for new land and housing in a defined local area. This allows us to more accurately assess our impact relative to current market conditions.

HOW WE PERFORMED

Social planning

Both Penrith and Edmondson Park had social sustainability due diligence assessments and strategic social plans completed prior to masterplan approval.

Ageing in place

Following a review of the first of our ageing in place indicators, we recognised that in most instances we have no means of measuring the proportion of universal housing ultimately delivered in a project. Moreover, reporting on the universal housing proportion in our projects was, to some extent, a duplication of reporting on strategic social plans: the strategic social plan determines the suitable proportion of universal housing product, and projects then deliver on this. As a result of these considerations, we have taken the decision to discontinue this indicator in future reports. We will continue to report on universal housing in our display villages.

The only display village constructed this year, at Bunya, included four universally designed dwellings within the total of eight. While the first of the Eco-Living display homes at The Ponds was launched this year, the village is not yet complete and will be reported on in 2012. Two of the three Eco-Living display homes will be universal and one will be fully adaptable.

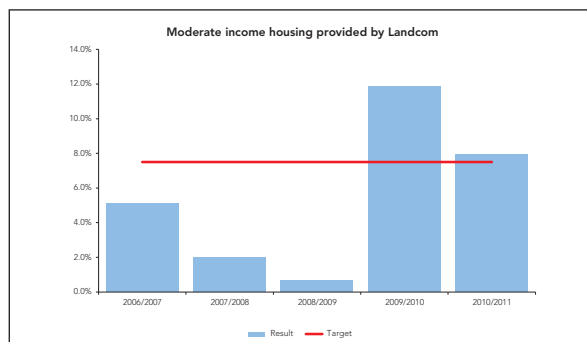
Moderate income housing

Despite interest rates having increased since last year, which had the effect of lowering the threshold for the moderate income housing (MIH) indicator by some \$38,800, we achieved our target, with 7.9% of Landcom product being sold at prices that fell within this year's range. This included land releases at Minto, Koala Bay and Ashton Grove and several medium density lots and superlots that were made available to the market. There were no apartment settlements in the reporting period.

In addition to the MIH reported this year, 12 sites and one superlot for seniors were delivered for Housing NSW at Minto, and 17 homes were delivered at Parkbridge. This land and housing was delivered in 2009-2010, below the MIH price threshold for that year, but has not been previously reported. To avoid this reporting lag, from this year we are reporting all MIH land releases in our result for this indicator, even where a project did not reach a reporting milestone. We feel that this approach is a fairer measure of our achievements.

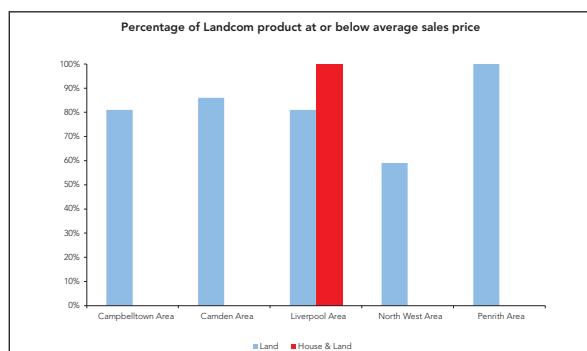
SOCIAL SUSTAINABILITY IN OUR PROJECTS

Indicator descriptor	Indicator	Target 2009/2010 to 2014/2015	Result 2010/2011	Result 2009/2010	Target 2002/2003 to 2008/2009	2008/2009	2007/2008	2006/2007
Social sustainability due diligence	Percentage of new projects that have social sustainability due diligence completed prior to masterplan approval	100%	100%	100%		No data – indicator introduced in 2009/2010		
Strategic social plan	Percentage of new projects that have a Strategic Social Plan completed prior to masterplan approval	100%	100%	100%		No data – indicator introduced in 2009/2010		
Ageing in place	All projects to provide a suitable portion of universal housing product	100%	No result	No result		No data – indicator introduced in 2009/2010		
	All residential display villages to contain at least one universal house	100%	100%	No result		No data – indicator introduced in 2009/2010		
Moderate income housing	Percentage of total yield that is sold for the purposes of providing moderate income housing	7.5%	7.9%	11.9%	7.5%	0.7%	2.0%	5.1%
Relative affordability	Percentage of new Landcom housing sold at or below the average sales price for new housing in a defined local geography	No target	Refer to Social Sustainability section	Refer to Social Sustainability section		No data – indicator introduced in 2009/2010		
Community facilities	Primary schools	No target	1	2	No target	Nil	2	1
	High schools	No target	0	1				
	Passive open space	No target	42.1ha	26.6ha	No target	10.9ha	16.3ha	18.2ha
	Active open space	No target	2.0ha	6.7ha	No target	3.4ha	Nil	7.2ha
	Recreation centres and court areas	No target	1	0		No data – indicator introduced in 2009/2010		
	Community centres	No target	1	0	No target	9	3	2
	Children's playgrounds	No target	5	5	No target	4	7	6
	Financial value of community facilities provided	No target	\$10,587,949	\$9,583,000		No data – indicator introduced in 2009/2010		



Relative affordability

The graph below shows the percentage of Landcom land/housing sold at or below the average sales price for new land/housing in different sub-regions. It shows that we are making a significant contribution to locally affordable housing.



Community facilities

The number of community facilities Landcom provided during the reporting period includes:

Primary school sites:	1 school for specific purposes
Secondary school sites:	0
Passive open space:	42.1ha
Active open space:	2.0ha
Courts (tennis, basketball, multi-purpose):	1
Community halls:	1
Children's playgrounds:	5

SOCIAL SUSTAINABILITY IN OUR PROJECTS | continued

Indicator descriptor	Indicator	Target 2009/2010 to 2014/2015	Result 2010/2011	Result 2009/2010	Target 2002/2003 to 2008/2009	2008/2009	2007/2008	2006/2007
Sustainable community programs	Percentage of projects over 200 lots with community development programs (including Welcome Program)	100%	69%	93%		No data – indicator introduced in 2009/2010		
	Percentage of projects with more than 200 home sites that have a Welcome Program provided	N/A	N/A	N/A	100%	61%	51%	69%
	Percentage of projects with a structured sustainable living education program in place	100%	62%	73%	100%	40%	27%	Nil
	Financial value of community programs (including, for example, Welcome Program, Walking School Bus and education programs)	No target	\$700,810	\$683,980		No data – indicator introduced in 2009/2010		
Community sponsorship	Financial value of community support and sponsorship	No target	\$138,500	\$79,164		No data – indicator introduced in 2009/2010		
Conservation of Indigenous heritage	Percentage of projects with significant Indigenous heritage issues that have a Conservation Management Plan developed	100%	100%	100%	100%	100%	N/A	N/A
Conservation of non-Indigenous heritage	Percentage of projects with non-Indigenous heritage listed items and places that have a Heritage Conservation Management Plan prepared	100%	100%	No result	100%	100%	N/A	100%

The total amount spent on the construction of open space and community facilities was \$10,587,949. The financial value of community programs we provided, such as the Walking School Bus and programs at the Macarthur Sustainable Living Centre, was \$700,810.

Community sponsorships

The table below lists our community sponsorships and their value.

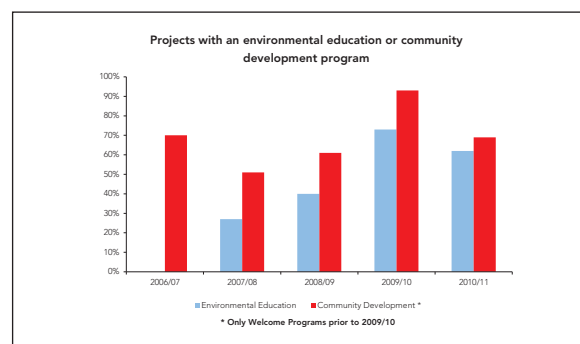
2010-2011 community sponsorship

Brief description of sponsorship	Spend (\$)
Western Sydney Environment Calendar	11,000
The Royal Flying Doctors Outback Trek	5,000
PCYC Time For Kids Event	500
Mount Annan Botanic Gardens Carols in the Garden	30,000
Shellharbour Good Neighbour Day	500
Bowral Tulip Time	25,000
The Mater Dei Foundation Dinner Campbelltown	5,000
Connections Community Care	30,000
Minto:Live	25,000
Awabakal Land Council NAIDOC activities	6,500
TOTAL	138,500.00

Sustainable community programs

Of our projects with over 200 lots, 69% had community development programs in place, including Welcome Programs. The four of our 13 projects that didn't have programs were all legacy projects. In the Newcastle region, Koala Bay is almost complete, and this is the last year it will be reported. Sanctuary is a project we have taken over from a partner, and we will be introducing a community development program in 2011-2012, and the program at Vantage is currently being planned. Our involvement in the fourth project, Macarthur Gardens, is coming to an end.

The Welcome Program that was in place at 69% of our projects incorporated environmental education. This comprised distribution of sustainability fact sheets (all projects), sustainable living guides (The Ponds and Greenway Views) and environmental education books for primary school children (The Ponds and One Minto). Each project also promoted Landcom's People Places website, which provides a range of sustainable living tutorials and information. In addition, 62% of projects delivered more structured environmental education programs such as workshops, seminars and events focusing on sustainable living. In the southwest, these programs were delivered by the Macarthur Centre for Sustainable Living and in the northwest through collaboration with Blacktown City Council.



Heritage conservation

At Edmondson Park, which has significant Indigenous heritage issues to be managed, we developed a Conservation Management Plan during the reporting period. North Penrith has non-Indigenous heritage items and places that will be considered in more detail when we are in the detailed planning phase. The planning conditions for this project dictate that a Conservation Management Plan must be implemented as a part of the conditions of consent. We will ensure that these significant buildings and places are landmark features in the North Penrith project as it is progressively developed.

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Minto local employment initiative

By negotiating a different partnering approach with our civil works contractors, we have found a way to provide employment opportunities on the Minto redevelopment project that benefit local residents.

We have structured our civil works contracts to ensure that a minimum of two residents on each subdivision stage are employed from within the local area. This has helped to build ownership of the project within the local community and has provided an opportunity for our contractors (TRN and Cleary Bros) to up-skill local residents.

Since construction commenced in 2007, this initiative has provided employment opportunities for six local residents, three of whom eventually moved on to permanent work.

While the residents employed through this initiative begin as site labourers, they also have access to on-the-job skills training. This ranges from OH&S awareness, training in site-specific risks and emergency procedures to practical training in onsite equipment and machinery. The skills they learn, along with the job-appropriate training they receive, are transferrable to other sites and employers. This gives residents valuable work experience, enhancing their future employment prospects.

The project has five more stages to go, providing further employment opportunities for local residents into the future.

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The 'all abilities' playground Rouse Hill

Landcom was instrumental in facilitating the delivery of a valuable community asset for the residents of Sydney's growing northwest. Planned and constructed under the direction of our project partners, Lend Lease and The GPT Group, an 'all abilities playground' was opened in September 2010 at The New Rouse Hill.

Mungerie Playground offers a range of play options that are accessible for children with varying degrees of intellectual and physical ability. It encourages young children to 10 years of age to play safely to their own ability and development. What makes the playground special is that it encourages children with different abilities to play together.

The space was planned to take advantage of its location adjoining historic Mungerie House, by illustrating local historical themes and combining these with sustainable and durable design and materials. Soft landscaping has been used to provide natural shade while still allowing for comfortable supervision. The playground has become a popular meeting place for both children and parents and is a very attractive facility for the families in the area.



► Photos courtesy of Lend Lease/GPT Group

Demonstration projects

We develop and road test social sustainability innovations in our 'demonstration' projects and then roll these out in other projects and more broadly through our project partnership arrangements with the private sector.

The results for demonstration projects that featured environmental sustainability innovations during the reporting period are provided in the table below. Further information on our demonstration initiatives at Minto, Rouse Hill and The Ponds is provided as Case Studies elsewhere in this report (see table below for location).

HOW WE PERFORMED

DEMONSTRATION PROJECTS – SOCIAL

Indicator descriptor	Indicator	Target 2009/2010 to 2014/2015	Result 2010/2011	Result 2009/2010	Target 2002/2003 to 2008/2009	2008/2009	2007/2008	2006/2007
Demonstration projects	Description of leadership and innovation across the organisation (including development, policy, and corporate initiatives)	No target	Minto, Rouse Hill, The Ponds	Refer to demonstration projects section		No data – indicator introduced in 2009/2010		

Minto	Local employment requirement in contracts (case study on page 53).
Rouse Hill	First 'all-abilities' playground (case study on this page).
The Ponds	Social justice initiative – commissioning of parkland seats from Parklea Correctional Centre (case study on page 56).

Social sustainability in our organisation

THE THINKING BEHIND OUR INDICATORS

In addition to our performance management system, which monitors staff performance and facilitates career development across the organisation, these indicators are designed to measure our effectiveness in creating a healthy, productive organisational culture. They also assess the training and development programs we have in place, the management of our sustainability stakeholder relationships and the employment opportunities we provide for Aboriginals and Torres Strait Islanders.

To assess employee satisfaction, we conduct a staff survey every two years. The survey helps us understand how engaged and satisfied employees are with the direction we are taking on sustainability and the programs that underpin this direction. Last year, we decided that in future the survey would also incorporate feedback on how employees perceive our sustainability initiatives.

Following stakeholder feedback, we also decided to provide more context and qualitative feedback on our training and development initiatives.

Indigenous opportunities

Landcom developed a cadetship in partnership with the University of Western Sydney to provide career development opportunities for Indigenous students to enable them to combine study with part or full-time employment. We now have two Indigenous cadets. The New South Wales Government target is for 2% of staff in government organisations to come from Indigenous backgrounds. We are hoping to take on more cadets in the coming year.

SOCIAL SUSTAINABILITY IN OUR ORGANISATION

Indicator descriptor	Indicator	Target 2009/2010 to 2014/2015	Result 2010/2011	Result 2009/2010	Target 2002/2003 to 2008/2009	2008/2009	2007/2008	2006/2007
Social sustainability	Aboriginal and Torres Strait Islander employment opportunity	No target	2	1	No target	Refer to previous years' reports		
	Outcomes from the Annual Training Strategy and its objectives	No target	Refer to Social Sustainability in our organisation section	Refer to Social Sustainability section	No target	Refer to previous years' reports		
	External training delivered to Landcom staff	No target	34 training events	47		No data – indicator introduced in 2009/2010		
	Training delivered by Landcom	No target	9 training events					
	Employee satisfaction	No target	No result	72%	No target	N/A	82%	N/A
	Staff perspective on Landcom's sustainability initiatives	No target	Refer to Social sustainability in our organisation section	Positive		No data – indicator introduced in 2009/2010		
	Sustainability stakeholder relationship management – description of basis for selection of stakeholders, approaches of engagement and key topics and concerns	No target	Refer to Stakeholder engagement section	11 stakeholder groups represented		No data – indicator introduced in 2009/2010		

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The Ponds 'Art Seat' project

Landcom is fostering an active local art culture through our public art initiatives at The Ponds. Since our site shares an extensive boundary with Parklea Correctional Centre, we have made the decision to include art seating fabricated by inmates in our public art masterplan.

The seating is being designed and made in a collaboration between a community artist, vocational art and metalwork training staff at Parklea Correctional Centre, and the prison's metal workshop. Completed seats will be installed in The Ponds open space network.

For Landcom, this initiative is important because it fosters local creativity and skills development through a community partnership that will deliver locally-fabricated bespoke seating. For Parklea Correctional Centre, it provides new opportunities for inmates, raising self esteem, encouraging creative expression and developing vocational and trade skills.

We are funding the engagement of a community artist to work with TAFE outreach coordinators and, after the successful production of a prototype seat, we expect to enter a commercial contract for the production of an initial run of 25 seats.



Photo courtesy of Clouston Associates

Training and development

Our human resource strategy seeks to embed our core values – sustainability, problem solving and relationship building – into our organisational culture. To this end, a comprehensive program designed to build awareness and understanding of our values is being rolled through the organisation under the theme 'Making it Possible'.

The program was launched with a booklet that clearly defines the behaviours expected of our employees. These behaviours have been incorporated into our performance development processes to enable performance to be evaluated in line with our values. Manager and staff toolkits were developed during the year to help facilitate the performance review process.

To embed the values into the organisation, a series of 'Making it Possible' stories are being rolled out on a regular basis. Each tells how the values are being brought to life through the actions of our people, the work they do and the way in which they achieve results.

A new Training and Development Menu was also built into the performance process for the March 2011 reviews. It aims to improve individual job performance and career development opportunities by providing an holistic program in four key areas:

- technical skills
- personal attributes and behaviours (communication, negotiation, management)
- alternative delivery options (coaching, mentoring)
- MGSM post-graduate certificate program.

The MGSM course was developed in 2010 to provide staff with professional development that directly relates to our business. The three-unit course, covering organisational behaviour, business strategy and property economics, began in February 2011 and will conclude in November 2011. There are 13 course participants, eight of whom are from our development division and five of whom are from our corporate division.

Seventy three of our people attended 34 training courses, which is a lower result than last year's. In 2009-2010, the results included all training: that delivered by Landcom, external training attended by Landcom staff, as well as any information/networking events. This year we have limited the result to only structured and formal training courses and removed more casual industry networking/information events. This explains why the number of attendees has decreased significantly. This does not, however, mean that informal opportunities for professional development were ignored.

Landcom's industry conference DiverseCity was attended by 340 people, and included the release of the Residential Density and Housing Diversity Guidelines. Landcom also ran workshops on the land development process for around 30 staff members at The Department of Planning and Infrastructure and conducted nine further training events, attended by 89 people.

The key competency and business skills training courses undertaken during the year included: coaching, mentoring, projects management, contracts management, plain English writing skills, industry seminars and conferences, IT systems, presentation, negotiation and financial skills and OH&S training. To further educate and inspire our people, we ran an extensive knowledge briefing and seminar series with a focus on architecture and urban design.

Following the results of our Employee Opinion Survey in 2010, a tailored high-performance leadership program was developed to address identified gaps in our managers' leadership and communication skills. The program, which comprised six modules, ran from November 2010 and will conclude in August 2011.

Employee satisfaction and perspectives on sustainability

Our staff satisfaction surveys are held bi-annually, which is why there is no result for this indicator this year. The last survey was held in April 2010 and the next will be held in 2012. In December 2010 we conducted a special one-off survey to gauge staff attitudes towards sustainability. Among the key findings were that staff were very satisfied with our sustainability approach, indeed they saw it as a point of leadership distinction, but would like us to make it easier for them to apply sustainability initiatives to their work and to report on and manage sustainability activities.

Stakeholder relationship management

Problem solving and building relationships are two of our three corporate values and so it is evident that stakeholder engagement is fundamental to how we do business. Last year, sustainability consultancy Net Balance worked with us to develop a five-year stakeholder engagement strategy. During this, the first year of the strategy's implementation, we have begun to capture the ways in which we engage with stakeholders across the organisation. Building on this evidence, we will explore what actions in the strategy are appropriate to pursue and which should be revised. We recognise that our stakeholder engagement must continually evolve to remain meaningful and suitable for shifting priorities and stakeholder expectations. For further information on our major stakeholders and how we engage with them, please refer to 'Our principal stakeholders and their interests in Landcom' on page 30.

“ Landcom was very pleased to welcome international sustainability expert Peter Head CBE FREng FRSA to give the keynote address at our 2011 sustainability conference - DiverseCity. ”



PETER HEAD, SPEAKING AT DIVERSECITY

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Preserving Aboriginal heritage in the Hunter

At Landcom's Sanctuary project, we have worked with the local Aboriginal Land Council and Awabakal tribal elders to ensure that our final development respects the history and culture of the traditional owners of the Hunter estuary and the country leading to Mount Sugarloaf.

Landcom is giving back a number of important assets to the community to be preserved in perpetuity. One is 'Rocky Knob', a culturally significant site for the local Awabakal people, where men traditionally conducted their business. A second site known as the 'women's kitchen' is also to be preserved. As well, we are working with local Aboriginal groups to restore the diverse natural vegetation of the area and to rehabilitate the wetlands.

To guarantee the preservation of Rocky Knob, we took the extra step of purchasing land immediately adjoining our project so that it could be transferred into public ownership via the local Catchment Management Authority. This land now has a covenant that safeguards access to Rocky Knob for the Awabakal people, both now and into the future.



MULTICULTURAL POLICIES AND SERVICES PROGRAM 2010–2011

Ethnic affairs priorities statement

The NSW Government recognises and values the different linguistic, religious, racial and ethnic backgrounds of all the people in the state and requires key agencies, including Landcom, to prepare ethnic affairs priorities statements to manage multiculturalism.

Landcom's ethnic affairs priorities statement is delivered through extensive community consultation before and during the development and marketing/sales phases of projects. We communicate with the community through our Community Welcome and Development programs and through stakeholder consultation programs. The Welcome Program provides services and home 'welcome' visits to customers who move into Landcom developments. Welcome kits provided to new residents as part of this program include information about local culturally and linguistically diverse (CALD) organisations, services for CALD residents and information on how to access free interpreter services.

Over the past year, Landcom's Welcome Program facilitators made contact with over 1,150 households in nine new housing developments. Approximately 25-30% of these households were from CALD backgrounds where the main language spoken in the home was not English. Landcom's The Ponds and One Minto projects have the highest proportion of CALD residents. Specific initiatives were implemented in these projects (culturally themed welcome events, Harmony Day events, culturally appropriate catering) to assist these community members and to bring different community groups together.

During the year our Walking School Bus program continued, with seven schools participating in northwest Sydney. This program delivers a number of positive health and environmental outcomes, with regular participation from over 250 students. It is estimated that up to 50% of participants come from CALD backgrounds.

Harmony Day events were held in March 2011 as part of Landcom's Welcome Program in Blacktown, Liverpool and Camden. These were a celebration of each community's diversity and multiculturalism: 34% of Blacktown residents, 46% of Liverpool residents and 16% of Camden residents were born overseas (ABS 2006).

To better inform these activities, we conduct a 'new resident survey' to capture basic demographic information and obtain feedback on our sales and marketing processes. The survey asks residents for information on their own and their parents' country of birth to help us target future sales and marketing campaigns and community development programs.

Landcom also has a stakeholder consultation workbook which provides guidelines to project teams planning community engagement activities. The workbook includes information on engaging members of ethnic minority groups, including the provision of interpreters and written translation services.

All promotional materials for Landcom residential developments include information about the availability of interpreter and translation services. Posters detailing The Department of Immigration and Multicultural Affairs' translating and interpreting services are also on display in all Landcom sales offices. Where appropriate, marketing campaigns for individual projects target specific CALD groups identified through market research as potential purchasers.

In its recruitment processes, Landcom selects staff on merit and communicates the principles of cultural diversity. In addition, staff training incorporates cross-cultural components.

Over the next two years, we will continue to implement and review our performance against our ethnic affairs priorities statement.

Performance report

The priorities established for Landcom during 2010-2011 and the details of its performance against these priorities are set out in the table below:

Ethnic affairs initiative	Key result area	Strategies/Tasks	Responsibility	Resources/Budget	Performance indicators	Report 2010/2011	Goals for 2011/2012
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 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 implemented community consultation activities	100% of current projects to report on implemented community consultation activities
Improve information about interpreting 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 established in all offices. Interpreters used for specific community meetings	Provide references to translation and interpreting services 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 interpreting and translation services and provide Welcome Program information in key community languages	Director, Sustainability and Policy and General Manager, Corporate Marketing	Project budgets	Review complete (timeliness)	Census and Landcom survey 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 and 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) is currently delivering Landcom's Welcome Program at Mt Annan and Minto	Encourage CALD community-based organisations to tender for delivery of Landcom's Welcome Programs in projects with an anticipated high percentage of CALD residents.
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 and Policy and General Manager, Corporate Marketing	Marketing and/or project budgets	Research project completed (timeliness)	Surveys, census data and community research identified those Landcom projects with high percentage of CALD youth. Tailored programs to be developed	Plan and deliver specific initiatives for CALD young people into Welcome and community development programs
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 and Policy	Division budget	Partnership established	Macarthur Diversity Services Inc delivered a range of community development initiatives (playgroups, environmental education etc) in Landcom's Garden Gates development and delivered the Welcome Program in Minto	Establish additional partnerships and undertake further staff training to enable community development programs to better address the needs of CALD residents in Landcom communities

EQUAL EMPLOYMENT OPPORTUNITY (EEO) PERFORMANCE

Landcom is an equal opportunity employer and has an EEO policy in place. Our code of conduct also stipulates our commitment to EEO.

Equal employment opportunity 2010-2011

In accordance with our EEO plan for 2010-2011, we undertook the following initiatives:

- All new employees received a formal induction to the organisation. The induction program covers Landcom's policies on OH&S, fair treatment at work, a bullying and harassment-free workplace, grievance procedures and flexible work practices.
- We updated policies on fair treatment and grievance procedures, harassment and bullying-free workplace.
- Training in EEO principles was provided for new employees.

- We provided manager training in leadership skills, including performance development and effective communication skills.
- We employed an Indigenous cadet as part of our Indigenous Cadetship Program.
- Professional development opportunities were offered for all staff through the preparation of career and development plans as part of Landcom's performance development review process.
- We provided training, where necessary, on merit recruitment principles.
- Ongoing coaching/mentoring was made available through Landcom's training and development program, which provides a structure for the growth and development of employees.

EEO group	Benchmark or target	2011	2010	2009	2008	2007	2006
Women	50%	44.8%	41.6%	41.9%	41.4%	41.1%	40.1%
Aboriginals and Torres Strait Islanders	2.6%	1.5%	0.7%	0.0%	0.0%	0.0%	
People whose first language is not English	19%	23.9%	24.8%	28.7%	28.6%	28.4%	26.1%
People with a disability	N/A	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%
People with a disability requiring work-related adjustment	1.1% (2011) 1.3% (2012) 1.5% (2013)	0.0%	0.0%	0.0%	0.0%	0.0%	

Planned outcomes for 2011-2012

The following EEO outcomes are planned for 2011-2012:

- We will review our induction processes to include the promotion of Landcom's flexible work practices and associated policies. This review will also include the promotion of Landcom's policies on fair treatment and grievance procedures and our approach on preventing harassment and the promotion of a bullying-free workplace.
- We will continue to provide access for women to leadership, management and professional development programs.
- We will seek to employ an Indigenous cadet as part of Landcom's Indigenous Cadetship Program.
- We will identify a suitable employment opportunity for a person with a disability requiring a work-related adjustment.

Addressing discrimination in the workplace

Landcom has adopted the following measures to minimise the incidence of discrimination in the workplace:

- updated policies on fair treatment, grievance procedures, and harassment and bullying-free workplace
- manager training in leadership skills, including performance development and effective communication skills
- revised performance management practices across the organisation, including the definition and communication of Landcom's expected standards of behaviour.

There were no incidents of discrimination reported during 2010-2011.

NSW Government Action Plan for Women

Landcom met the objectives of NSW Government's Action Plan for Women by:

- promoting the development of career plans for all women through the performance development system (including access to professional development programs)
- ensuring participation by women in Landcom's leadership and management development programs
- implementing an annual training and development program which includes coaching and mentoring
- providing access to flexible working arrangements, including part-time employment and working from home.

GUARANTEE OF SERVICE

Code of conduct

Landcom places the utmost importance on integrity, probity and the promotion of a positive and responsive attitude among staff. Our code of conduct has been prepared to provide support and guidance on these values and has the full support of the Board and executive.

The code outlines the ethics framework for the way in which we conduct our business. It reinforces employee obligations and the government's broader codes of practice apply to all staff and Directors.

All new employees are briefed on the code during their induction to the organisation. They are also required to sign an acknowledgement form which accompanies the code to confirm that they understand Landcom's ethics standards.

Complaints and compliments system

Landcom welcomes feedback from all stakeholders and has instituted a complaints and compliments handling system.

We have a policy and procedures which provide guidance to staff and an explanation to customers on how to submit a complaint or compliment. The policy relates to Landcom's products, services and conduct. Landcom's executive reviews complaints to determine if there is cause to implement corrective or preventative action. The majority of complaints are dealt with within seven days.

This year, there was a 4% increase in the number of complaints received in comparison to the previous reporting period (see table below).

During 2010-2011, Landcom received 15 formal compliments relating to our customer service and our management of community events.

Category of complaint	Number of complaints 2010-2011	Number of complaints 2009-2010
Design	5	2
Environment	6	2
Marketing/Sales	5	6
Miscellaneous	4 (construction), 7 (other)	6 (construction), 9 (other)
Total	27	25

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Land development workshops

During the year, Landcom developed and presented a workshop designed to give New South Wales government agencies an insight into the land development process from the perspective of a developer. The aim was to provide a practical understanding of the economics of land development.

The workshop provided an introduction to property finance for non-finance professionals. Actual case studies were used to demonstrate how financial viability, planning controls and scenario testing influence final development outcomes. We concluded with a discussion on the particular challenges for land use planners, with the aim of encouraging new ways to work more collaboratively with the development industry.

Workshop discussions were focused on: how to plan for and successfully deliver increased density over time; the need to balance risk with reward; and the tensions that exist between planning objectives and the need for the development industry to deliver a commercial return.

The workshop was attended by around 30 staff from The Department of Planning and Infrastructure's land release and strategy areas. It proved very successful, and we have received requests from the department for at least two more workshops, which we will deliver in the coming year.

If the demand exists, we will extend the workshop series to other areas of government on request.

EXECUTIVE POSITIONS

Remuneration of senior executives at or above Senior Executive Service (SES) level 5

Total remuneration for senior executives is calculated as the sum of the 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. The payment of an 'at risk' component is determined based on the performance of both Landcom and the individual senior executive.

The Managing Director's performance is reviewed on a six-monthly basis by the Chairman, who reports the outcome of such reviews to the Remuneration Committee. The Managing Director reviews the performance of each of the General Managers on a six-monthly basis, and the findings from the annual review are reported to the Remuneration Committee.

Executive	Position	Remuneration paid 2010-2011	At risk paid 2010-2011	Total	Key achievements
Sean O'Toole	Managing Director	\$416,770	\$44,346	\$461,116	- Achieved key financial and project targets - Progressed the Project Development Agreement for Green Square Town Centre - Progressed the planning approvals required for Green Square and the relocation of the NSW Police Service from the site - Acquired the North Penrith former Defence Lands, commenced construction of a commuter carpark and finalised the Concept Plan - Progressed planning for the Oran Park town centre and delivery of two schools, a church, and an aged care facility, as well as entered into a Voluntary Planning Agreement with Camden Council - Successfully launched new projects Talana at Edmondson Park and Bunya at Doonside - Established a dedicated business unit to provide services to the community housing sector and secured projects with community housing providers - Entered into a Project Delivery Agreement with Housing NSW for the redevelopment of Airs - Made PRECINX® available to other Government Land Organisations - Convened Landcom's DiverseCity sustainability conference - Finalised Landcom's Housing Diversity Guidelines and Residential Density Guidelines - Delivered the first of the Eco-Living display home at The Ponds - Assisted Housing NSW in the delivery of its Nation Building (Economic Stimulus Package) commitments - Implemented the Landcom Management Program for staff through the Macquarie Graduate School of Management
Greg South	Chief Operating Officer	\$301,927	\$27,049	\$328,976	- Achieved key financial targets - Delivered key project milestones - Acquired the North Penrith former Defence Lands - Established a dedicated business unit to provide services to the community housing sector and secured projects with community housing providers - Entered into a Project Delivery Agreement with Housing NSW for the redevelopment of Airs - Assisted Housing NSW in the delivery of its Nation Building (Economic Stimulus Package) commitments
Mick Owens	General Manager Development	\$257,387	\$27,675	\$285,062	- Achieved key financial targets - Delivered key project milestones - Progressed planning for the Oran Park town centre and delivery of two schools, a church, and an aged care facility, as well as entered into a Voluntary Planning Agreement with Camden Council
Kerry Robinson	General Manager Development	\$250,253	\$24,251	\$274,504	- Achieved key financial targets - Delivered key project milestones - Commenced construction of a commuter carpark and finalised the Concept Plan for North Penrith - Successfully launched new project Bunya at Doonside - Delivered the first of the Eco-Living display homes at The Ponds
Michael Burt	General Manager Development	\$247,706	\$25,573	\$273,279	- Achieved key financial targets - Delivered key project milestones - Successfully launched new project Talana at Edmondson Park
Stuart McCowan	General Manager Development	\$242,622	\$25,573	\$268,195	- Achieved key financial targets - Delivered key project milestones - Progressed the Project Development Agreement for Green Square Town Centre - Progressed the planning approvals required for Green Square and the relocation of the NSW Police Service from the site
Robert Sullivan	General Manager Corporate Marketing	\$237,773	\$25,051	\$262,824	- Assisted with the delivery of key financial targets - Delivered key project milestones

Executives with remuneration equal to or exceeding SES level 1 during the reporting period

During the year, there were 18 executives with remuneration equal to or exceeding the equivalent of SES level 1 (excluding SES level 5 or above) of which three were women. At the end of the current reporting period, there were 16 executives with remuneration equal to or exceeding the equivalent of SES level 1 (excluding SES level 5 or above) of which three were women.

Executives with remuneration exceeding SES level 1 in 2009-2010

At the end of the 2009-2010 reporting period, there were 18 executives with remuneration equal to or exceeding the equivalent of SES level 1 (excluding SES level 5 or above). There were seven executives with remuneration at or above SES level 5. Out of this total, four were women.

Total staff (exclusive of SES level 1 or above) by pay level

Level (\$)	Total staff	Men	Women	Aboriginals and Torres Strait Islanders	People from racial, ethnic, ethno, religious minority groups	People whose language first spoken as a child was not English	People with a disability	People with a disability requiring adjustment to work
42,947 – 49,929	1	0	1 temporary	0	1	1	0	0
53,678 – 58,319	7	1 temporary	6 (2 temporary)	0	2	2	0	0
61,241 – 67,017	9	2	7 (1 part-time, 3 temporary)	0	0	1	0	0
70,889 – 78,228	11	5	6 (1 temporary)	0	5	5	0	0
84,761 – 93,537	25	6 (3 temporary)	19 (5 part-time, 7 temporary)	0	6	6	0	0
99,246 – 107,413	19	12	7 (1 part-time)	0	10	8	1	0
112,900 – 124,208	40	30 (1 part-time, 2 temporary)	10 (1 part-time)	0	9	8	0	0
134,792 – 147,403	9	5 (1 temporary)	4	0	3	3	0	0
TOTAL	121	61	60	0	36	34	1	0

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Supporting the NSW development industry

During the global financial crisis, Landcom played a crucial role in helping to keep the New South Wales home building industry in business by partnering with Housing NSW to deliver social housing under the commonwealth's economic stimulus package.

We managed the delivery of 1,100 dwellings over just 18 months – from site acquisition to the handover of the completed buildings. Our efforts generated a combined contract value of \$350 million. This provided a welcome source of work for the development industry, their suppliers and tradespeople during uncertain economic times.

To meet the ambitious targets set for us, we developed a new delivery model designed to rapidly increase our capacity, minimise costs and streamline house production. We saved time and simplified procedures by focusing on a palette of standard home and landscape design templates tailored to the project home builder market. We did this without compromising on quality, ensuring that the templates provided for high quality adaptable homes with potential for 'ageing in place'.

Our efforts have opened up new opportunities both for us and for our partners in the project home building industry. We now contribute to the delivery of group homes for Ageing, Disability and Home Care and are developing active working relationships in the rapidly growing community housing sector.

Economic sustainability

Sustainable development is development that is viable, liveable and equitable. Our aim is to strengthen the connections between environmental, community and economic outcomes. Therefore, we disclose our environmental performance; describe the social impacts of our activities; and assess the economic impacts of our developments.

We assess our economic performance by providing a summary of our high level financial achievements, by disclosing our corporate economic impacts and through the detailed financial statements that appear in this report from page 84.

Overall corporate performance

A summary of Landcom's 2011 financial achievements can be found on page 10 and further details of our high-level financial performance is contained in the Chairman's review.

We also report our performance, over time, against a range of economic sustainability indicators. Further details are provided in the table set out below.

HOW WE PERFORMED

The impact of Landcom's overall economic performance is measured annually and our results for 2010-2011 are set out below.

ECONOMIC SUSTAINABILITY – OVERALL CORPORATE PERFORMANCE

Indicator descriptor	Indicator	Target 2009/2010 to 2014/2015	Result 2010/2011	Result 2009/2010	Target 2002/2003 to 2008/2009	2008/2009	2007/2008	2006/2007
Profitability	Total revenue received from sale of land, profit from joint ventures, project management services and miscellaneous items	No target	\$402,851,205	\$384,526,000	No target	\$278,665,000	\$349,572,000	\$322,479,000
	Sales margin: calculated as sales revenue on land sales less total cost of developing that land divided by sales revenue	No target	34.22%	24.39%	No target	32.76%	28.50%	33.10%
	Return on sales: calculated as Landcom's net operating profit after tax divided by total revenue from the sale of land	No target	13.49%	8.12%	No target	11.97%	10.04%	13.10%

ECONOMIC SUSTAINABILITY – OVERALL CORPORATE PERFORMANCE | *continued*

Indicator descriptor	Indicator	Target 2009/2010 to 2014/2015	Result 2010/2011	Result 2009/2010	Target 2002/2003 to 2008/2009	2008/2009	2007/2008	2006/2007
Profitability (cont.)	Earnings before interest and tax (EBIT)	No target	\$82,800,726	\$53,096,000	No target	\$51,617,000	\$59,530,000	\$68,440,000
	Return on equity: calculated as earnings after tax divided by total shareholder equity	No target	15.85%	9.61%	No target	9.59%	9.75%	11.60%
	Return on total operating assets: calculated as profit after taxes divided by total operating assets	No target	7.06%	4.51%	No target	4.80%	4.97%	5.80%
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	No target	12.87%	0.00%	No target	0.00%	0.20%	27.70%
Returns to government	Dividend and tax equivalent returned to NSW government	No target	\$59,623,709	\$64,419,000	No target	\$58,241,000	\$51,137,000	\$57,334,000
Job creation	Total number of jobs created through Landcom's activities	No target	10,209	9,762	No target	6,463	6,858	6,315
Economic output	Total economic output generated from Landcom's activities	No target	\$800,202,491	\$765,126,707	No target	\$506,537,244	\$537,547,859	\$494,940,100

Detailed corporate performance

For more detailed information on Landcom's economic performance, refer to Landcom's financial performance: 2010-2011 commencing on page 84.

Governance

Our governance indicators demonstrate the extent to which we are successful in influencing and educating our builder partners, contractors and others to operate more sustainably and to understand their sustainability responsibilities.

Through our environmental management system and supply chain indicators, we report on the ways we proactively target higher standards in sustainable performance in our partners. However, we also report on how we manage our partners in their compliance with legislated requirements such as self-audits and occupational health and safety. While we aim for 100% compliance, we recognise that this is the ideal. Where non-compliances occur, we take steps to rectify the issues.

Environmental management and compliance

THE THINKING BEHIND OUR INDICATORS

Included in the range of policies and guidelines that govern sustainability practices on our projects is our Environmental Management System (EMS). This establishes the procedures that must be followed. Our EMS is certified to AS/NZS ISO 14001:2004, giving us the confidence that the systems and processes we have in place are working successfully, and that environmental risks are being managed effectively.

Our EMS was developed some years ago, when the nature of our business was substantially different to what it is today. In the past, we were more involved in the supervision and delivery of construction works. Today, our activities typically include masterplanning, design engineering, land acquisition, marketing and sales. Each year we are audited to determine whether the systems we have in place to manage our environmental activities are performing as they should.

Further, to ensure that our systems are aligned to legislated environmental management, we also report on any notifications we receive. This year we reinstated an indicator about projects with breaches from the regulatory authority under the *Protection of the Environment Operations Act 1997* (POEO Act) and/or other relevant legislation. We view this as a lag indicator, with all other indicators in the compliance category acting as lead indicators to alert us to business practices that may result in non-conformance notifications. As a government instrumentality, we believe it is our role to lead the industry and set best practice examples, which is why we report any breaches.

The details of our performance against our EMS are indicated below.

HOW WE PERFORMED

ENVIRONMENTAL MANAGEMENT AND COMPLIANCE

Indicator descriptor	Indicator	Target 2009/2010 to 2014/2015	Result 2010/2011	Result 2009/2010	Target 2002/2003 to 2008/2009	2008/2009	2007/2008	2006/2007
Voluntary compliance	Environmental Management System certification to AS/NZS ISO 14001: 2004	Recertification to AS/NZS ISO 14001: 2004	Recertified to AS/NZS ISO 14001: 2004	Recertified to AS/NZS ISO 14001: 2004	Recertification to AS/NZS ISO 14001: 2004	Recertified to AS/NZS ISO 14001: 2004	Recertified to AS/NZS ISO 14001: 2004	Recertified to AS/NZS ISO 14001: 2004
Regulatory compliance	Percentage of projects notified by the regulatory authority as being in breach of the <i>Protection of Environment Operations Act 1997</i> and/or other relevant legislation	0%	0%	No data	No data – indicator introduced in 2010/2011			
	Percentage of projects achieving full compliance with <i>Protection of Environment Operations Act 1997</i> and environment, OH&S and planning legislation	N/A	N/A	N/A	100% (Note 1)	100% (Note 1)	100% (Note 1)	93% (Note 1)

Note 1: No infringements were issued to Landcom itself during the reporting period. Some infringements occurred as a result of contractor breaches.

Our environmental management system

This year, Landcom received an EMS non-conformance notification because site controls for environmental management at our Sanctuary site were not being implemented. This incident focused attention on the role of our EMS and how it can best serve our business. Following a review of our EMS, we took the decision to remove construction as an activity under our EMS scope of certification (AS/NZS ISO 14001:2004) because, while our contractors and builder partners must understand our EMS requirements, once they start building, we have little control over the practical management of the site. This was illustrated by an incident on 27 October 2010, when a civil works contractor engaged by us received a penalty infringement notice from the regulatory authority. The contractor was accused of pumping water from sediment basins at a project where Landcom is a development partner and was fined \$1,500.

Landcom did not receive any notice concerning a breach of the POEO Act (1997) or other relevant legislation.

Environmental management on our projects

Landcom has developed the compliance category indicators set out below to act as lead indicators, to alert us to business practices that may result in future non-conformance notifications or breaches of environmental legislation. The indicator to test the environmental performance on our projects is the contractual requirement for all civil works, landscaping and builder contractors to have third party environmental audits done. This is a process of continuous improvement for both Landcom and our supply chain. Ultimately, we aim to have 100% compliance with no non-conformances within this category.

ENVIRONMENTAL MANAGEMENT AND COMPLIANCE | continued

Indicator descriptor	Indicator	Target 2009/2010 to 2014/2015	Result 2010/2011	Result 2009/2010	Target 2002/2003 to 2008/2009	2008/2009	2007/2008	2006/2007
Environmental self-audit results	Number and percentage of civil works contracts that have environmental audits carried out in accordance with contract requirements	100%	13 of 16 contracts (81%)	8 of 24 contracts (33%)		No data – indicator introduced in 2009/2010		
	Number and percentage of builder contracts that have environmental audits carried out in accordance with contract requirements	100%	1 of 8 contracts 13%	No result		No data – indicator introduced in 2009/2010		
	Number and percentage of civil works audits received, issued with an immediate action rectification based on findings of their environmental audits	Zero	9 of 13 audits (69%)	8 of 16 audits (50%)		No data – indicator introduced in 2009/2010		
	Number and percentage of builder audits received issued with an immediate action rectification based on findings of their environmental audits	Zero	0 of 1 audit (0%)	No result		No data – indicator introduced in 2009/2010		
	Number of environmental immediate action rectifications issued during the reporting period	Zero	17	65 (combined with OH&S results)		No data – indicator introduced in 2009/2010		
	Description of environmental repeat offences and repeat non-compliances with immediate rectification requests	No target	Refer to governance section	Refer to governance section		No data – indicator introduced in 2009/2010		

This year, 13 out of 16 civil works contracts had environmental third party self-audits. This represents 81% of the civil works contracts let and is a welcome improvement on last year's 33% result. It demonstrates that the management protocols implemented last year are beginning to work and are being enforced through our contractual arrangements.

Furthermore, through an Expression of Interest process, we have selected a panel of preferred contractors with whom we now work. Managing them as a group means that they can be part of the business improvement process that Landcom embarked upon last year. In addition, we have put greater onus on our development teams to ensure that what is stipulated in the contract is being implemented.

Only one builder out of eight submitted an environmental self-audit. The builder was not required to rectify anything, but of the civil contractors there were 17 instances where the contractors were given immediate action rectifications, based on findings from the environmental audits. Some actions identified related to inappropriate sediment controls, material safety data sheets not being maintained within the due dates and poor storage of hazardous material.

casestudy

Setting the global standard

In 2009, the Global Reporting Initiative (GRI) invited Landcom, along with Lend Lease, to be the Australasian representatives on a panel of international industry experts charged with developing a global sustainability reporting framework specifically tailored for the construction and real estate industry.

We subsequently collaborated with 20 other professionals assembled from Asia, North America, South America and Europe. Known as the Construction and Real Estate Sector Supplement Working Group, the group has developed new sustainability reporting indicators that measure energy intensity, water intensity, greenhouse gas emissions/intensity, land remediation, labour practices, sustainability certification and displacement of people as a consequence of development. The working group has also recommended modifications to a further 40 standard GRI reporting indicators to make them more relevant to the construction and real estate sector.

The Sector Supplement is expected to be released by the end of 2011. Landcom is proud to have had a pivotal role in shaping the international sustainability reporting framework for this sector.

Commencing in 2012, we plan to assess these new and revised indicators for materiality to our business and will progressively introduce them within this report.



Photo courtesy of HCC Ltd

Those audits with immediate rectification requests are described in the table below:

Audit results	Civil works audits	Builder audits
Erosion and sediment management	4	0
Waste management	1	0
Hazardous material	5	0
Threatened species management and tree preservation	0	0
Heritage conservation	0	0
Noise management	0	0
Air quality management	0	0
Environmental procedures and records	7	0
Total of all environmental non-conformances	17	0

We are unaware of any repeat offences or repeat non-compliances with immediate rectification requests, since our contractors did not submit more than one audit per contract.

In summary, while there has been a significant improvement in our contractors' performance, inconsistent levels of reporting and compliance among our builder partners remain a concern. The objective of the environmental audit indicators is to influence and improve supply chain practices. Given builders are not responding to our contractual requirements and not meeting our expectation that audits must be carried out on all dwellings constructed, in the coming year we will need to determine how best to improve compliance.

Occupational health and safety and compliance

THE THINKING BEHIND OUR INDICATORS

Our Occupational Health & Safety (OH&S) program provides the governance framework through which we promote and ensure the safety of employees and contractors. All of our contracts include conditions related to this framework and all who work with us are required to meet these contract conditions through self-audits. Since we do not directly manage all of the projects on our sites, this approach promotes appropriate behaviour and transfers risk to those who are actually managing the risk.

A non-compliance target of zero (0%) has been set for many of these indicators. We acknowledge that this represents an aspiration that may never be achieved, but in our efforts to be a responsible developer, a target which contemplated even a small degree of non-compliance did not seem appropriate.

HOW WE PERFORMED

OCCUPATIONAL HEALTH AND SAFETY COMPLIANCE

Indicator descriptor	Indicator	Target 2009/2010 to 2014/2015	Result 2010/2011	Result 2009/2010	Target 2002/2003 to 2008/2009	2008/2009	2007/2008	2006/2007
OH&S self-audit results	Number and percentage of civil works contracts that have OH&S audits carried out in accordance with contract requirements	100%	9 of 16 contracts (56%)	8 of 24 contracts (33%)		No data – indicator introduced in 2009/2010		
	Number and percentage of builder contracts that have OH&S audits carried out in accordance with contract requirements	100%	3 of 8 contracts (38%)	0 of 23 contracts (0%)		No data – indicator introduced in 2009/2010		
	Number and percentage of civil works audits received issued with an immediate action rectification based on findings of the OH&S audits	Zero	8 of 9 audits (89%)	8 of 16 audits (50%)		No data – indicator introduced in 2009/2010		
	Number and percentage of builder audits received issued with an immediate action rectification based on findings of their OH&S audits	Zero	3 of 3 audits (100%)	No result		No data – indicator introduced in 2009/2010		
	Number of OH&S immediate action rectifications issued during the reporting period	Zero	36	65 (combined with environmental results)		No data – indicator introduced in 2009/2010		
	Description of OH&S repeat offences and repeat non-compliances with immediate rectification requests	No target	Refer to governance section	Refer to governance section		No data – indicator introduced in 2009/2010		

There were 16 civil works contracts completed for this reporting period and nine (56%) delivered OH&S self-audits, a significant improvement on last year's 33%. We also saw an improvement in the number of builders completing audits, from zero in the previous year to three (two from ADHC and one from Clarendon) out of eight (38%) this year.

Of the civil works contractors and builders, most received immediate action requests, based on the findings of their OH&S audits, resulting in 36 immediate action rectifications being issued.

Examples of immediate rectification requests include those related to signage, fall zones, and easy access to site plans:

Audit results	Civil works audits	Builder audits
Reported incidents	0	3
Employee conduct	8	0
Procedures and records	23	2
Total of all OH&S non-conformances	31	5

We are unaware of any repeat offences or repeat non-compliances with immediate rectification requests, since our contractors did not submit more than one audit per contract.

Sustainable supply chain

THE THINKING BEHIND OUR INDICATORS

Landcom recognises there are significant opportunities to improve our environmental, social and ethical performance by looking beyond our own business operations to those in our supply chain. For Landcom, a sustainable supply chain is about engendering a sustainability ethic with the people we work with. We work, in particular, with our suppliers to influence, manage and assess their practices towards sustainability.

The objective of our sustainable supply chain indicators is to drive change within the building and development industry beyond that of our own business. These indicators measure our ability to influence the business practices of others through our own purchasing decisions.

HOW WE PERFORMED

This is the second year of reporting on this indicator and we did not meet our target of ensuring all contractors were on our prequalified list. Landcom currently has 62 prequalified project managers, civil works contractors and landscapers, and of the contracts awarded, 80% went to prequalified contractors. All project managers were from the prequalified list.

Of the civil works and landscaping contracts tendered and let in the reporting period, 47% included sustainability criteria, while the figure for public space design and delivery contracts tendered and let was 67%.

This year, Landcom entered into a project delivery agreement with Housing NSW for the Airs Bradbury renewal which sets out masterplan objectives, including specific sustainability requirements.

We face considerable challenges in delivering against this indicator set and there are a number of reasons for this. The business practices required to report on these targets are relatively new to the industry. We employ a large number of suppliers in our business and, often, our day to day operations are sometimes remote from the work they do. Finally, we understand that many of our suppliers are still unfamiliar with our requirements and the reasons behind them.

SUSTAINABLE SUPPLY CHAIN

Indicator descriptor	Indicator	Target 2009/2010 to 2014/2015	Result 2010/2011	Result 2009/2010	Target 2002/2003 to 2008/2009	2008/2009	2007/2008	2006/2007
Project sustainable supply chain	Number of project managers, civil works, and landscaping providers prequalified by Landcom	No target	62	59		No data – indicator introduced in 2009/2010		
	Percentage of project managers, civil works and landscaping contracts let during the year sourced from Landcom's prequalified list	100%	80%	61%		No data – indicator introduced in 2009/2010		
	Number and description of Project Delivery Agreements (PDAs) Landcom entered into during the year that included sustainability requirements	No target	1 of 1 PDAs	100%, Refer to Sustainable Supply Chain section		No data – indicator introduced in 2009/2010		
	Number and percentage of construction contracts tendered that included selection criteria relating to sustainability innovation through materials, design and/or practices	100%	15 of 32 contracts (47%)	9 of 23 contracts (39%)		No data – indicator introduced in 2009/2010		
	Number and percentage of construction contracts let that included sustainability innovation through sustainable materials, design and practices requirements	100%	15 of 32 contracts (47%)	9 of 23 contracts (39%)		No data – indicator introduced in 2009/2010		
	Number and percentage of public space design contracts tendered that included selection criteria relating to sustainability innovation through sustainable materials, design and practices requirements	100%	6 of 9 contracts (67%)	3 of 13 contracts (23%)		No data – indicator introduced in 2009/2010		
	Number and percentage of public space design contracts let that included sustainability innovation through sustainable materials, design and practices requirements	100%	6 of 9 contracts (67%)	3 of 13 contracts (23%)		No data – indicator introduced in 2009/2010		

In response, we have engaged Banarra to assist us in collaborating more closely with our suppliers. During 2011-2012, we will explore opportunities to shift accepted practices towards improved sustainability. We also plan to make more explicit the reasons behind our sustainable supply chain objectives to our suppliers and contractors. We hope to understand the

constraints that they operate under, to see whether there are opportunities to align our business practices more closely to their needs. Ultimately, our aim is to engage like-minded organisations that have a sustainability philosophy and commitment that is similar to our own.

Compliance with the Global Reporting Initiative

INTRODUCTION

On the reporting front, we disclose and measure our sustainability performance against the Global Reporting Initiative (GRI) framework. Our overall operations continued to be measured against the International Organisation for Standardisation for Environmental Management Systems (AS/NZS ISO 14001:2004).

EMERGING TRENDS IN THE REPORTING FRAMEWORK

The GRI announced a final update in its third generation of sustainability reporting guidelines, by launching GRI Technical Protocol 3.1 in March 2011. The GRI 3.1 guidelines are a voluntary interim measure pending the launch of the G4 guidelines in 2013-2014. GRI 3.1 addresses three specific aspects of the current G3 framework relating to community impacts, human rights and gender equality.

The new reporting requirements encourage more transparent reporting for businesses that operate across regions or countries, where different labour laws and standards are likely to apply. The requirements were announced towards the very end of the 2010-2011 reporting period and most are not directly relevant to Landcom's operations. Nevertheless, while we will be assured against the previous requirements this year, we have elected to report against those elements of GRI 3.1 that are applicable to our business.

Over the past two years, Landcom has been involved in the preparation of the Construction and Real Estate Sector Supplement (CRESS) by the GRI. This sector supplement contains additional reporting guidance for entities in the construction and real estate sectors and will be launched for use in the 2011-2012 reporting year.

HOW WE PERFORMED

This year we attained an A+ application under the GRI standard. This is the highest reporting standard, representing the greatest degree of disclosure under the GRI framework and includes independent assurance of our report. We will not be reporting against the CRESS in this report, as it was not in its final version for the period of this sustainability report. Once the final version of CRESS is available, we will assess which components of the sector supplement are material to our business and will progressively align our report to the new disclosures under this framework. We anticipate this process might take up to 24 months to complete.

VOLUNTARY COMPLIANCE – GLOBAL REPORTING INITIATIVE

Indicator descriptor	Indicator	Target 2009/2010 to 2014/2015	Result 2010/2011	Result 2009/2010	Target 2002/2003 to 2008/2009	2008/2009	2007/2008	2006/2007
Voluntary compliance	Global Reporting Initiative G3 status	No target	G3 A+	G3 A+	No target	G3 B+	G2 in accordance	G2 in accordance

The complete GRI Index for this year's Annual Report is located in the online version which is located at www.landcom.com.au

Independent assurance statement

To the Board and Executive of Landcom:

Landcom commissioned Net Balance Management Group Pty Ltd (Net Balance) to provide independent assurance of the sustainability content of the 2011 Annual Report (the 'report'). The report presents Landcom's sustainability performance over the period 1 July 2010 to 30 June 2011. Landcom was responsible for the preparation of the Report and this statement represents the assurance provider's independent opinion. Net Balance's responsibility in performing its assurance activities is to the Board and Executive of Landcom alone and in accordance with the terms of reference agreed with them. Other stakeholders should perform their own due diligence before taking any action as a result of this statement.

ASSURANCE STANDARD AND OBJECTIVES

The assurance was undertaken in accordance with the AA1000 Assurance Standard (AA1000AS, 2008). Assurance undertaken using this standard, provides a comprehensive way of ensuring an organisation is responsible for its management, performance and reporting on sustainability issues. This is achieved through the evaluation of the organisation's adherence to the AA1000 AccountAbility Principles (2008) and by reviewing the accuracy and quality of disclosed sustainability performance information.

The AA1000 Accountability Principles (2008), against which Landcom's processes were assessed include:

Inclusivity: An assessment is made on whether the organisation has included stakeholders in developing and achieving an accountable and strategic response to sustainability.

Materiality: An assessment is made on whether the organisation has included in its report the material information required by its stakeholders to be able to make informed judgements, decisions and actions.

Responsiveness: An assessment is made on whether the organisation has responded to stakeholder concerns, policies

and relevant standards and adequately communicated these in its report.

ASSURANCE TYPE AND SCOPE

Net Balance provided Type 2 assurance in accordance with the AA1000AS (2008). This involved assessing the organisation's adherence to the AA1000 AccountAbility Principles (2008) and assessing the accuracy and quality of the sustainability information contained within the report.

ASSURANCE LEVEL AND LIMITATIONS

The level of assurance provided is moderate as defined by the scope and methodology described in this assurance statement. The assurance covered the sustainability section of the report and focussed on related systems and activities of Landcom during the reporting period, with the following exceptions:

- The scope of work did not involve verification of financial data, other than that relating to environmental, social or broader economic performance.
- The Landcom Head Office in Parramatta was the only site visited as part of this assurance engagement.

ASSURANCE METHODOLOGY

The assurance engagement was undertaken between June and September 2011, and involved:

- The development of a materiality register (list of key sustainability issues) using the five-part materiality test. This included a comparison of Landcom against its peers, a risk review, a review of selected Australian media reports and a policy review.
- Interviews with the Managing Director, Director Sustainability and Policy, General Manager Urban Development/Oran Park, Development Director Riverstone/

Urban Renewal and Senior Development Manager/Rental Housing Portfolio Project.

- A review of Landcom's key sustainability strategies, policies, objectives, management systems, measurement and reporting procedures.
- Interviews with key personnel responsible for collating information for Landcom's report to substantiate the veracity of selected claims.
- A review of the report for any significant anomalies, particularly in relation to claims as well as trends in data.
- Verification of 47 selected data points and statements and the systems and processes that support the data.
- A review of Global Reporting Initiative (GRI) G3.0 application level assessment.

OUR INDEPENDENCE

Net Balance was not responsible for preparing any part of the report. During the reporting period Net Balance was commissioned by Landcom to independently interview a range of industry stakeholders to identify potential areas of sustainability and policy leadership in the land development sector. This project was seen as complementary to the assurance engagement given the independent nature of the review.

Net Balance has, in previous years, provided advisory services to Landcom on carbon neutrality methodology and stakeholder engagement strategy. These projects have been discussed with Landcom, and considered as part of Net Balance's independence policies. To maintain independence, separate teams undertook the advisory and assurance engagements. Net Balance has procedures in place to ensure independence and partition of project teams at all times. Potential conflicts were discussed with Landcom and managed effectively.

OUR COMPETENCY

The Landcom assurance engagement was carried out by an experienced team of professionals led by a Lead Sustainability Assurance Practitioner (Lead CSAP), accredited by the International Register of Certified Auditors UK (IRCA UK). The project team included personnel with expertise in environmental, social and economic performance measurement across a range of industry sectors. Net Balance is a global leader in the use of Accountability's AA1000AS, having undertaken over 100 assurance engagements in Australia in the last five years.

FINDINGS AND CONCLUSIONS

Adherence to AA1000 Principles

Inclusivity:

Landcom engages a wide range of stakeholders including State and Local Government, industry groups, local communities and residents within its developments on economic, social and environmental issues. At a strategic level, Net Balance was asked by Landcom to independently engage a range of land development stakeholders to seek their feedback on Landcom's sustainability and policy leadership and on future opportunities. This level of engagement is important to helping Landcom maintain a leading position in providing sustainable housing for NSW as well as testing and developing innovations that can be adopted by the industry at large.

Materiality:

Net Balance found the report appropriately addresses Landcom's environmental, social and economic material issues. This year, Landcom included a number of internal social sustainability indicators such as OHS, Guarantee of Service and Ethnic Affairs within the Sustainability Performance section of the report. Whilst the indicators reported against have not changed, they complement the project social sustainability indicators and provide a more complete representation of Landcom's sustainability performance. As a consequence, these indicators were assured for the first time as part of this engagement.

Responsiveness:

Net Balance tested the responsiveness of Landcom to its stakeholders through a review of management systems and policies that govern the way that Landcom responds

to stakeholder concerns and interests. Landcom was found to be responsive to stakeholder concerns and expectations during the reporting year with a number of improvements such as improved systems for reporting against the revised sustainability indicators which help to ensure consistency in data collection and reporting.

Reliability of Performance Information

Based on the scope of the assurance process, the following was observed with regard to performance information:

- The findings of the assurance engagement provide confidence in the systems and processes used for managing and reporting sustainability performance information.
- Data trails selected and investigated were generally identifiable and traceable, and the personnel responsible were able to reliably demonstrate the origin(s) and interpretation of data.
- The sustainability performance disclosures presented within the report appropriately reflect environmental, social and economic performance achieved during the period.
- The GRI application level check found that the Report was classified as A+.

Overall, it is Net Balance's opinion that the information presented within the report is fair and accurate. The report was found to be a reliable account of Landcom's sustainability performance during the reporting period.

THE WAY FORWARD

Net Balance found the report appropriately addresses Landcom's environmental, social and economic material issues. To ensure that Landcom continues to improve, Net Balance recommends that Landcom:

- Improves the implementation and monitoring of the sustainability requirements within its tenders. Net Balance observed that whilst Landcom has sustainability criteria as part its tender application process, the implementation of the criteria was not applied across all projects or applied in a consistent way. Implementation of the sustainability criteria could be improved through improving Development Managers' understanding of the criteria, applying a weighting to sustainability criteria and monitoring the application of the criteria to approved tenders.

- Improves the systems for monitoring the implementation of the Landcom Sustainability Guidelines. Net Balance observed that whilst Landcom requires all new developments to apply the Sustainability Guidelines, it is difficult to determine the extent to which the Guidelines have been implemented. To help demonstrate the application of the Guidelines, Net Balance suggests Landcom implements a process that enables Development Managers to demonstrate how the Guidelines have been considered and incorporated into new developments.
- Improves the systems and processes for reporting on the Social Sustainability Indicators. This year, Landcom included a number of Social Sustainability Indicators such as Ethnic Affairs, Guarantee of Service and OHS within the scope of the assurance engagement. As a consequence, this is the first time these indicators have been assured. Whilst there were no errors, Net Balance believes the systems and processes for managing and reporting against these criteria could be improved to ensure consistency and auditability.

These recommendations have been outlined in a more detailed report presented to Landcom's Board and Executive.

On behalf of the assurance team

5 October 2011

Melbourne, Australia

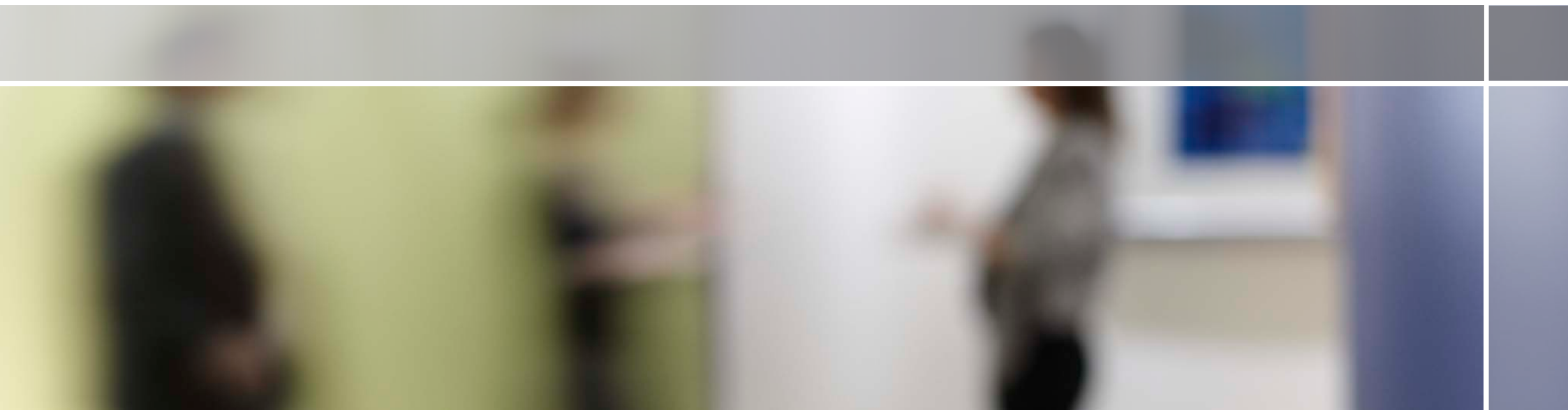


Terence Jeyaretnam, FIEAust
Director, Net Balance & Lead CSAP (IRCA UK)



AA1000
Licensed Assurance Provider
000-1





corporate **activities**

Corporate activities

Charter and function

Landcom is a state-owned corporation, operating under the Landcom Corporation Act 2001.

PRINCIPAL OBJECTIVES

Our principal objectives are:

- (a) to be a successful business and, to this end:
 - (i) to operate at least as efficiently as any comparable businesses, and
 - (ii) to maximise the net worth of the State's investment in it
- (b) to exhibit a sense of social responsibility by having regard to the interests of the community in which it operates
- (c) to protect the environment by conducting its operations in compliance with the principles of ecologically sustainable development contained in section 6 (2) of the Protection of the Environment Administration Act 1991
- (d) to exhibit a sense of responsibility towards regional development and decentralisation in the way in which it operates
- (e) to undertake, or assist the Government in undertaking, strategic or complex urban development projects
- (f) to assist the Government in achieving its urban management objectives
- (g) to be a responsible developer of residential, commercial and industrial land.

PRINCIPAL FUNCTIONS

Our principal functions are to:

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

Board of directors, meetings and committees

BOARD OF DIRECTORS

The Board is constituted under the Landcom Corporation Act 2001. It comprises six non-executive directors plus the Managing Director. The Directors are appointed by the Governor of New South Wales on the recommendation of the voting shareholders and after consultation with the Portfolio Minister.

During the reporting period, the Directors were:

Mr William Kirkby-Jones AM | Chairman

Mr Neil Bird AM | Deputy Chairman

Mr Sean O'Toole | Managing Director

Ms Bonita Boezeman AO | Director ¹

Ms Robyn Clubb | Director

Ms Kim Cull | Director ²

Ms Madeline Dermatossian | Director ³

Mr Robert Hamilton | Director ⁴

The gender breakdown for the Board during 2010-2011 was as follows: for the six months to 31 December 2010, 50% women and 50% men; for the remainder of the year, 43% women and 57% men.

The role and responsibilities of Board members are set out in the Board's Corporate Governance Charter. The Corporate Governance Charter sets out the duties, independence and ethical standards required of individual Board members, including procedures for declaring conflicts of interest. The role and responsibilities of the Board's committees are set out in Terms of Reference for each of the committees.

BOARD MEETINGS

Unless otherwise agreed, the Board meets on the fourth Monday of each month. Sixteen meetings⁵ were held during this reporting period. The number of meetings attended by each Director was as follows:

Attendance

Director	Board meetings attended	Board meetings eligible to attend
Mr W Kirkby-Jones AM	15	16
Mr N Bird AM	16	16
Mr S O'Toole	16	16
Ms R Clubb	15	16
Ms K Cull ²	14	16
Ms M Dermatossian ³	10	10
Ms B Boezeman AO ¹	4	5
Mr R Hamilton ⁴	3	5

¹ Ms Boezeman was appointed to the Landcom Board effective 28 February 2011.

² Ms Cull's term concluded on 30 June 2011.

³ Ms Dermatossian's term concluded on 31 December 2010.

⁴ Mr Hamilton was appointed to the Landcom Board effective 28 February 2011.

⁵ There were 11 meetings and five special meetings held during the reporting period.

Risk management and insurance

COMMITTEE MEETINGS

The Board has established four committees¹, the membership of which 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 Bonita Boezeman AO ²

Ms Madeline Dermatossian ³

Marketing and Sales Committee

Mr Neil Bird AM | Chairman

Mr William Kirkby-Jones AM

Ms Bonita Boezeman AO

Mr Robert Hamilton ⁴

Mr Sean O'Toole

Information Technology Committee

Mr William Kirkby-Jones AM | Chairman

Mr Neil Bird AM

Ms Kim Cull ⁵

Mr Sean O'Toole

Remuneration Committee

All Directors

RISK MANAGEMENT

Landcom is committed to good corporate governance and adopts a methodical approach to the process and practice of risk management. Our risk framework is compliant with the Australian/New Zealand Risk Management Standard AS/NZS ISO 31000:2009 and embodies the business principles approach to corporate objectives.

To ensure our risk management process works effectively and creates value, we have:

- obtained commitment to risk management from the Board, Managing Director, executive and all staff
- enhanced the integration of risk management processes with our organisational processes (i.e. 'The Landcom Way')
- assigned risk management responsibilities within the organisation
- refined our risk framework and improved guidelines on risk tolerance and reporting accountability
- allocated appropriate resources to the training and development of all stakeholders in enhanced risk awareness and continual improvement.

The Board reviews the major strategic, business and operational risks to the organisation on a monthly basis. These are also reviewed by Board committees and the executive.

BUSINESS CONTINUITY

We continue to review and refine our business continuity management. Specific reviews of business process risk and impact analysis are conducted to refresh and validate our business continuity plan. This plan puts in place procedures to build operational resilience for adverse incidents, minimise the impact of a disaster and enable our business to continue with minimum impact on stakeholders.

Testing of the plan occurs periodically and focuses on rehearsing disaster recovery plans. This includes workplace recovery, response to pandemic illness and any impacts on critical business functions such as: communications; land titles data, property conveyance and sales processing and payables and receivables processing.

INSURANCE

Landcom's insurance cover is provided by the NSW Treasury Managed Fund. This 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 GIO General for risks relating to motor vehicle, property, public liability and directors/officers liability. Workers Compensation Insurance is administered by Allianz Australia under the Treasury Managed Fund.

Landcom completed its 2011-2012 Renewal Declarations for the Treasury Managed Fund in November 2010 and renewed all covers for the 2011-2012 policy period.

¹ The Board does not have a committee that deals specifically with sustainability issues. Instead, the Board as a whole is responsible for the economic, social and environmental performance of the Corporation.

² Ms Boezeman was appointed to the Landcom Board effective 28 February 2011.

³ Ms Dermatossian's term concluded on 31 December 2010.

⁴ Mr Hamilton was appointed to the Landcom Board effective 28 February 2011.

⁵ Ms Cull's term concluded on 30 June 2011.

Public access to information and the protection of privacy

GOVERNMENT INFORMATION (PUBLIC ACCESS) (GIPA) FORMAL ACCESS APPLICATIONS

During the reporting period, Landcom received two formal access applications under the Government Information (Public Access) Act 2009 (GIPA).

Landcom did not hold any information in relation to the first application and agreed to the partial release of information in relation to the second application. Landcom did not receive any applications for disclosure of information for which there was a conclusive presumption of overriding public interest against disclosure.

The following tables contain statistical information about the formal access applications we received in 2010-2011.

Table A | Number of applications by type of applicant and outcome¹

	Access granted in full	Access granted in part	Access refused in full	Information not held	Information already available	Refuse to deal with application	Refuse to confirm/deny whether information is held	Application withdrawn
Media	0	0	0	0	0	0	0	0
Members of Parliament	0	0	0	0	0	0	0	0
Private sector business	0	0	0	0	0	0	0	0
Not for profit organisations or community groups	0	1	0	1	0	0	0	0
Members of the public (application by legal representative)	0	0	0	0	0	0	0	0
Members of the public (other)	0	0	0	1	0	0	0	0

Table B | Number of applications by type of application and outcome²

	Access granted in full	Access granted in part	Access refused in full	Information not held	Information already available	Refuse to deal with application	Refuse to confirm/deny whether information is held	Application withdrawn
Personal information applications	0	0	0	0	0	0	0	0
Access applications (other than personal information applications)	0	1	0	2	0	0	0	0
Access applications that are partly personal information applications and partly other	0	0	0	0	0	0	0	0

¹ More than one decision can be made in respect of a particular access application. If so, a recording must be made in relation to each such decision. This also applies to Table B.

² A **personal information application** is an access application for personal information (as defined in clause 4 of Schedule 4 to the Act) about the applicant (the applicant being an individual).

Table C | Invalid applications

Reason for invalidity	Number of applications
Application does not comply with formal requirements (section 41 of the Act)	0
Application is for excluded information of the agency (section 43 of the Act)	0
Application contravenes restraint order (section 110 of the Act)	0
Total number of invalid applications received	0
Invalid applications that subsequently became valid applications	0

Table D | Conclusive presumption of overriding public interest against disclosure: matters listed in Schedule 1 of Act

	Number of times consideration used ⁸
Overriding secrecy laws	0
Cabinet information	0
Executive Council information	0
Contempt	0
Legal professional privilege	0
Excluded information	0
Documents affecting law enforcement and public safety	0
Transport safety	0
Adoption	0
Care and protection of children	0
Ministerial code of conduct	0
Aboriginal and environmental heritage	0

Table E | Other public interest considerations against disclosure: matters listed in table to section 14 of Act

	Number of occasions when application not successful
Responsible and effective government	0
Law enforcement and security	0
Individual rights, judicial processes and natural justice	0
Business interests of agencies and other persons	1
Environment, culture, economy and general matters	0
Secrecy provisions	0
Exempt documents under interstate Freedom of Information legislation	0

¹ More than one public interest consideration may apply in relation to a particular access application and, if so, each such consideration is to be recorded (but only once per application). This also applies in relation to Table E.

Table F | Timeliness

	Number of applications
Decided within the statutory timeframe (20 days plus any extensions)	2
Decided after 35 days (by agreement with applicant)	0
Not decided within time (deemed refusal)	0
Total	2

Table G | Number of applications reviewed under Part 5 of the Act (by type of review and outcome)

	Decision varied	Decision upheld	Total
Internal review	0	0	0
Review by Information Commissioner ⁹	0	0	0
Internal review following recommendation under section 93 of Act	0	0	0
Review by ADT	0	0	0
Total	0	0	0

Table H | Applications for review under Part 5 of the Act (by type of applicant)

	Number of applications for review
Applications by access applicants	0
Applications by persons to whom information the subject of access application relates (see section 54 of the Act)	0

AUTHORISED PROACTIVE RELEASE OF INFORMATION UNDER S.7 (3) OF GIPA 2009

Landcom only received two formal access applications during the reporting period. Landcom reviewed the information already publicly available and did not add to it. Landcom will review this requirement within the next 12 months.

¹ The Information Commissioner does not have the authority to vary decisions, but can make recommendations to the original decision-maker. The data in this case indicates that a recommendation to vary or uphold the original decision has been made by the Information Commissioner.

PRIVACY

Landcom is committed to ensuring that individual privacy is protected and our activities comply with the Privacy and Personal Information Protection Act 1998 (NSW) and the Privacy Amendment (Private Sector) Act 2000 (Commonwealth).

Our privacy management plan is based on 12 information protection principles of the Privacy and Personal Information Protection Act (PPIP), which establish standards for using personal information. These are:

PRINCIPLE 1 (S.8 PPIP Act)

Collection of personal information for lawful purposes

PRINCIPLE 2 (S.9 PPIP Act)

Collection of personal information directly from the individual

PRINCIPLE 3 (S.10 PPIP Act)

Requirements when collecting personal information

PRINCIPLE 4 (S.11 PPIP Act)

Other requirements relating to collection of personal information

PRINCIPLE 5 (S.12 PPIP Act)

Retention and security of personal information

PRINCIPLE 6 (S.13 PPIP Act)

Information about personal information held by agencies

PRINCIPLE 7 (S.14 PPIP Act)

Access to personal information held by agencies

PRINCIPLE 8 (S.15 PPIP Act)

Alteration of personal information

PRINCIPLE 9 (S.16 PPIP Act)

Agency must check accuracy of personal information before use

PRINCIPLE 10 (S.17 PPIP Act)

Limits on use of personal information

PRINCIPLE 11 (S.18 PPIP Act)

Limits on disclosure of personal information

PRINCIPLE 12 (S.19 PPIP Act)

Special restrictions on disclosure of personal information

There were no complaints about the use of personal information during the reporting year.

Landcom's Right to Information Officer and Privacy Coordinator can be contacted by writing to:

The Right to Information Officer and Privacy Coordinator
Landcom
PO Box 237
Parramatta NSW 2124

or by emailing to: righttoinfo@landcom.nsw.gov.au or enquiry@landcom.nsw.gov.au

Occupational health and safety

Landcom's commitment to providing a safe and healthy work environment for employees, clients and stakeholders is highlighted by our commitment to continuous improvement in occupational health and safety (OH&S). This is achieved through effective planning, consultation, implementation of programs, training, monitoring and review.

The Board has endorsed continuous improvements to our OH&S framework, meeting targets outlined by the NSW Government's 'Taking Safety Seriously' and 'Working Together' strategies. 'Working Together 2010-2012' initiatives have now been adopted.

Centralised accountability for the OH&S system is taken by the General Manager Finance & IT with underpinning processes managed by the Senior Manager Financial Systems & Risk.

Landcom operates an OH&S consultation committee with staff volunteers and nominated management representatives in accordance with our OH&S policy which is reviewed as required. The committee meets quarterly to review previously raised issues, new issues and any near-miss incidents brought to its notice.

The OH&S system and processes have enabled:

- a forum for employees and management to openly discuss OH&S concerns
- a regime of prevention, inspection, identification and reduction of OH&S hazards
- a philosophy of continuous improvement to OH&S
- 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 is committed to providing a safe and healthy work environment. One lost time workplace injury and one journey incident occurred during the reporting period.

This has been further broken down as follows:

Description of injury	Work days lost	Gender
Minor abrasion to eye	1.5	Female
Fractured ankle	2	Male

Miscellaneous activities

PROMOTION

During the reporting period, Landcom produced a number of publications that were designed to promote the release of land, with each land release being supported by a sales plan, price list and an advertising campaign.

In addition, information concerning our corporate activities was communicated to Landcom stakeholders through the Annual and Sustainability Report 2009-2010 and via Landcom's website at www.landcom.com.au.

PRODUCTION COST OF ANNUAL REPORT

The overall cost of producing, printing and building a website of the 2010-2011 Annual Report is estimated at \$70,000.

CONSULTANCIES

We spent a total of \$184,254 during the reporting period on consultants. These engagements were for upgrading our information technology system platform, developing policy and procedures documentation, and facilitating Landcom's strategic planning workshop and business improvement program.

OVERSEAS VISITS

During the 2010-2011 year there were two overseas trips undertaken.

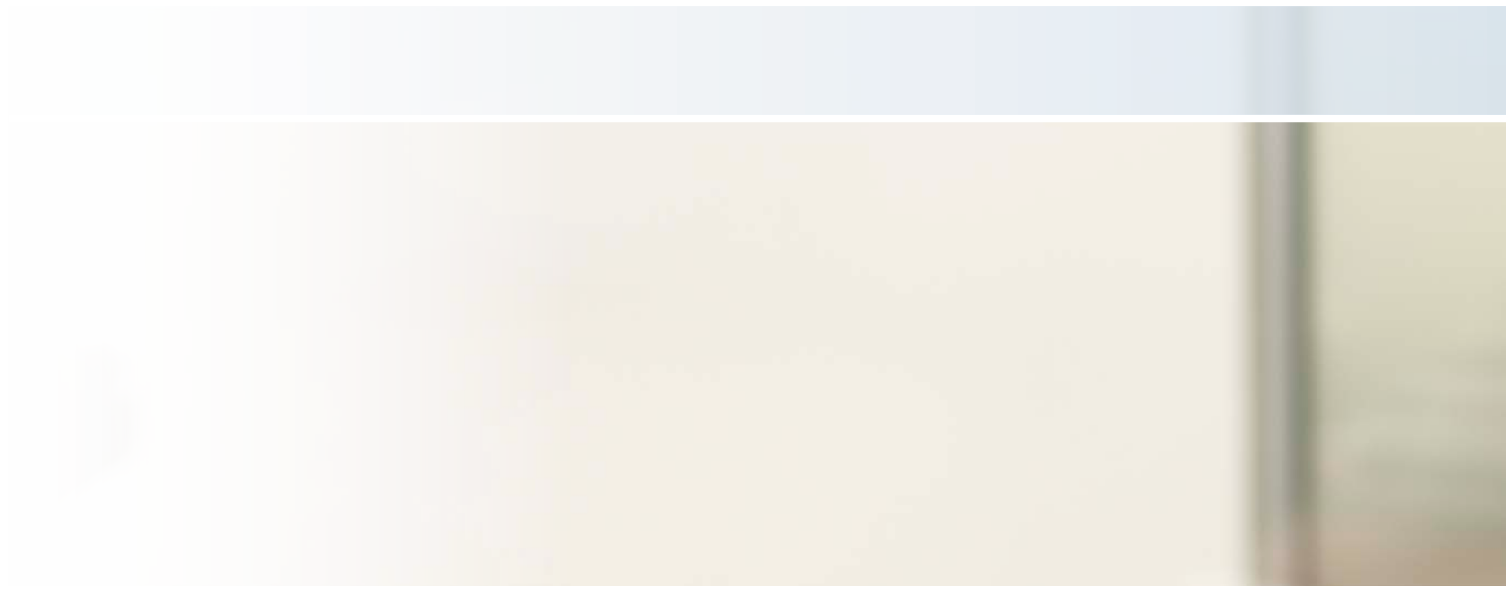
The Director, Sustainability & Policy, undertook both trips in his capacity as Landcom's representative on the Global Reporting Initiative (GRI). The GRI produces the world's de facto standard in sustainability reporting guidelines. Landcom was invited by GRI to participate in this process as one of only two Australian representatives (Lend Lease is the other Australian participant). A total of only eight companies worldwide were invited to be involved in the working group.

Disclosure of approved exemptions

Following Landcom's corporatisation on 1 January 2002, approval was granted for the reporting exemptions (relevant to this Annual Report, shown in the table overleaf). 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		
Budgets - Detailed budget for the year in review - Outline budget for next year - Particulars of material adjustments to detailed budget for the year reported on	s.7(1) (a) (iii) Annual Reports (Statutory Bodies) Act 1984 s.7(1) (a) (iii) Annual Reports (Statutory Bodies) Act 1984 cl. 7 Annual Reports (Statutory Bodies) Regulation 2010	
Report of operations		
Summary review of operations - Narrative summary of significant operations - Selected financial and other quantitative information associated with the administration of programs or operations	Schedule 1 Annual Reports (Statutory Bodies) Regulation 2010	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 programs - Research and development - Completed research including resources allocated - Continuing research and development activities, including resources allocated unless that information could adversely affect operations	Schedule 1 Annual Reports (Statutory Bodies) Regulation 2010	Exemption subject to a condition that comments and information relating to 'management and activities' are to be disclosed in a summarised form.
Human resources - Number of employees by category and comparison to prior three years - Exceptional movements in employee wages, salaries or allowances - Personnel policies and practices - Industrial relations policies and practices	Schedule 1 Annual Reports (Statutory Bodies) Regulation 2010	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.

Consultants - For each engagement costing more than \$50,000: - name of consultant - title of project - actual cost - For each engagement costing less than \$50,000: - total number of engagements - total cost - If applicable, a statement that no consultants were engaged	Schedule 1 Annual Reports (Statutory Bodies) Regulation 2010	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.
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 Reports (Statutory Bodies) Regulation 2010	
Consumer responses - Extent and main features of complaints - Services improved/changed in response to complaints/suggestions	Schedule 1 Annual Reports (Statutory Bodies) Regulation 2010	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 Reports (Statutory Bodies) Regulation 2010	This exemption only applies to statutory state-owned corporations as they are not subject to the payment of accounts provisions in s.15 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 Reports (Statutory Bodies) Regulation 2010	As above.
Report on risk management and insurance activities	Schedule 1 Annual Reports (Statutory Bodies) Regulation 2010	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 Reports (Statutory Bodies) Regulation 2010	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	Schedule 1 Annual Reports (Statutory Bodies) Regulation 2010	
Liability management performance	Schedule 1 Annual Reports (Statutory Bodies) Regulation 2010	





financial statements

Independent auditor's report



GPO BOX 12
Sydney NSW 2001

INDEPENDENT AUDITOR'S REPORT

Landcom

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of Landcom (the Corporation), which comprise the statement of financial position as at 30 June 2011, the statement of comprehensive income, statement of changes in equity and statement cash flows for the year then ended, a summary of significant accounting policies and other explanatory notes.

Auditor's Opinion

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Corporation as at 30 June 2011, and of its financial performance for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2010

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

Directors' Responsibility for the Financial Statements

The Directors are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the *State Owned Corporations Act 1989*, and for such internal control as the directors determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Corporation's preparation and fair presentation of the financial statements 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 control. 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 statements.

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
- about the effectiveness of its internal control
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.

Independence

In conducting my audit, I have complied with the independence requirements of the Australian Auditing Standards and other relevant ethical pronouncements. The PF&A Act further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- 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.

Aaron Green
Director, Financial Audit Services

29 September 2011
SYDNEY

LANDCOM

DIRECTORS' DECLARATION

Pursuant to section 41C of the *Public Finance and Audit Act 1983*, we state that in the opinion of the Directors of Landcom:

- (a) The financial statements:
 - (i) exhibit a true and fair view of the financial position of Landcom as at 30 June 2011 and of its performance, as represented by the results of its operations and its cash flows for the year ended on that date;
 - (ii) comply with Australian Accounting Standards, AASB Interpretations, the *State Owned Corporations Act 1989*, the *Public Finance and Audit Act 1983* and the *Public Finance and Audit Regulation 2010*.
- (b) We are not aware of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.
- (c) At the date of this statement, 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

Statement of comprehensive income

FOR THE YEAR ENDED 30 JUNE 2011

		2011	2010
	Notes	\$'000	\$'000
Continuing Operations			
Sales revenue	2(a)	402,851	384,526
Cost of sales		(264,983)	(290,735)
Gross profit		137,868	93,791
Other revenue	2(b)	7,968	8,074
Finance income	2(c)	4,480	3,710
Marketing expenses	3	(6,575)	(5,316)
Employee related expenses	4	(16,582)	(15,917)
Other operating expenses	5	(39,358)	(27,933)
Depreciation and amortisation expense	6	(514)	(700)
Finance costs	7	(9,933)	(12,959)
Profit/(loss) on sale of property, plant and equipment		(7)	1,097
Profit from continuing operations before income tax equivalent expense		77,347	43,847
Income tax equivalent expense	8	(23,024)	(12,627)
Net profit for the year		54,323	31,220
Other comprehensive income			
Superannuation actuarial gain/(loss) on defined benefit plans	19	63	(1,521)
Income tax relating to components of other comprehensive income		(19)	456
Other comprehensive income for the year (net of tax)		44	(1,065)
Total comprehensive income for the year		54,367	30,155

The above Statement of comprehensive income is to be read in conjunction with the attached notes to the financial statements.

Statement of financial position

AS AT 30 JUNE 2011

		2011	2010
	Notes	\$'000	\$'000
Assets			
Current Assets			
Cash and cash equivalents	9	75,484	92,216
Trade and other receivables	10	45,659	37,982
Inventories	11	217,832	183,737
Derivative asset	24	27	16
Other current assets	12	241	6,031
Total Current Assets		339,243	319,982
Non-current Assets			
Trade and other receivables	10	19,537	26,649
Inventories	11	374,217	314,959
Property, plant and equipment	13	3,249	3,291
Intangible assets	14	109	197
Deferred tax assets	15	33,334	26,954
Total Non-current Assets		430,446	372,050
TOTAL ASSETS		769,689	692,032
Liabilities			
Current Liabilities			
Trade and other payables	16	95,218	93,211
Borrowings	20	59,992	28,093
Current tax liabilities	17	40,693	25,031
Provisions	18	126,132	80,785
Total Current Liabilities		322,035	227,120

Statement of financial position

AS AT 30 JUNE 2011

		2011	2010
	Notes	\$'000	\$'000
Non-current Liabilities			
Trade and other payables	16	16,707	20,195
Borrowings	20	59,593	59,995
Provisions	18	27,892	57,925
Deferred tax liabilities	21	827	1,929
Total Non-current Liabilities		105,019	140,044
TOTAL LIABILITIES		427,054	367,164
NET ASSETS		342,635	324,868
Equity			
Contributed capital	22	275,847	275,847
Revaluation surplus		498	498
Retained earnings		66,290	48,523
TOTAL EQUITY		342,635	324,868

The above Statement of financial position is to be read in conjunction with the attached notes to the financial statements.

Statement of cash flows

FOR THE YEAR ENDED 30 JUNE 2011

		2011	2010
	Notes	\$'000	\$'000
Cash flows from operating activities			
Receipts from customers		448,112	404,319
Interest received		1,552	2,740
Payments to suppliers and employees		(423,206)	(346,141)
Income tax equivalent paid		(14,864)	(13,377)
Finance costs		(7,380)	(10,487)
Net cash flows from operating activities	23(b)	4,214	37,054
Cash flows from investing activities			
Payment for property, plant and equipment		(870)	(687)
Proceeds from sale of investment property		-	6,450
Proceeds from sale of property, plant and equipment		33	98
Net cash flows (used in)/from investing activities		(837)	5,861
Cash flows from financing activities			
Proceeds of borrowings		113,593	-
Repayment of borrowings		(81,910)	(25,000)
Dividends paid to NSW Treasury		(51,792)	(42,912)
Net cash flows used in financing activities		(20,109)	(67,912)
Net decrease in cash and cash equivalents		(16,732)	(24,997)
Cash and cash equivalents at the beginning of the year		92,216	117,213
Cash and cash equivalents at the end of the year	23(a)	75,484	92,216

The above Statement of cash flows is to be read in conjunction with the attached notes to the financial statements.

Statement of changes in equity

FOR THE YEAR ENDED 30 JUNE 2011

	Contributed capital	Revaluation surplus	Retained earnings	Total equity
	\$'000	\$'000	\$'000	\$'000
Balance as at 1 July 2010	275,847	498	48,523	324,868
Profit for the year	-	-	54,323	54,323
Other comprehensive income				
Superannuation actuarial gain on defined benefit plans	-	-	63	63
Income tax relating to components of other comprehensive income	-	-	(19)	(19)
Total other comprehensive income	-	-	44	44
Total comprehensive income for the year	-	-	54,367	54,367
Transactions with owners in their capacity as owners				
Dividends to NSW Treasury	-	-	(36,600)	(36,600)
Balance as at 30 June 2011	275,847	498	66,290	342,635
Balance as at 1 July 2009	275,847	498	70,160	346,505
Profit for the year	-	-	31,220	31,220
Other comprehensive income				
Superannuation actuarial losses on defined benefit plans	-	-	(1,521)	(1,521)
Income tax relating to components of other comprehensive income	-	-	456	456
Total other comprehensive income	-	-	(1,065)	(1,065)
Total comprehensive income for the year	-	-	30,155	30,155
Transactions with owners in their capacity as owners				
Dividends to NSW Treasury	-	-	(51,792)	(51,792)
Balance as at 30 June 2010	275,847	498	48,523	324,868

The above Statement of changes in equity is to be read in conjunction with the attached notes to the financial statements.

Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2011

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.

The financial statements for the year ended 30 June 2011 have been authorised for issue by the Board on 26 September 2011.

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.

1. Summary of Significant Accounting Policies

1.1 Basis of Preparation

These general purpose financial statements have been prepared in accordance with:

- the *State Owned Corporations Act 1989*;
- applicable Australian Accounting Standards (which include Australian Accounting Interpretations); and
- the requirements of the *Public Finance and Audit Act 1983* and *Public Finance and Audit Regulation 2010*.

Property, plant and equipment and investment property are measured at fair value. Other financial statements 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 statements.

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

1.2 Statement of Compliance

The financial statements 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 Revenue Recognition

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

- i. Sales revenue comprises income from sale of land owned by Landcom, income from management of the sale of land not owned by Landcom, and income from others. Sales revenue is recognised when the significant risks and rewards of ownership of the land have passed to the buyer on settlement and can be reliably measured.
- 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 probable 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 18). 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 five 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 TC09/04 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. 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 2011 for the SASS, SANCS and SSS was estimated at \$8.187 million (2010: \$8.501 million).

Amounts representing prepaid superannuation contributions are recognised as an asset. Amounts representing unfunded superannuation are recognised as a liability. Actuarial gains and losses are recognised immediately as other comprehensive income/outside profit or 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.

Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2011

1. Summary of Significant Accounting Policies (continued)

1.5 Employee Benefits (continued)

Payroll on-costs

The outstanding amounts of payroll tax, workers' compensation, insurance premiums and fringe benefits tax, which are consequential to employment, are recognised as liabilities and expenses where the employee benefits to which they relate to have been recognised.

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 2011. No major claims exist under these policies at 30 June 2011.

1.7 Leases

Operating lease payments, where the lessor effectively retains substantially all of the risks and benefits of ownership of leased items, are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

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 incentives 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 on a straight-line basis over the term of the lease. Lease incentive (liability) is reduced by allocating lease rental

payments between rental expenses and reduction of the liability at the beginning of the lease payment period until the end of the lease term.

Landcom has operating leases in place in respect of its head office premises in Parramatta, regional offices in Newcastle and Campbelltown, and sales offices at various locations within New South Wales. There are no contingent rentals payable in respect of these leases and the terms of renewal are between two and five years after lease-terms expire. The Head Office lease expires at 30 June 2012, with a one year renewal option.

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 Statement of comprehensive income 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 1997 (as amended) as the basis for determining taxation liability. Tax effect accounting has also been adopted from 1 July 2003.

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the year. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior years is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax

Deferred tax is accounted for using the Statement of financial position liability method. Temporary differences are differences between the tax base of an asset or liability and

its carrying amount in the Statement of financial position. The tax base of an asset or liability is the amount attributed to that asset or liability for tax purposes.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the company intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the year

Current and deferred tax is recognised as an expense or income in the Statement of comprehensive income, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity.

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 2011, dividends are calculated in accordance with TPP 09-06 Financial Distribution Policy for Government Businesses.

Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2011

1. Summary of Significant Accounting Policies (continued)

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 ATO is included as part of receivables or payables.

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

1.12 Cash and Cash Equivalents

Cash comprises cash on hand and at the bank. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash, which are subject to an insignificant risk of changes in value and have a maturity of three months or less at the date of acquisition.

1.13 Trade and Other Receivables

Trade and other 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 Statement of comprehensive income 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 varied during the year and is currently 12.69% (2010:

12.19%). 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, work 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 work 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 work in progress that are expected to be sold within the next 12 months are classified as current and the balance is classified as non-current. As the process of development progresses, land projects are reclassified from undeveloped land to work in progress, then, on completion, to developed land for sale.

Landcom reviews its inventory balances periodically and writes off inventory where the net realisable value is less than the carrying amount in the accounts. Landcom capitalises costs associated with pursuing development opportunities. Where there is a likelihood that the project will not progress then previously capitalised costs are written off and recognised as an expense in the Statement of comprehensive income.

1.15 Inventories – Land Valuation

All land is valued at the lower of cost or 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 five 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 on a straight line basis over 14 years.

Land is not a depreciable asset.

Leasehold improvements are valued at cost and amortised on a straight-line basis over the unexpired period of the lease term or the assets useful life, whichever is shorter.

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 and impairment. 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 2011 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.

Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2011

1. Summary of Significant Accounting Policies (continued)

1.18 Trade and Other Payables (continued)

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 Statement of comprehensive income. Borrowing costs are recognised as an expense when incurred. Gains and losses are recognised in the Statement of comprehensive income when the liabilities are derecognised as well as through the amortisation process.

1.20 Derivatives

NSW Treasury Corporation (TCorp) has been contracted to manage Landcom's debt portfolio and enters into futures agreements on Landcom's behalf. This type of derivative financial instrument is recognised in the financial statements on inception at fair value and is subsequently remeasured to fair value at each reporting date. The net amount receivable/payable is recognised in the Statement of financial position and any gains/losses incurred are recognised in the Statement of comprehensive income.

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 24, 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.

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss',

and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective interest method

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

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

Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss where the financial asset:

- has been acquired principally for the purpose of selling in the near future;
- is a part of an identified portfolio of financial instruments that Landcom manages together and has a recent actual pattern of short-term profit-taking; or
- is a derivative that is not designated and effective as a hedging instrument.

Financial assets at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset.

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less impairment.

Interest income is recognised by applying the effective interest rate.

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset the estimated future cash flows of the investment have been impacted.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of financial assets including uncollectible trade receivables is reduced by the impairment loss through the use of an allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Derecognition of financial assets

Landcom derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If Landcom neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, Landcom recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If Landcom retains substantially all the risks and rewards of ownership of a transferred financial asset, Landcom continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2011

1. Summary of Significant Accounting Policies (continued)

1.21 Financial Instruments (continued)

Financial liabilities

Financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount of the financial liability.

Derecognition of financial liabilities

Landcom derecognises a financial liability only when the obligation under the liability is discharged, cancelled or expired.

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*.

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.

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 revaluation surplus, 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 Statement of comprehensive income, the increment is recognised immediately as revenue in the Statement of comprehensive income.

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

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 revaluation surplus 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 2011 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. 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 conditions of sale, Landcom may be committed to make a payment to the purchaser provided certain design criteria are met and applied for within a 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 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. Amortisation is charged on a straight-line basis over their estimated useful lives.

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

Computer software	– 4 years
Website costs	– 5 years

Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2011

1. Summary of Significant Accounting Policies (continued)

1.25 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.

1.26 Other Current Assets

Other current assets represent prepayment of expenditure which is recognised on a cost basis. These amounts are recognised in the Statement of comprehensive income on a straight-line basis except where another systematic basis is more representative of the time pattern in which economic benefits from the prepayments are consumed.

1.27 Accounting Standards/Interpretations Issued But Not Yet Effective

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

Initial application of the following Standards/Interpretations is not expected to have any material impact on the financial statements of Landcom.

Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2011

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 5 Non-current Assets Held for Sale and Discontinued Operations	1 January 2011	30 June 2012
AASB 7 Financial Instruments: Disclosures	1 January 2011	30 June 2012
AASB 8 Operating Segments	1 January 2011	30 June 2012
AASB 9 Financial Instruments, AASB 2009-10 Amendments to Australian Accounting Standards arising from AASB 9 and AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9	1 January 2013	30 June 2014
AASB 101 Presentation of Financial Statements	1 January 2011	30 June 2012
AASB 107 Statement of Cash Flows	1 January 2011	30 June 2012
AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2011	30 June 2012
AASB 110 Events after the Reporting Period	1 January 2011	30 June 2012
AASB 112 Income Taxes	1 January 2011	30 June 2012
AASB 118 Revenue	1 January 2011	30 June 2012
AASB 119 Employee Benefits	1 January 2011	30 June 2012
AASB 124 Related Party Disclosures (revised December 2009), AASB 2009-12 Amendments to Australian Accounting Standards	1 January 2011	30 June 2012
AASB 132 Financial Instruments: Presentation	1 January 2011	30 June 2012
AASB 137 Provisions, Contingent Liabilities and Contingent Assets	1 January 2011	30 June 2012
AASB 139 Financial Instruments: Recognition and Measurement	1 January 2011	30 June 2012
AASB 1023 General Insurance Contracts	1 January 2011	30 June 2012
AASB 1031 Materiality	1 January 2011	30 June 2012
AASB 1054 Australian Additional Disclosures	1 July 2011	30 June 2012
AASB 2014-4 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project (AASB 1, AASB 7, AASB 101, AASB 134 and Interpretation 13)	1 January 2011	30 June 2012

Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2011

	2011	2010
	\$'000	\$'000

2(a) Sales Revenue

Income from land sales	316,826	336,692
Income from managed land sales	86,025	45,086
Income from others	-	2,748
	402,851	384,526

2(b) Other Revenue

Management fee – Crown Lands Homesites Program	773	2,213
Management fee – Sydney Water	4,551	-
Rental income	1,080	1,000
Land tax refund	1,240	4,386
Other	324	475
	7,968	8,074

2(c) Finance Income

Interest from bank	1,252	2,431
Interest from loan receivable	24	25
Unwinding of the discount rate	2,917	981
Interest from late settlement	276	284
Unrealised (loss)/gain on derivative asset	11	(11)
	4,480	3,710

Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2011

	2011	2010
	\$'000	\$'000

3 Marketing Expenses

Advertising	5,049	4,058
Sales contractors and commission	1,326	1,120
Other	200	138
	6,575	5,316

4 Employee Related Expenses

Salaries and wages	16,367	15,526
Termination payments	214	587
Superannuation – defined benefit plans*	235	139
Superannuation – defined contribution plans	1,253	1,341
Long service leave	814	646
Annual leave	1,273	1,213
Workers' compensation insurance	121	105
Payroll tax and fringe benefits tax	1,127	1,114
Other employee related expenses	607	705
	22,011	21,376
Transfer of capital costs to inventories	(5,429)	(5,459)
	16,582	15,917

* Refer Note 19. Superannuation actuarial gain/(loss) of \$63,000 (2010: \$1,521,000 loss) are recognised in the Statement of comprehensive income. Total superannuation expense, including actuarial gain recognised in the Statement of comprehensive income is \$171,000 (2010: \$1,660,000 loss).

Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2011

	2011	2010
	\$'000	\$'000

5 Other Operating Expenses

Auditor's remuneration – audit of financial statements	205	175
Operating lease rental expense – minimum lease payments	1,339	1,456
Maintenance	785	633
Insurance	96	116
General administrative costs	6,880	6,872
Council rates	1,482	1,422
Land tax	9,331	10,751
Adjustment of inventory to net realisable value	15,366	7,591
Property and accommodation expenses	663	730
Expenses incurred on project management	4,662	-
Consultancy fees	182	255
Bad debts	56	-
	41,047	30,001
Transfer of capital costs to inventories	(1,689)	(2,068)
	39,358	27,933

6 Depreciation and Amortisation Expense

Buildings	51	51
Leasehold improvements	142	258
Plant and equipment	196	259
Intangible assets	88	92
Motor vehicles	37	40
	514	700

Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2011

	2011	2010
	\$'000	\$'000

7 Finance Costs

Interest	7,553	7,152
Unwinding of the discount rate	878	3,454
Amortisation of loan premium	(186)	(432)
Government guarantee fee	1,687	2,785
	9,933	12,959

8 Income Tax

Income tax expense recognised in the Statement of comprehensive income

The major components of income tax expense for the years ended 30 June 2011 and 2010 are:

Current income tax charge	30,426	20,109
Adjustments for prior years	99	(209)
Deferred income tax		
Origination and reversal of temporary differences	(7,501)	(7,273)
Income tax expense reported in the Statement of comprehensive income	23,024	12,627

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

Decrease/(increase) in deferred tax assets	(6,399)	(6,266)
(Decrease)/increase in deferred tax liabilities	(1,102)	(1,007)
	(7,501)	(7,273)

Income tax expense recognised directly in equity

Deferred income tax related to items charged or credited directly to equity:

Superannuation actuarial gain/(loss)	19	(456)
Income tax expense reported in equity	19	(456)

Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2011

	2011	2010
	\$'000	\$'000

8 Income Tax (continued)

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	77,348	43,847
At the statutory income tax rate of 30% (2010: 30%)	23,205	13,154
Deductions not allowable for income tax purposes	4	15
Recognition of temporary differences	(284)	(333)
Under/(over) provided in prior years	99	(209)
Income tax expense reported in the Statement of comprehensive income	23,024	12,627

9 Cash and Cash Equivalents

Cash at bank and on hand	75,484	92,216
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Included in the cash and cash equivalents is restricted cash of \$6.201 million (2010 \$1.606 million). These funds are held as security deposits for various projects.

10 Trade and Other Receivables

Current

Trade receivables	38,567	26,631
Allowance for impairment loss	(1,611)	-
Development bonds	1,930	1,370
Development contributions	6,432	8,303
Other receivable	341	1,678
	45,659	37,982

Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2011

	2011	2010
	\$'000	\$'000

10 Trade and Other Receivables (continued)

Non-current		
Trade receivables	18,399	24,817
Development bonds	52	542
Loan receivables	1,086	1,290
	19,537	26,649
Movement in the allowance for impairment loss		
Balance at the beginning of the year	-	(3)
Amounts written off during the year	-	3
Increase in allowance recognised in profit or loss	1,611	-
Balance at the end of the year	1,611	-

The non-current trade receivable of \$18.399 million (2010: \$24.817 million) included deferral of payment for sale of land for the project at Wolli Creek of \$16.135 million (2010: \$19.660 million), receivable from City of Sydney Council for development at Green Square \$2.436 million (2010: \$2.954 million), and receivable from Stocklands for development at Macarthur Gardens \$nil (2010: \$2.203 million)

Non-current loan receivables represents second mortgages with purchasers of properties sold at Stanhope Gardens amounting to \$1.086 million (2010: \$1.290 million) as part of Landcom's moderate income housing program. The second mortgages must be repaid within 10 years or on sale of the properties, whichever comes first.

Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2011

	2011	2010
	\$'000	\$'000

11 Inventories

Current		
Work in progress	133,822	156,045
Developed land	84,010	27,692
	217,832	183,737
Non-current		
Work in progress	112,136	77,730
Undeveloped land	262,081	237,229
	374,217	314,959
Total	592,049	498,696
Details of inventories:		
Acquisition costs	341,391	309,527
Development costs	212,965	148,259
Other costs	37,693	40,910
	592,049	498,696

12 Other

Current		
Prepayments	241	6,031
	241	6,031

Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2011

	2011	2010
	\$'000	\$'000

13 Property, Plant and Equipment

Land

At fair value	1,325	1,136
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Buildings

At gross carrying amount	1,123	729
Accumulated depreciation	(234)	(183)
Net carrying amount at fair value	889	546

Leasehold improvements

At gross carrying amount	3,922	3,922
Accumulated depreciation	(3,805)	(3,663)
Net carrying amount at fair value	117	259

Motor vehicles

At gross carrying amount	296	297
Accumulated depreciation	(61)	(38)
Net carrying amount at fair value	235	259

Plant and equipment

At gross carrying amount	1,911	2,183
Accumulated depreciation	(1,228)	(1,092)
Net carrying amount at fair value	683	1,091

Total net carrying amount	3,249	3,291
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Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2011

13 Property, Plant and Equipment (continued)

Reconciliation

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

2011	Land at fair value	Buildings at fair value	Leasehold improvements at fair value	Motor vehicles at fair value	Plant & equipment at fair value	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Net carrying amount at beginning of the year	1,136	546	259	259	1,091	3,291
Additions	189	394	-	46	242	871
Disposals	-	-	-	(33)	-	(33)
Transfer to inventory	-	-	-	-	(454)	(454)
Depreciation expense	-	(51)	(142)	(37)	(196)	(426)
Net carrying amount at the end of the year	1,325	889	117	235	683	3,249

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:

2010	Land at fair value	Buildings at fair value	Leasehold improvements at fair value	Motor vehicles at fair value	Plant & equipment at fair value	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Net carrying amount at beginning of the year	1,136	597	517	261	1,147	3,658
Additions	-	-	-	133	554	687
Disposals	-	-	-	(95)	(351)	(446)
Depreciation expense	-	(51)	(258)	(40)	(259)	(608)
Net carrying amount at the end of the year	1,136	546	259	259	1,091	3,291

Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2011

	2011	2010
	\$'000	\$'000

14 Intangible Assets

Computer software and website

Gross carrying amount

Carrying amount at beginning of the year	3,690	3,690
Carrying amount at end of the year	3,690	3,690

Accumulated amortisation and impairment

Carrying amount at beginning of the year	(3,493)	(3,401)
Amortisation expense and impairment	(88)	(92)
Carrying amount at end of the year	(3,581)	(3,493)
Net carrying amount at end of the year	109	197

15 Deferred Tax Assets

The balance comprises temporary differences attributable to:

Depreciation and amortisation	748	413
Provisions	30,898	24,800
Sundry	166	64
Fair value adjustments	1,523	1,677
	33,334	26,954

Movements

Carrying amount at beginning of the year	26,954	20,232
Credited/(charge) to the Statement of comprehensive income	6,399	6,266
Credited/(charge) to equity	(19)	456
Carrying amount at end of the year	33,334	26,954

Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2011

	2011	2010
	\$'000	\$'000

16 Trade and Other Payables

Current		
Trade payables	26,549	17,743
Security deposits received	25,933	36,023
Bonds and deposits held	9,807	5,860
Accrued expenses	32,065	33,347
Other payables	489	99
Retentions	375	139
	95,218	93,211
Non-current		
Other payables	16,707	20,195
	16,707	20,195

17 Current Tax Liabilities

Carrying amount at beginning of the year	25,031	18,508
Income tax expense	23,024	12,627
Movement in deferred tax assets/(liabilities)	7,502	7,273
Tax payment	(14,864)	(13,377)
Carrying amount at end of the year	40,693	25,031

Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2011

	2011	2010
	\$'000	\$'000

18 Provisions

(a) Employee benefits – current

Provision for annual leave	1,303	1,277
Provision for long service leave		
– Expected to be settled within 12 months	412	396
– Expected to be settled after 12 months	3,710	3,562
Provision for superannuation liability (see Note 19)	8,187	8,501
Accrued on-costs	543	734
	14,155	14,470

(b) Employee benefits – non-current

Provision for long service leave	217	208
Accrued on-costs	18	29
	235	237

Total employee benefits	14,390	14,707
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(c) Other provisions – current

Provision to complete projects	73,100	13,120
Provision for rebates	2,120	1,246
Provision for other	157	157
Provision for distribution to NSW Treasury	36,600	51,792
	111,977	66,315

The dividend payable of \$36.600 million (2010: \$51.792 million) is calculated based on 70% of profit after tax, excluding certain non-cash items of financial instrument fair value movements of \$2.039 million income (2010: \$2.473 million expense). The 2010 dividend payable includes payments out of retained earnings, equating to a payment of 166% of profit after tax.

Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2011

	2011	2010
	\$'000	\$'000

18 Provisions (continued)

(d) Other provisions – non-current

Provision to complete projects	24,843	54,874
Provision for rebates	2,814	2,814
	27,657	57,688

Total current and non-current provisions

Current provisions	126,132	80,785
Non-current provisions	27,892	57,925
	154,024	138,710

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

Employee benefits

2011	Provision for annual leave	Provision for long service leave	Superannuation liability	Accrued on-costs	Other	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at beginning of the year	1,277	4,166	8,501	763	-	14,707
Additional provisions recognised	1,273	823	34	-	-	2,130
Amounts used during the year	(1,247)	(650)	(348)	(202)	-	(2,447)
Carrying amount at end of the year	1,303	4,339	8,187	561	-	14,390

Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2011

18 Provisions (continued)

2010	Provision for annual leave	Provision for long service leave	Superannuation liability	Accrued on-costs	Other	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at beginning of the year	1,299	3,898	7,171	725	-	13,093
Additional provisions recognised	1,213	646	1,748	106	-	3,713
Amounts used during the year	(1,235)	(378)	(418)	(68)	-	(2,099)
Carrying amount at end of the year	1,277	4,166	8,501	763	-	14,707

Other provisions

2011	Provision for distribution to NSW Treasury	Provision for rectification works	Provision for rebates	Provision to complete projects	Provision for other	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at beginning of the year	51,792	-	4,060	67,994	157	124,003
Additional provisions recognised	36,600	-	2,711	69,399	-	108,710
Reductions in provisions from payments	(51,792)	-	(1,837)	(34,149)	-	(87,778)
Change in provisions from remeasurement	-	-	-	(5,301)	-	(5,301)
Carrying amount at end of the year	36,600	-	4,934	97,943	157	139,634

2010	Provision for distribution to NSW Treasury	Provision for rectification works	Provision for rebates	Provision to complete projects	Provision for other	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at beginning of the year	42,912	-	3,130	50,646	-	96,688
Additional provisions recognised	51,792	-	2,252	28,760	157	82,961
Reductions in provisions from payments	(42,912)	-	(1,322)	(11,162)	-	(55,396)
Change in provisions from remeasurement	-	-	-	(250)	-	(250)
Carrying amount at end of the year	51,792	-	4,060	67,994	157	124,003

Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2011

19 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 Authorities Non-contributory Superannuation Scheme (SANCS)
- State Superannuation Scheme (SSS).

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 2011

	SASS 30-Jun-11	SANCS 30-Jun-11	SSS 30-Jun-11	TOTAL 30-Jun-11
Member numbers				
Contributors	15	23	8	46
Deferred benefits	-	-	1	1
Pensioners	-	-	9	9
Pensions fully commuted	-	-	2	2
Superannuation position for AASB 119 purposes	\$'000	\$'000	\$'000	\$'000
Accrued liability	6,811	1,448	17,402	25,661
Estimated reserve account balance	(4,799)	(914)	(11,762)	(17,474)
	2,013	535	5,640	8,187
Future Service Liability (Note 1)	(1,155)	(520)	(717)	(2,393)
Surplus in excess of recovery available from schemes	-	-	-	-
Net liability to be recognised in the Statement of financial position*	2,013	535	5,640	8,187

*Refer Note 18

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 *Employee Benefits*, 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.

Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2011

19 Superannuation (continued)

	SASS	SANCS	SSS	Total
	30-Jun-11	30-Jun-11	30-Jun-11	30-Jun-11
	\$'000	\$'000	\$'000	\$'000
Reconciliation of the present value of the defined benefit obligation				
Present value of partly funded defined benefit obligation at beginning of the year	7,074	1,642	17,501	26,217
Current service cost	212	77	125	414
Interest cost	358	83	896	1,337
Contributions by Fund participants	110	-	159	269
Actuarial (gains)/losses	(136)	(58)	(824)	(1,018)
Benefits paid	(808)	(295)	(455)	(1,558)
Present value of partly funded defined benefit obligation at end of the year	6,810	1,449	17,402	25,661
Reconciliation of the fair value of Fund assets				
Fair value of Fund assets at beginning of the year	5,129	1,047	11,540	17,716
Expected return on Fund assets	438	90	988	1,516
Actuarial losses	(275)	(4)	(676)	(955)
Employer contributions	204	76	205	485
Contributions by Fund participants	110	-	159	269
Benefits paid	(808)	(295)	(455)	(1,558)
Fair value of Fund assets at end of the year	4,798	914	11,761	17,473
Reconciliation of the assets and liabilities recognised in the Statement of financial position				
Present value of partly funded defined benefit obligation at end of year	6,811	1,449	17,402	25,662
Fair value of Fund assets at end of year	(4,799)	(914)	(11,762)	(17,475)
Subtotal	2,012	535	5,640	8,187
Net liability recognised in the Statement of financial position* at end of year	2,012	535	5,640	8,187

*Refer Note 18.

Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2011

19 Superannuation (continued)

	SASS	SANCS	SSS	Total
	30-Jun-11	30-Jun-11	30-Jun-11	30-Jun-11
	\$'000	\$'000	\$'000	\$'000
Components recognised in the Statement of comprehensive income				
Current service cost	212	77	125	414
Interest cost	358	83	895	1,336
Expected return on Fund assets (net of expenses)	(438)	(90)	(988)	(1,516)
Expense/(income) recognised	132	70	32	234

The superannuation expense recognised in the Statement of comprehensive income is included in the line item 'Employee related expenses'. Superannuation actuarial gain of \$63,000 (2010: \$1,521,000 loss) are separately identified in the Statement of comprehensive income.

The cumulative amount of actuarial losses recognised in the Statement of comprehensive income since 1 July 2004 is \$6,301,000.

Before 1 July 2004 and the adoption of Australian Equivalents to International Financial Reporting Standards (AEIFRS), it is not practical to determine the cumulative actuarial gain/loss as if the new policy had always been applied, given that the actuarial gains and losses were not separately identified and accumulated, and the superannuation expense was calculated on a different basis.

	SASS	SANCS	SSS	Total
	30-Jun-11	30-Jun-11	30-Jun-11	30-Jun-11
	\$'000	\$'000	\$'000	\$'000
Amounts recognised in the Statement of comprehensive income				
Actuarial (gain)/losses	140	(54)	(149)	(63)
Adjustment for limit on net asset	-	-	-	-
Cumulative amount recognised in the Statement of comprehensive income				
Cumulative amount of actuarial losses	1,496	373	4,432	6,301
Cumulative adjustment for limitation on net asset	-	-	-	-

Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2011

19 Superannuation (continued)

Fund assets

The percentage invested in each asset class at the date of the Statement of financial position:

	30-Jun-11
Australian equities	33.4%
Overseas equities	29.5%
Australian fixed interest securities	5.7%
Overseas fixed interest securities	3.1%
Property	9.9%
Cash	5.1%
Other	13.3%

Fair value of Fund assets

All Fund assets are invested by the SAS Trustee Corporation (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	SANCS	SSS	Total
	\$'000	\$'000	\$'000	\$'000
Actual return on Fund assets	432	86	960	1,478

Valuation method and principal actuarial assumptions at the date of the Statement of financial position

(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-11
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	8.6% pa
Discount rate	5.28% pa

(c) Demographic assumptions

The demographic assumptions at 30 June 2011 are those used in the 2009 triennial actuarial valuation. The triennial review report tabled in the Parliament in December 2009 is available from the NSW Treasury website.

Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2011

19 Superannuation (continued)

	SASS	SANCS	SSS	Total
	30-Jun-11	30-Jun-11	30-Jun-11	30-Jun-11
	\$'000	\$'000	\$'000	\$'000
Historical information				
Present value of defined benefit obligation	6,811	1,448	17,402	25,661
Fair value of Fund assets	(4,799)	(914)	(11,762)	(17,475)
Deficit in Fund	2,013	535	5,640	8,188
Experience adjustments – Fund liabilities	(136)	(58)	(824)	(1,018)
Experience adjustments – Fund assets	275	4	676	955

Expected contributions

Expected employer contributions to be paid in the next reporting period	210	83	254	547
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Funding arrangements for employer contributions

(a) Surplus/deficit

The following is a summary of the 30 June 2011 financial position of the Fund calculated in accordance with **AAS 25 Financial Reporting by Superannuation Plans**:

	SASS	SANCS	SSS	Total
	\$'000	\$'000	\$'000	\$'000
Accrued benefits	6,199	1,301	12,018	19,518
Net market value of Fund assets	(4,799)	(914)	(11,762)	(17,475)
Net deficit	1,400	387	256	2,043

(b) Contribution recommendations

Recommended contribution rates for the entity are:

	SASS	SANCS	SSS
	multiple of member contributions	% member salary	multiple of member contributions
	1.9	2.5	1.6

Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2011

19 Superannuation (continued)

(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	8.3% pa
Expected rate of return on Fund assets backing other liabilities	7.3% 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.

The STC, through the Fund's actuary, has determined that unfunded superannuation contributions as at 30 June 2011 for the SASS, the SANCS and the SSS was estimated at \$8.187 million (2010 prepaid superannuation contributions \$8.501 million).

Superannuation position as at 30 June 2010

	SASS 30-Jun-10	SANCS 30-Jun-10	SSS 30-Jun-10	TOTAL 30-Jun-10
Member numbers				
Contributors	17	28	11	56
Deferred benefits	-	-	1	1
Pensioners	-	-	6	6
Pensions fully commuted	-	-	2	2

Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2011

19 Superannuation (continued)

	SASS 30-Jun-10	SANCS 30-Jun-10	SSS 30-Jun-10	Total 30-Jun-10
Superannuation position for AASB 119 purposes	\$'000	\$'000	\$'000	\$'000
Accrued liability	7,074	1,642	17,501	26,217
Estimated reserve account balance	(5,129)	(1,047)	(11,540)	(17,716)
	1,945	595	5,961	8,501
Future Service Liability (Note 1)	(1,348)	(623)	(960)	(2,931)
Surplus in excess of recovery available from schemes	-	-	-	-
Net liability to be recognised in the Statement of financial position*	1,945	595	5,961	8,501

* Refer Note 18.

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 *Employee Benefits*, 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 30-Jun-10	SANCS 30-Jun-10	SSS 30-Jun-10	Total 30-Jun-10
	\$'000	\$'000	\$'000	\$'000
Reconciliation of the present value of the defined benefit obligation				
Present value of partly funded defined benefit obligations at beginning of the year	6,496	1,460	15,395	23,351
Current service cost	212	74	145	431
Interest cost	357	79	853	1,289
Contributions by Fund participants	114	-	132	246
Superannuation actuarial losses/(gains)	361	168	1,257	1,786
Benefits paid	(466)	(139)	(281)	(886)
Present value of partly funded defined benefit obligation at end of the year	7,074	1,642	17,501	26,217

Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2011

19 Superannuation (continued)

	SASS	SANCS	SSS	Total
	30-Jun-10	30-Jun-10	30-Jun-10	30-Jun-10
	\$'000	\$'000	\$'000	\$'000
Reconciliation of the fair value of Fund assets				
Fair value of Fund assets at beginning of the year	4,871	1,011	10,298	16,180
Expected return on Fund assets	419	87	882	1,388
Superannuation actuarial losses/(gains)	(20)	4	281	265
Employer contributions	211	84	228	523
Contributions by Fund participants	114	-	132	246
Benefits paid	(466)	(139)	(281)	(886)
Fair value of Fund assets at end of the year	5,129	1,047	11,540	17,716
Reconciliation of the assets and liabilities recognised in the Statement of financial position				
Present value of partly funded defined benefit obligations at end of year	7,074	1,642	17,501	26,217
Fair value of fund assets at end of year	(5,129)	(1,047)	(11,540)	(17,716)
Subtotal	1,945	595	5,961	8,501
Net liability recognised in the Statement of financial position* at end of the year	1,945	595	5,961	8,501
Components recognised in the Statement of comprehensive income				
Current service cost	212	74	145	431
Interest cost	357	79	853	1,289
Expected return on Fund assets (net of expenses)	(419)	(87)	(882)	(1,388)
Superannuation actuarial losses recognised in year	-	-	-	-
Expense/(income) recognised	150	66	116	332

*Refer Note 18.

Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2011

19 Superannuation (continued)

	SASS	SANCS	SSS	Total
	30-Jun-10	30-Jun-10	30-Jun-10	30-Jun-10
	\$'000	\$'000	\$'000	\$'000

Amounts recognised in the Statement of comprehensive income

Actuarial losses	381	164	976	1,521
Adjustment for limit on net asset	-	-	-	-

Cumulative amount recognised in the Statement of comprehensive income

Cumulative amount of actuarial losses	1,356	427	4,581	6,364
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Fund assets

The percentage invested in each asset class at the date of the Statement of financial position:

	30-Jun-10
Australian equities	31.0%
Overseas equities	26.8%
Australian fixed interest securities	6.1%
Overseas fixed interest securities	4.3%
Property	9.5%
Cash	9.6%
Other	12.7%

Fair value of Fund assets

All Fund assets are invested by the 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	SANCS	SSS	Total
	30-Jun-10	30-Jun-10	30-Jun-10	30-Jun-10
	\$'000	\$'000	\$'000	\$'000
Actual return on Fund assets	458	91	938	1,487

Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2011

19 Superannuation (continued)

Valuation method and principal actuarial assumptions at the date of the Statement of financial position

(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-Jun-10
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	8.6% pa
Discount rate	5.17% pa

(c) Demographic assumptions

The demographic assumptions at 30 June 2010 were those used in the 2009 triennial actuarial valuation. These are the same assumptions used in the current 2010-2011 reporting year.

	SASS 30-Jun-10 \$'000	SANCS 30-Jun-10 \$'000	SSS 30-Jun-10 \$'000	Total 30-Jun-10 \$'000
Historical information				
Present value of defined benefit obligation	7,074	1,642	17,501	26,217
Fair value of Fund assets	(5,129)	(1,047)	(11,540)	(17,716)
Deficit in Fund	1,945	595	5,961	8,501
Experience adjustments – Fund liabilities	361	168	1,257	1,786
Experience adjustments – Fund assets	20	(4)	(281)	(265)
Expected contributions				
Expected employer contributions to be paid in the next reporting period	217	83	211	511

Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2011

19 Superannuation (continued)

Funding arrangements for employer contributions

(a) Surplus/deficit

The following is a summary of the 30 June 2010 financial position of the Fund calculated in accordance with AAS 25 Financial Reporting by Superannuation Plans

	SASS 30-Jun-10 \$'000	SANCS 30-Jun-10 \$'000	SSS 30-Jun-10 \$'000	Total 30-Jun-10 \$'000
Accrued benefits	6,388	1,459	11,752	19,599
Net market value of Fund assets	(5,129)	(1,047)	(11,540)	(17,716)
Net deficit	1,259	412	212	1,883

b) Contribution recommendations

Recommended contribution rates for the entity are:

	SASS	SANCS	SSS
	multiple of member contributions	% member salary	multiple of member contributions
	1.9	2.5	1.6

(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	8.3% pa
Expected rate of return on Fund assets backing other liabilities	7.3% pa
Expected salary increase rate	4.0% pa
Expected rate of CPI increase	2.5% pa

Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2011

19 Superannuation (continued)

(e) Historical experience

The history of experience adjustments is as follows

	2011	2010	2009	2008	2007
SASS	\$'000	\$'000	\$'000	\$'000	\$'000

Historical information

Present value of defined benefit obligation	6,811	7,074	6,496	6,358	5,955
Fair value of Fund assets	(4,799)	(5,129)	(4,871)	(5,417)	(5,768)
Deficit in Fund	2,013	1,945	1,625	941	187
Experience adjustments – Fund liabilities	(136)	361	(328)	144	37
Experience adjustments – Fund assets	275	(20)	1,054	705	(293)

	2011	2010	2009	2008	2007
SANCS	\$'000	\$'000	\$'000	\$'000	\$'000

Historical information

Present value of defined benefit obligation	1,448	1,642	1,460	1,359	1,297
Fair value of Fund assets	(914)	(1,047)	(1,011)	(1,136)	(1,285)
Deficit in Fund	535	595	449	223	12
Experience adjustments – Fund liabilities	(58)	168	41	61	(39)
Experience adjustments – Fund assets	4	4	201	185	(69)

	2011	2010	2009	2008	2007
SSS	\$'000	\$'000	\$'000	\$'000	\$'000

Historical information

Present value of defined benefit obligation	17,402	17,501	15,395	12,372	12,216
Fair value of Fund assets	(11,762)	(11,540)	(10,298)	(11,228)	(12,445)
Deficit/(surplus) in Fund	5,640	5,961	5,097	1,144	(229)
Experience adjustments – Fund liabilities	(824)	1,258	2,372	(231)	(664)
Experience adjustments – Fund assets	676	281	1,814	1,909	(768)

Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2011

	2011	2010
	\$'000	\$'000

20 Borrowings

Current

Unsecured loans at face value (i)	60,000	27,907
Unamortised premiums	(8)	186
Total current borrowings	59,992	28,093

Non-current

Unsecured loans at face value (i)	59,593	60,000
Unamortised discounts	-	(5)
Total non-current borrowings	59,593	59,995

Repayment of borrowings

Not later than 1 year	59,992	28,093
Between 1 and 5 years	59,593	59,995
Total borrowings	119,585	88,088

Summary of borrowing arrangements:

- (i) Fixed rate loans with NSW Treasury Corporation (TCorp) with maturity periods not exceeding three years (2010: two years)
The weighted average interest rate is 5.96% pa (2010: 6.56% pa).
- (ii) Unused facilities available from TCorp's 'Come and Go' facilities are \$30 million (2010: \$30 million).

Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2011

	2011	2010
	\$'000	\$'000

21 Deferred Tax Liabilities

The balance comprises temporary differences attributable to:

Fair value adjustments	827	369
Prepayments	-	1,560
	827	1,929
Movements		
Carrying amount at beginning of the year	1,929	2,936
Charge to the Statement of comprehensive income	(1,102)	(1,007)
Carrying amount at end of the year	827	1,929

22 Contributed Capital

Contributed capital comprises capital and contributed assets acquired free of charge.

Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2011

	2011	2010
	\$'000	\$'000

23 Reconciliation of Cash Flows Arising from Operating Activities to Net Profit for the Year

- (a) For the purpose of the Statement of cash flows, cash and cash equivalents include cash at bank and cash on hand. Cash at the end of the financial year as shown in the Statement of cash flows is reconciled to the related items in the Statement of financial position as follows:

Cash and cash equivalents (see Note 9)	75,484	92,216
(b) Reconciliation from the Net cash flows from operating activities to the Net profit for the year :		
Net cash flows from operating activities	4,214	37,054
Depreciation and amortisation	(514)	(700)
Gain/(loss) from sale of property, plant and equipment	(7)	1,097
Amortisation of loan premium	186	431
Unwinding of discount rate income and expense	2,048	(2,484)
Unrealised (loss)/gain on derivative asset	(11)	11
Change in assets and liabilities		
(Increase) in provisions	(30,569)	(28,929)
(Increase) in payables and tax liabilities	(13,524)	(18,510)
Increase/(decrease) in receivables	(1,474)	23,334
Increase/(decrease) in inventory and other assets	93,974	19,916
Net profit for the year	54,323	31,220

- (c) Landcom has access to financing facilities at reporting date as indicated in Note 20. Landcom expects to meet its obligations from operating cash flows and proceeds of maturing financial assets.

Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2011

24 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 Management 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 Management Committee on a continuous basis.

Financial instrument categories

Financial assets	Notes	Category	Carrying amount 2011 \$'000	Carrying amount 2010 \$'000
Class				
Cash and cash equivalents	9	N/A	75,484	92,216
Trade and other receivables	10	Loans and receivables (at amortised cost)	65,195	64,630
Derivatives	24	Financial assets measured at fair value	27	16
Financial liabilities				
Class				
Trade and other payables	16	Financial liabilities measured at amortised cost	104,208	108,568
Borrowings	20	Financial liabilities measured at amortised cost	119,585	88,088

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

(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 Statement of financial position.

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 reporting date and are reviewed regularly for collectibility on an ongoing basis. An allowance for impairment loss of \$1,610,995 (2010: Nil) has been raised against trade debtors. No interest is earned on trade debtors.

The only financial assets that are past due or impaired are in the 'receivables' category of the Statement of financial position.

Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2011

24 Financial Instruments (continued)

	\$'000	\$'000	\$'000
	Total	Past due but not impaired	Considered impaired
2011			
< 3 months overdue	30,490	30,490	-
3 months – 6 months overdue	711	24	687
> 6 months overdue	2,747	1,823	924
2010			
< 3 months overdue	2,810	2,810	-
3 months – 6 months overdue	6	6	-
> 6 months overdue	1,543	1,543	-

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

Landcom has given TCorp letters of undertaking to various councils/government agencies that certain infrastructure works will be carried out including electrical infrastructure works, construction of community centres, etc. The maximum exposure to credit risk of these TCorp letters of undertaking is \$23.98 million (2010: \$13.15 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.

Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2011

24 Financial Instruments (continued)

Maturity analysis and interest rate exposure of financial liabilities

	Weighted average effective interest rate	Interest rate exposure				Maturity dates		
		Nominal amount \$'000	Fixed interest rate \$'000	Variable interest rate \$'000	Non interest bearing \$'000	< 1 Year \$'000	1 – 5 Years \$'000	> 5 Years \$'000
2011								
Payables	-	104,207	-	-	104,207	87,501	16,707	-
Borrowings	5.96%	128,490	128,490	-	-	62,085	66,405	-
	-	232,698	128,490	-	104,207	149,585	83,113	-
2010								
Payables	-	110,137	-	-	110,137	88,372	21,765	-
Borrowings	6.56%	94,631	94,631	-	-	32,546	62,085	-
	-	204,768	94,631	-	110,137	120,918	83,850	-

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 Statement of financial position. This analysis also excludes statutory payables, as these are not within the scope of AASB 7 *Financial Instruments: Disclosure*.

(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.

(d) 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 through Landcom's interest bearing liabilities. This risk is minimised by undertaking mainly fixed rate borrowings with 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.

Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2011

24 Financial Instruments (continued)

	Carrying amount \$'000	Profit -1% \$'000	Equity -1% \$'000	Profit +1% \$'000	Equity +1% \$'000
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2011

Financial assets

Cash and cash equivalents	75,484	(755)	-	755	-
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2010

Financial assets

Cash and cash equivalents	92,216	(922)	-	922	-
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(e) Net fair value

As stated in Note 1.21, all financial instruments are carried at net fair value, unless stated otherwise. The Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values.

(f) Fair value recognised in the Statement of financial position

Landcom uses the following hierarchy for disclosing the fair value of financial instruments by valuation technique:

- Level 1 – Derived from quoted prices in active markets for identical assets/liabilities.
- Level 2 – Derived from inputs other than quoted prices that are observable directly or indirectly.
- Level 3 – Derived from valuation techniques that include inputs for the asset/liability not based on observable market data (unobservable inputs).

2011	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
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Financial assets at fair value

Derivatives	27	0	0	27
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2010	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
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Financial assets at fair value

Derivatives	16	0	0	16
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There were no transfers between levels 1 and 2 during the year ended 30 June 2011.

Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2011

24 Financial Instruments (continued)

(g) 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 Statement of financial position.

Landcom has interest rate future contracts at a \$4.8 million (2010: \$1.4 million) face value to hedge against unfavourable interest rate movement.

Net exposure

The market values of Landcom's transaction in derivative financial instruments outstanding at 30 June 2011 and 30 June 2010 are as follows:

	2011	2010
	\$'000	\$'000
Fair value of derivative financial instruments		
Amount receivable under derivative financial instrument	27	16

Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2011

25 Expenditure Commitments

	2011	2010
	\$'000	\$'000
(a) Expenditure commitments		
Aggregate expenditure contracted for at reporting date but not provided for:		
Not later than one year	304	663
Total expenditure commitments (including GST)	304	663

The total expenditure commitments above include input tax credits of \$0.028 million that are expected to be recoverable from the ATO (30 June 2010: \$0.06 million).

	2011	2010
	\$'000	\$'000
(b) Operating lease commitments		
Future non-cancellable operating lease rentals not provided for and payable:		
Not later than one year	1,635	1,575
Later than one year but not later than five years	1,313	1,895
Total operating lease commitments (including GST)	2,948	3,470

The total lease expenditure commitments above include input tax credits of \$0.268 million that are expected to be recoverable from the ATO (30 June 2010: \$0.315 million).

26 Contingent Assets and Liabilities

At reporting date, there were no significant contingent assets or liabilities incurred in the normal course of business (2010: Nil).

Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2011

27 Related Party Transactions

The directors and other members of key management personnel of Landcom during the year were:

(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	
Madeline Dermatossian	Term expired 3 February 2011
Kim Cull	
Bonita Boezeman	Appointed 28 February 2011
Robert Hamilton	Appointed 28 February 2011

(ii) Specific Executives

Mick Owens	General Manager Oran Park and Infrastructure
Kerry Robinson	General Manager Development North
Greg South	Chief Operating Officer
Michael Burt	General Manager Development South
Rob Sullivan	General Manager Corporate Marketing
Stuart McCowan	General Manager Urban Renewal
Michael Brodie	General Manager Finance & IT

Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2011

27 Related Party Transactions (continued)

The compensation of each member of the key management personnel of Landcom is set out below:

(iii) Compensation of key management personnel paid during the financial year

2011	Short-term employee benefits			Post employment benefits			Total
	Salary & Fees	At risk paid	Other	Superannuation	Other long-term benefits	Termination benefits	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Directors							
William Kirkby-Jones	121	-	3	-	-	-	124
Neil Bird	75	-	-	8	-	-	83
Kim Cull	59	-	-	5	-	-	64
Robyn Clubb	47	-	-	6	-	-	53
Madeline Dermatossian	36	-	-	6	-	-	42
Bonita Boezeman	15	-	-	-	-	-	15
Robert Hamilton	14	-	-	-	-	-	14
Executives							
Sean O'Toole	379	44	7	38	-	-	468
Greg South	273	27	14	29	-	-	343
Mick Owens	234	28	8	23	-	-	293
Kerry Robinson	226	24	2	25	-	-	277
Stuart McCowan	227	26	3	15	-	-	271
Michael Burt	226	26	2	21	-	-	275
Rob Sullivan	223	25	9	15	-	-	272
Michael Brodie	198	-	-	17	-	-	215
Total compensation	2,353	200	48	208	-	-	2,809

Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2011

27 Related Party Transactions (continued)

(iv) Compensation of key management personnel paid during the financial year (continued)

2010	Short-term employee benefits			Post employment benefits			Termination benefits	Total
	Salary & Fees	At risk paid	Other	Superannuation	Other long-term benefits			
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000		
Directors								
William Kirkby-Jones	121	-	3	-	-	-	-	124
Neil Bird	85	-	-	8	-	-	-	93
Gae Raby	28	-	-	3	-	-	-	31
Robyn Clubb	66	-	-	6	-	-	-	72
Madeline Dermatossian	64	-	-	6	-	-	-	70
Kim Cull	59	-	-	5	-	-	-	64
Executives								
Sean O'Toole	422	43	7	36	-	-	-	508
Mick Owens	226	27	7	22	-	-	-	282
Kerry Robinson	217	24	2	24	-	-	-	267
Stuart McCowan	215	25	3	14	-	-	-	257
Michael Burt	209	25	2	21	-	-	-	257
Greg South	245	26	-	27	-	-	-	298
Margaret Ennis	144	10	1	11	-	-	101	267
Rob Sullivan	210	24	9	14	-	-	-	257
Michael Brodie	58	-	-	5	-	-	-	63
Total compensation	2,369	204	34	202	-	-	101	2,910

Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2011

27 Related Party Transactions (continued)

The remuneration of Directors is determined by the Remuneration Committee with due regard to the Statutory and Other Officers Remuneration Tribunal (SOORT) recommendations on payments to Directors. In regard to the remuneration of key executives, our governance process is for the remuneration committee to receive recommendations from the Managing Director as to base remuneration and At Risk payments, consider and then approve or request variations. In determining the levels of remuneration, the remuneration committee and the Managing Director have regard to the performance of individuals, Landcom's performance as an entity against annual targets, and market trends.

The payment of At Risk components to Specific executives is initially based on a set proportion of each executive's base remuneration. This amount is then apportioned between the performance of Landcom against its financial targets (75%) and the performance of the executive against specific operational targets set for that executive (25%). Payment of the At Risk component is made after the financial statements of Landcom have been audited.

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.

28 Post Statement of Financial Position Events

There have been no material post Statement of financial position events which would require disclosure or adjustments to the 30 June 2011 financial statements.

29 Segment Information

In 2011 and 2010, Landcom operated in one business segment, and one geographical segment. Consequently, a segment report for 2011 and 2010 has not been reported.

End of financial statements

Glossary

Australian Building Greenhouse Rating (ABGR)

Commercial building energy and greenhouse rating tool. This has now been incorporated under the NABERS for Offices – Energy and is referred to as NABERS Energy ratings.

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

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.

www.basix.nsw.gov.au

Biobanking

A market-based scheme that provides a streamlined biodiversity assessment process for development, a rigorous and credible offsetting scheme as well as an opportunity for rural landowners to generate income by managing land for conservation.

www.environment.nsw.gov.au/biobanking/

Carbon neutrality

Refers to the situation where the net greenhouse gas emissions associated with an organisation's activities are zero through the acquisition and retirement of carbon offsets that meet additionality criteria.

<http://www.beyondneutral.com/up-content/uploads/National-carbon-offset-standard-NOV-2009.pdf>

Carbon neutrality is typically determined as a sum of a greenhouse gas emitter calculating their Scope 1, 2, and 3 greenhouse gas emissions.

Scope 1: all direct greenhouse gas emissions.

Scope 2: indirect greenhouse gas emissions from consumption of purchased electricity, heat or steam.

Scope 3: other indirect emissions, such as the extraction and production of purchased materials and fuels and transport related activities.

<https://www.ghgprotocol.org/calculation-tools/faq>

CO₂ (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.

CO₂e (Carbon dioxide equivalent)

Greenhouse gas emissions which include other gases such as methane are often measured in tonnes of carbon dioxide equivalent, which means the equivalent amount of CO₂ emissions which would have the same effect.

Conservation Management Plan (CMPs)

A document which sets out what is significant in a place and, consequently, what policies are appropriate to enable that significance to be retained in its future use and development.

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 1995 for detailed description).

EEC High conservation significance

Native vegetation in good condition greater than 100m wide that forms a sole link between other native vegetation in good condition.

Mitchell, P.B. (2002). NSW Ecosystems Study: Background and Methodology. Unpublished report to the NSW National Parks and Wildlife Service, Hurstville.

EEC Moderate conservation significance

Low condition native vegetation greater than 100m wide or native vegetation in good condition 50-100m wide that forms part of a sole link between other vegetation in good condition.

Mitchell, P.B. (2002). NSW Ecosystems Study: Background and Methodology. Unpublished report to the NSW National Parks and Wildlife Service, Hurstville.

EEC Low conservation significance

Low condition native vegetation greater than 100m wide or native vegetation in good condition greater than 50m wide that is part of one of several links to other native vegetation in good condition.

Mitchell, P.B. (2002). NSW Ecosystems Study: Background and Methodology. Unpublished report to the NSW National Parks and Wildlife Service, Hurstville.

EMP

Environmental Management Plan.

Greenhouse gases

Greenhouse gases are those gaseous constituents of the atmosphere, both natural and as a result of human activities, that absorb and emit radiation warming the lower atmosphere. This property causes the greenhouse effect. Water vapour (H₂O), carbon dioxide (CO₂), nitrous oxide (N₂O), methane (CH₄) and ozone (O₃) are the primary greenhouse gases in the Earth's atmosphere.

GreenPower

GreenPower is a government accreditation program for renewable energy. It is bought by energy providers and generated from sources such as mini hydro, wind power and biomass which produce no net greenhouse gas emissions.

www.greenpower.gov.au

Habitat

Includes Endangered Ecological Communities where habitat is suitable for threatened species.

Glossary

In-stream breaks

Structures located in a watercourse, such as weirs, locks, dams and bio-banks.

<http://download.mdba.gov.au/Guide-to-proposed-BP-Vol2-08-12.pdf>

Landcom Guidelines

Set of 10 design and planning guides (on built form, universal housing, streets, street trees, open space, community centres, public art, density and diversity) to assist Landcom's development managers, partners and other stakeholders to create sustainable neighbourhoods.

<http://www.landcom.com.au/whats-new/publications-reports/the-landcom-guidelines.aspx>

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.

MEPS (Minimum Energy Performance Standards)

The Minimum Energy Performance Standards (MEPS) is a regulatory tool for improving the energy efficiency of appliances and equipment. MEPS sets the minimum levels of energy efficiency a product must meet for it to be sold in the Australian marketplace.

Moderate income housing (MIH)

Housing that is affordable to those households on incomes defined by Australian Bureau of Statistics household income data. For this reporting period it was for household income between \$57,000 and \$85,000 in 2010-2011.

NABERS (National Australian Built Environment Rating System)

NABERS is a performance-based rating system for existing buildings and includes the building's performance on energy and water. NABERS rates a building on the basis of its measured operational impacts on the environment, and provides a simple indication of how well an organisation is managing these environmental impacts compared with their peers and neighbours.

www.nabers.com.au

NatHERS (Nationwide House Energy Rating Scheme)

NatHERS provides a framework that allows various computer software tools to rate the potential energy efficiency of Australian homes. NatHERS defines the minimum set of information that must be used by all software tools.

www.nathers.gov.au

OH&S

Occupational Health and Safety.

Potable water

Water that is suitable for drinking.

Ramsar

The Convention on Wetlands of International Importance (the Ramsar Convention), signed in Ramsar, Iran, in 1971, is an intergovernmental treaty that provides the framework for national action and international cooperation for the conservation and wise use of wetlands and their resources.

www.ramsar.org

Remnant vegetation

The NSW Native Vegetation Act 2003 defines remnant native vegetation as any native vegetation other than regrowth (native vegetation that has regrown during specified time periods). The definition of native vegetation covers indigenous vegetation including: trees (any sapling, shrub or scrub), understorey plants, groundcover (being any type of herbaceous vegetation) and plants occurring in a wetland.

Renewable Energy Certificates (RECs)

The Renewable Energy (Electricity) Act 2000 (the Act) and the Renewable Energy (Electricity) Regulations 2001 allow owners of eligible small generation units to create and trade RECs. Each REC represents the equivalent of one megawatt hour (MWh) of generated electricity from an accredited renewable energy source.

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.

Riparian Corridor Management Plan

A document, often required as a condition of consent, or commitment of the project, detailing proposed methods of management in order to mitigate impacts on riparian corridors on, or adjacent to, a site during construction and operation of the proposed development.

Stormwater

Surface water resulting from heavy rain, which is channelled into drainage systems to prevent flooding.

Stream Erosion Index (SEI)

The SEI has been defined by the NSW Growth Centre Commission as the post-development duration of flows greater than the 'stream-forming flow' divided by natural duration of flows greater than the 'stream-forming flow'. The 'stream-forming flow' is defined as 50% of the two-year flow rate estimated for the catchment under natural conditions.

www.growthcentres.nsw.gov.au

Glossary

Stream Order Classification System (first, second and third order)

The Strahler stream classification system assigns an 'order' to waterways according to the number of additional tributaries associated with each waterway (Strahler, 1952). A higher number indicates a greater number of tributaries associated with that waterway. This system provides a measure of system complexity, and therefore, the potential for aquatic habitat to be present.

www.dpi.nsw.gov.au

Threatened species

A species that is either endangered, vulnerable or presumed extinct as defined by the NSW Threatened Species Conservation Act 1995.

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) are a measure of the mass of fine inorganic particles suspended in the water. TSS concentration has important ecological impacts including decreasing light penetration into the water column, clogging gills of fish and smothering aquatic habitat.

Vegetation Management Plan

A document, often required as a condition of consent, or commitment of the project, detailing proposed methods of management in order to mitigate impacts on bushland on, or adjacent to, a site during construction and operation of the proposed development.

Vehicle Environmental Performance Score (EPS)

A NSW Government program that calculates the greenhouse emissions (carbon dioxide emissions and noxious pollutants – oxides of nitrogen, fine particulates and hydrocarbons) to assess how much pollution a vehicle emits. Each vehicle is given a greenhouse score and a noxious pollutants score, both out of 10. The higher the score out of 20 indicates a less polluting vehicle.

<http://www.statefleet.ogp.commerce.nsw.gov.au>

VENM (Virgin Excavated Natural Material)

The NSW Protection of the Environment Operations Act 1997 defines VENM as 'natural' material (such as clay, gravel, sand, soil or rock fines) that has been excavated or quarried from areas that are not chemically contaminated and that do not contain any sulfidic ores or soils or any other waste.

www.environment.nsw.gov.au

Water sensitive urban design (WSUD)

WSUD seeks to ensure that urban development and urban landscapes are designed, constructed and maintained in a manner that minimises the impacts on the urban water cycle – drinking water, wastewater, stormwater, and groundwater.

WELS (Water Efficiency Labelling and Standards) Scheme

WELS is Australia's water efficiency labelling scheme that requires certain products to be registered and labelled with their water efficiency in accordance with the standard set under the national Water Efficiency Labelling and Standards Act 2005.

www.waterrating.gov.au

GJ = Gigajoule

Ha = hectare

kL = kilolitre

Kg = kilograms

kWh = kilowatt-hour

CO₂e t = Carbon dioxide equivalent tonnes

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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 office at Newcastle is 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, seven days a week.

Please send your comments to
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