
LANDCOM
LANDCOM ANNUAL REPORT
10

Minister's letter

The Hon. Eric Roozendaal MLC
Treasurer

Governor Macquarie Tower
1 Farrer Place
Sydney NSW 2000

The Hon. Michael Daley MP
Minister for Police
Minister for Finance

Governor Macquarie Tower
1 Farrer Place
Sydney NSW 2000

31 October 2010

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 2010. 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

Front cover: Park Central, Campbelltown

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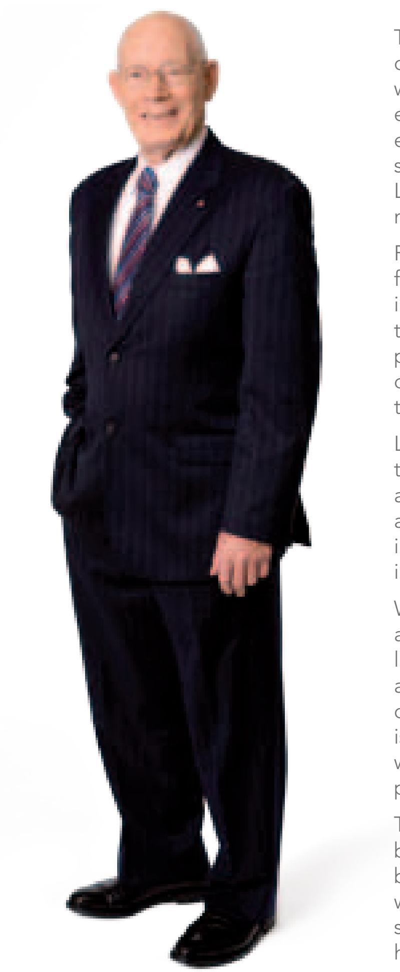
Chairman's review



It is with considerable pleasure that I report Landcom's achievement of a net after tax profit of $31.2 million during the 2009-2010 financial year.

This result is $5.8 million better than forecast in the Corporation's Statement of Intent and has enabled us to return to the Government $64.4 million by way of dividends and income tax equivalent payments. 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. It is noteworthy that since corporatisation in 2002, our returns to Treasury have exceeded $660M; Landcom is self-funding and adheres strictly to the principles of competitive neutrality.

Fortunately, Australia has avoided the worst of the effects of the global financial crisis, but in its wake there has been a significant structural change in our industry; development finance is now subject to more stringent loan-to-value ratios and higher pre-sales requirements. Potential development partners and builders are now looking to Landcom to absorb a larger share of risk and to contribute a greater degree of equity funding than has been the case in recent years.

Landcom has responded positively, and this has enabled the Corporation to engage in a diverse range of strategic and complex projects which have added significantly to the State's economic activity. In our partnered projects and in developments such as Oran Park, we invested more than $100 million in infrastructure works which contributed in no small measure to sustaining the industry during a general downturn in activity.

While Landcom is now heavily involved in urban renewal and the design and construction of new town centres, we continue to develop broad acre land and to create places which are seen as the benchmark for sustainability and excellent community facilities; the building of social capital in our developments is seen as a crucially important element. And although Landcom is not responsible for land supply, our work makes a tangible contribution; we often unlock privately owned land by providing trunk services in close proximity, thereby encouraging early development.

That our close and effective partnerships with private sector developers and builders are both a mutually desirable and efficient delivery mechanism is beyond question; risks are shared, capital exposure is limited and a two-way transfer of knowledge and skill abounds. Through Landcom, the private sector is often able to participate in projects to which it might not otherwise have access. This is particularly so in respect to developments involving government-owned land or those that may otherwise be deemed to be too risky or complex in nature.

Although the provision of low cost housing is not one of Landcom's legislated responsibilities, we are acutely conscious of the difficulties faced by moderate income families who want to buy their own home. In its endeavours to address the affordability problem, Landcom continues to innovate and to develop a diverse range of products and housing designs that aim to meet the moderate income market. Indeed, it was the ready availability of entry level products that enabled Landcom to meet much of the demand from first home buyers seeking to take advantage of the generous Commonwealth and State Government grants.

For some eight years now, the Board has engaged in programs to evaluate its own performance. This year we arranged some independent one-on-one interviews with a broad cross-section of builders, developers, contractors, consultants and other industry representatives to ascertain their views about the organisation; what was good and what needed to change or to be improved for us to achieve the status of an organisation of excellence.

The candour and quality of the responses were very encouraging and led to Landcom embarking upon a business improvement program which has involved the entire staff. Such has been the success of the program that we have progressively shared the results with the survey participants, who appear genuinely pleased to have been involved in what is an ongoing program.

Looking ahead, the Board envisions an expanded role for Landcom in implementing much of the Government's plan for transit-oriented developments. Over the past 15 years, the Corporation has gathered to itself a valuable reservoir of development skill and knowledge which is daily evidenced in the performance of its people. We are excited by the prospect of being able to assist the Government with the work of its proposed Metropolitan Development Agency.

Landcom's results during the past year are directly attributable to the vision of the Managing Director, Mr Sean O'Toole, the excellent support and direction of the Senior Executive Team and the outstanding work of the staff who, although stretched, have again performed with distinction. The Board joins me in thanking them all most sincerely.

Last, my thanks go to my fellow directors, whose advice and support I value greatly; they make a most significant contribution to the direction, growth and wellbeing of the enterprise. After eight years of distinguished service, Ms Gae Raby has retired from the Board of Directors; her contribution has been invaluable and she will be missed greatly by us all.

William Kirkby-Jones AM
Chairman

Managing Director's review

This has been an exceptional year for Landcom.

We worked against a background of unprecedented economic and market uncertainty, due largely to the impacts of the global financial crisis. In response, we increased investment in our greenfield developments and stepped up our production of land and housing, which provided stability and work security for our civil works contractors and others. We also played an important role assisting the state government in delivering its commitments under the Commonwealth's nation-building program.

These unique circumstances helped shape the year's achievements. We also used the significant shift in the market resulting from the GFC as an opportunity to focus inwards, by re-evaluating our own organisation, its values and behaviours including the way we manage performance and develop our people.

This reflective process reaffirmed my view that the worth of any organisation stems from its values and the way in which it lives those values to drive the business fundamentals. At Landcom, our values revolve around sustainability, building relationships and problem-solving.

Sustainability in particular is absolutely integral to our operations. For the past eight years we have reported our performance against what were – when first set – ambitious targets. With industry and community expectations shifting and with many of our targets comfortably achieved, we introduced our second generation of sustainability indicators during the year. This report represents our first opportunity to give an account of Landcom's performance against our updated indicators.

The year also marked two other sustainability milestones for Landcom. In November we launched our diagnostic tool PRECINX™, which uses real data to assess environmental, economic and social performance over large-scale projects and neighbourhoods. Industry and government interest in PRECINX™ continues to grow nationwide. We were also nominated by the Global Reporting Initiative as one of 10 industry participants worldwide to work on the development of a reporting framework for the property industry. This is welcome recognition of our pioneering approach to sustainability.

Our most constructive relationships are built on trust, the development of a common purpose, our willingness to take responsibility and, ultimately, our ability to deliver. We have continued to work cooperatively with local councils, state agencies and the development industry on our major projects. However, this year our work with Ageing, Disability and Home Care on their group homes program and the social housing we produced under the nation-building program extended our reach into the social and community housing sector. We intend to develop closer working relationships with this rapidly changing industry sector over the next 12 months.

Landcom's ability to solve complex problems was put to the test more than ever this year when the tight financial market threatened the progress of a number of our developments. At Green Square we took a larger equity stake to kick start this major redevelopment. Likewise at Oran Park we made dramatic progress to ensure the supply of housing product was maintained during the economic downturn.

In the coming year, we will investigate a number of new and complex projects including those at North Penrith, the University of Western Sydney Campbelltown and at Edmondson Park, which, if they go ahead, will be exciting developments.

In the meantime we continue to develop responses that increase the supply of land for greenfield development and urban renewal. Our ongoing attempts to address housing affordability will be complemented by encouraging greater housing diversity across our projects and by exploring options for the delivery of long term affordable rental accommodation. And we intend to revitalize our commitment to a strong and enduring sustainability culture across our organisation and supply chain.

It has been a very satisfying year and I must acknowledge the people without whom our achievements would have been impossible. To everyone in our organisation who worked so hard and with such commitment this year, I and the senior management team thank you most sincerely. Our constituting legislation calls on Landcom to be a successful business, operating as efficiently as any comparable enterprises, and maximising the net worth of the state's investment in us. I am confident we have the people, the structure and the values to ensure we meet these objectives in the year ahead and to achieve even more.

That is something we can all be proud of.

S O'Toole

Sean O'Toole
Managing Director

About us

As the New South Wales government's leading property developer, Landcom provides the link between the government's social, environmental and economic objectives, the commercial sector and community aspirations.

Discovery Point

Successful metropolitan growth depends on appropriate government intervention in the development process, particularly where the private sector is unable or unwilling to become involved.

That's where Landcom comes in. We solve problems, act as a catalyst for good development and take a leadership position in the property development industry.

How we operate

Landcom developments must carry out – and positively influence – the objectives set out in the NSW government's Metropolitan Strategy and the State Plan.

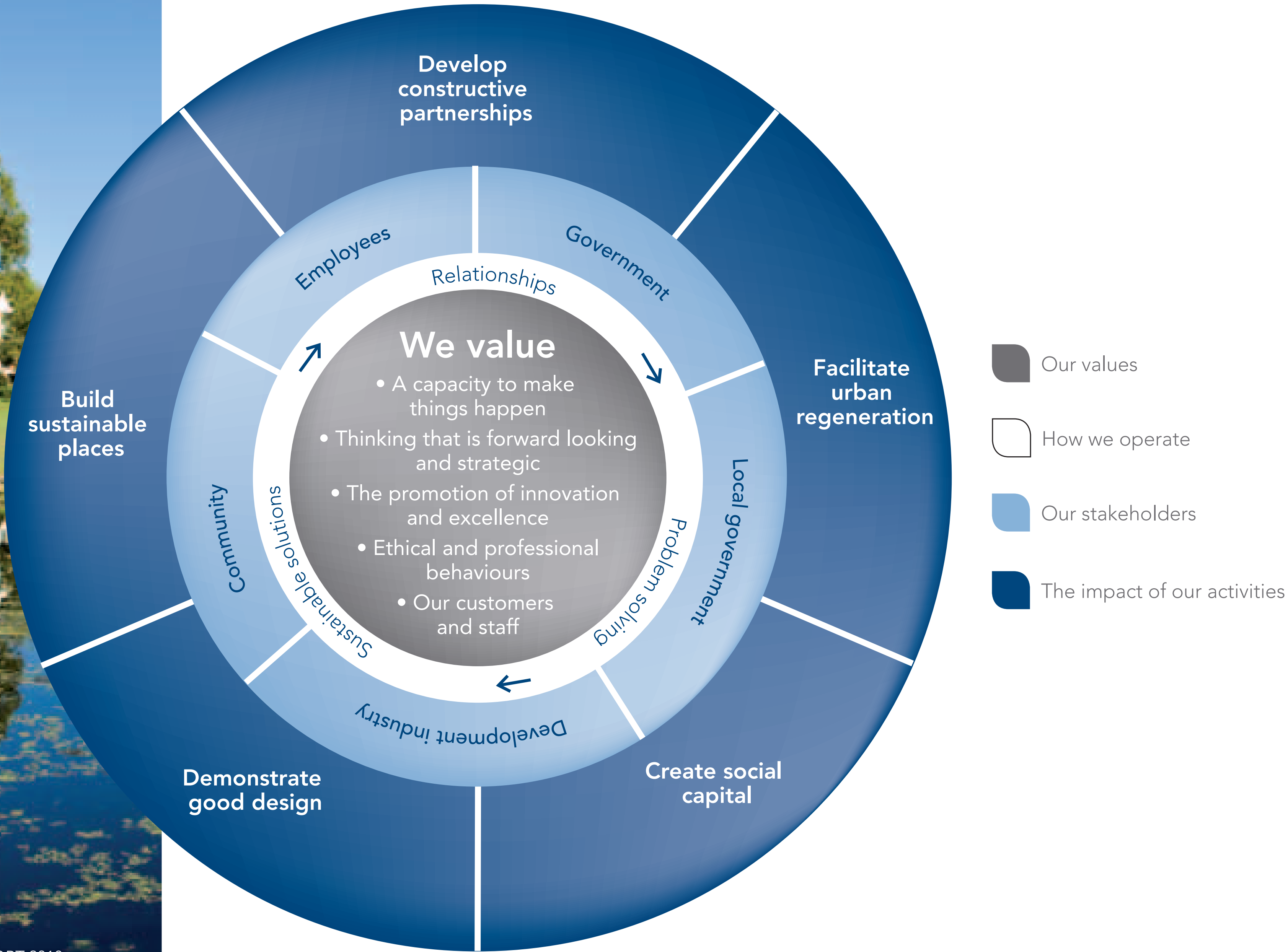
Rouse Hill Town Centre

Our role is to renew urban areas, develop housing estates and suburbs, create sustainable communities and deliver better services to metropolitan and regional areas.

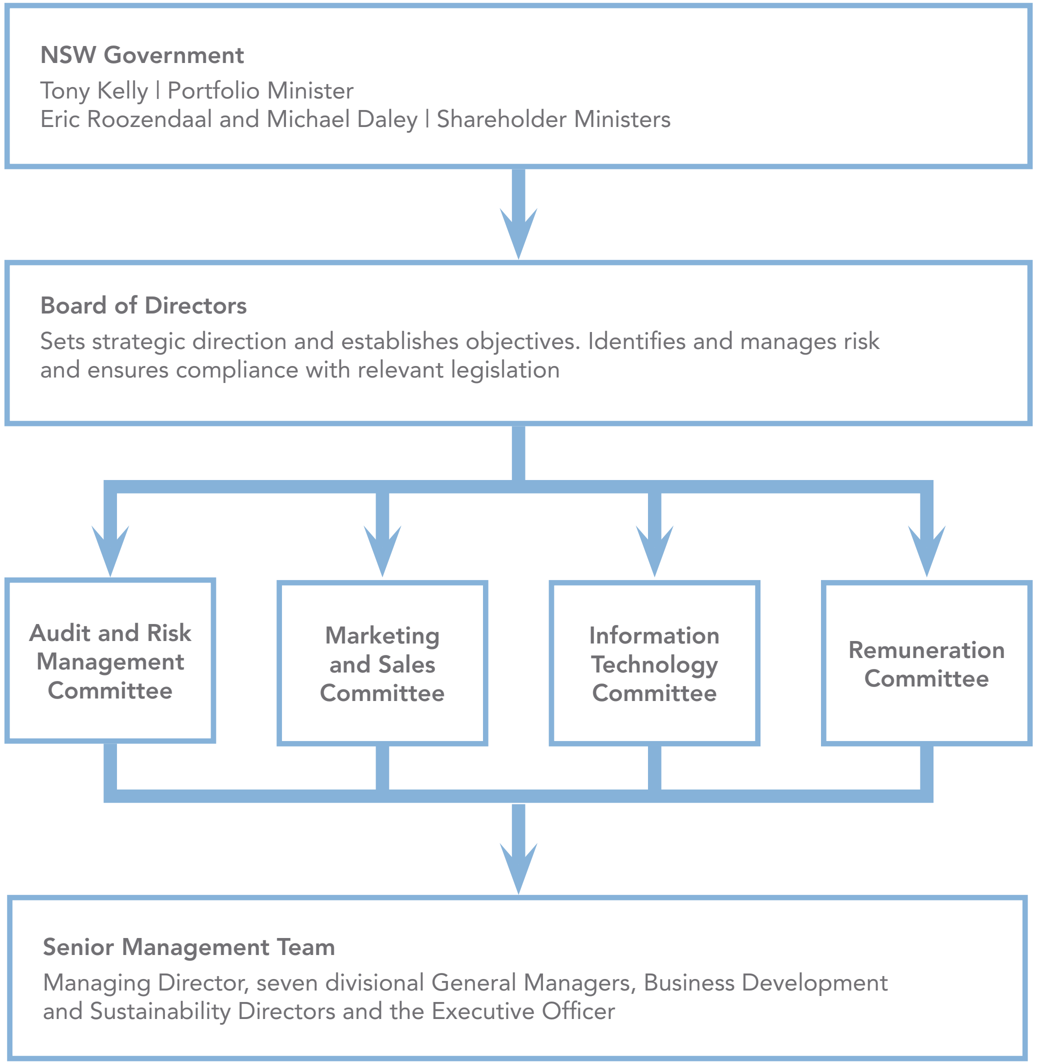
We do this in a number of ways. We use government-owned land when it is available. We enlist and coordinate the support of state agencies. We work closely with local government. And we partner with industry to direct private sector investment into our projects. Most importantly, we operate on a commercial basis as a profitable enterprise, while guided by sound environmental, social and risk management principles.

Our approach

Park Central



Governance structure



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

(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 had substantial experience in the development industry, including senior executive positions in companies such as the Delfin Property Group and Pioneer Housing Group. He has served a term as National President of the Urban Development Institute of Australia.

Neil was a Director of the Hunter Development Corporation (formerly the Honeysuckle Development Corporation) from 2000 to 2009, and was made a Member of the Order of Australia in 2000 for services to urban development.

Madeline Dermatossian

Dip Law, MAICD, FCIS

Madeline Dermatossian holds the position of General Counsel and Company Secretary for FuturePlus Financial Services and Chifley Financial Services.

Madeline's experience includes corporate legal positions at Perpetual, BT Financial Group and ABN Amro Bank.

She holds a Diploma in Law, is a member of the Law Society of New South Wales, the Australian Institute of Company Directors and the Australian Compliance Institute. She is a Fellow of Chartered Secretaries of Australia.

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, Department of Planning and 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.

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 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, FRAPI, Assoc API

Managing Director

Sean O'Toole has been the Chief Executive of Landcom since 1996. Before joining Landcom, he held senior positions in urban planning at state and local government levels.

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

Sean is also a Director of the Asthma Foundation New South Wales.

Left to right: Neil Bird AM, Robyn Clubb, Kim Cull, William Kirkby-Jones AM, Madeline Dermatossian, Sean O'Toole

Management team

Michael Brodie

B Econ, CA, GAICD

General Manager Finance and IT

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

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

Michael Burt

BE, MIEAust, CPEng, MBA

General Manager Development South

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

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

Stuart McCowan

MBA, HDip Eng

General Manager Urban Renewal

Stuart manages Landcom's urban renewal projects across New South Wales.

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

Mick Owens

B Surv, MIS

General Manager Development Oran Park and Infrastructure

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

He also has particular responsibility for managing 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. His accountabilities include the fostering of innovation, sustainability and higher quality development, particularly in major growth centres.

Kerry Robinson

BTP (Hons), Ass Dip Val, MPIA, GAICD

General Manager Development North

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

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

Greg South

B Econ, ASA

General Manager Corporate

Greg oversees new business opportunities and the provision of corporate services across Landcom. He has responsibility within Landcom to help deliver the government's nation-building and economic stimulus package.

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

Robert Sullivan

Dip Tech Mktg, Mmgt

General Manager Corporate Marketing

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

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

Left to right: Michael Burt, Michael Brodie, Stuart McCowan, Mick Owens, Kerry Robinson, Greg South, Robert Sullivan

How we measure our performance

LANDCOM HAS ADOPTED LONGER TERM SUCCESS MEASURES TO GUIDE AND MEASURE OUR PERFORMANCE YEAR BY YEAR.

We consider ourselves to be successful if we:

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

2010 financial achievements

- **We achieved total revenue of $385 million from our business activities and operations.**
- **We achieved earnings before interest and tax (EBIT) of $53.1 million.**
- **We returned $64.4 million to the NSW Government in dividends and tax equivalent payments.**
- **We delivered 1,885 dwelling equivalents to the market during the year.**
- **We generated 9,762 jobs and $765 million in economic output from our development activities.**

Oran Park Town

Stakeholder engagement

Victoria Park

Our principal stakeholders and their interests in Landcom

Shareholder Ministers and Portfolio Minister

- Landcom has two Shareholder Ministers and a Portfolio Minister. All three oversee and direct our operations. The Portfolio Minister provides an annual statement of priorities for us to achieve. The Shareholder Ministers consider 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 term.

NSW Parliament

- The legislation under which we operate requires that our annual and sustainability report be tabled 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, providing important development opportunities for the industry. These partnerships 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 policy initiatives.

Government agencies

- Government agencies are important regulators of our activities. However, our engagement goes both ways: 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. Again 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 but, in some instances, their land may be involved in some of 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 support industry forums, enter into discussions and debates that emphasise sustainability and excellence in development and submit our projects to industry scrutiny through such processes as annual awards and regular project review.

Existing 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 particularly sought when setting the strategic direction for our projects, and we often refer back to these communities at various stages in the delivery of our projects.

New residents

- These 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.

Our operations

Landcom projects demonstrate policy objectives and generate funds to support other government services.

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 shift in our focus towards a higher proportion of urban renewal projects, particularly transit-oriented developments.

At the same time, we are still involved in greenfield residential development in circumstances where we can support Sydney's growth sectors or provide the foundation for future development within high-growth areas.

Projects

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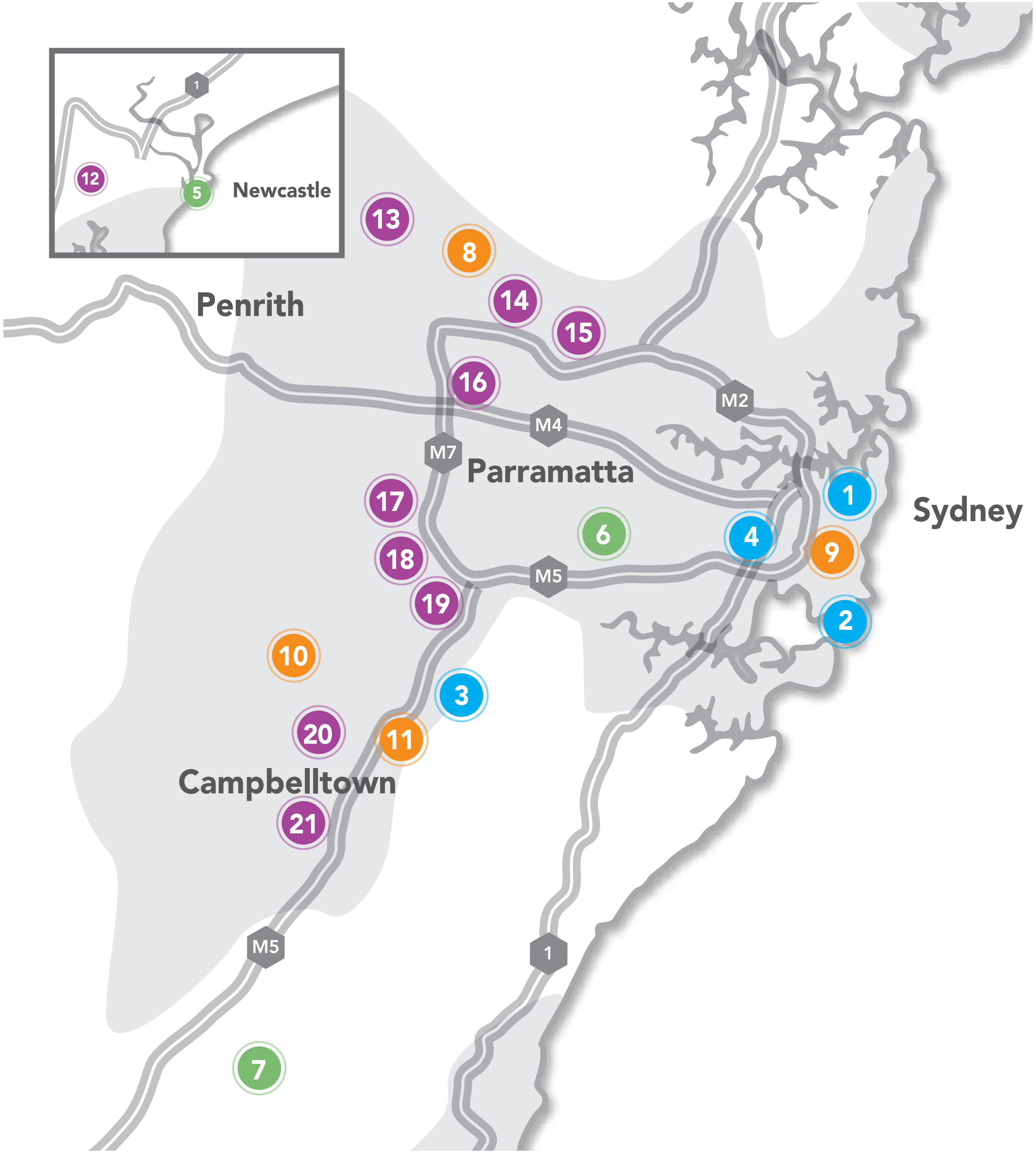


Renewing urban areas

1 Victoria Park

Where: Joynton Avenue, Zetland

Council: City of Sydney

Area: 25.2 ha

What's proposed: Around 4,500 dwellings, 25,000 sqm of commercial area, 20,000 sqm 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 already been delivered, along with key infrastructure, water sensitive features, a small retail precinct, community facilities and four parks.

Features: This multi-award-winning project is the catalyst for the massive redevelopment 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 developed for Victoria Park are now being rolled out across Landcom projects.

Renewing urban areas

2 Prince Henry

Where: Anzac Parade, Little Bay

Council: Randwick

Area: 85 ha

What's proposed: Redevelopment of the former Prince Henry Hospital site, featuring 900 dwellings, restoration of 19 heritage buildings, conservation of 4.2 ha 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 and St Lukes/Brookfield Multiplex, to deliver the medium density and aged care dwellings. Around 30% 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 environmental, social and heritage issues and its coastal location. It not only provides diverse dwellings, including aged care, but incorporates an array of social and environmental sustainability initiatives and returns 80% of the site to the public as open space.

Renewing urban areas

3 Minto Renewal Project

Where: Ben Lomond Road, Minto

Council: Campbelltown

Area: 84 ha

What's proposed: Around 1,150 dwellings with 800 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 partnering with Housing NSW and Campbelltown City Council to redevelop the existing public housing estate at Minto. We negotiated the development management agreement and site masterplan, plus we are providing the funding and management for what will become a model for redeveloping public housing estates.

Where it's up to: Delivery phase. The concept plan was approved and rezoning gazetted in 2006. Stage 1 construction was completed in September 2008 and Stage 2 in April 2009. Stage 3 was completed in July 2010 and Stage 4 work on Stage 4 also commenced in July 2010.

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

Renewing urban areas

4 Discovery Point

Where: Princes Highway, Wolli Creek

Council: Rockdale

Area: 7.8 ha

What's proposed: Approximately 1,800 residential apartments, 9,500 sqm of non-residential uses (retail and commercial) and a mix of public and private open space.

Our role: Discovery Point is a co-venture between Landcom and Australand.

Where it's up to: Delivery phase. We have delivered the first two residential towers, with a third due for completion in early 2011. The remaining site is currently undergoing a re-masterplan. Release of the next stage is expected in 2011.

Features: Discovery Point is a transport-orientated development adjacent to the Wolli Creek railway station. The new masterplanned community features two fully restored heritage buildings, public open space and recreation area, a vibrant retail precinct and commercial space close to both the airport and the Sydney CBD.

Managing complex government assets

5 Royal Newcastle Hospital

Where: Shortland Esplanade, Newcastle

Council: Newcastle

Area: 1.28 ha

What's proposed: Redevelopment of the Royal Newcastle Hospital site comprising up to 450 dwellings, a hotel and retail space.

Our role: Working in cooperation with the NSW Department of Health (DoH), we have masterplanned a landmark residential project that incorporates design and environmental sustainability principles and establishes new benchmarks for Newcastle.

Where it's up to: Delivery phase. Landcom and DoH have entered into a partnership arrangement with Mirvac to deliver the project. The first of three stages is now complete (157 apartments) and Stage 2, which will include a hotel, is due for completion later in 2010.

Features: The masterplan has transformed the city's former hospital into apartments and associated commercial/retail uses while taking into account the site's heritage significance and sensitive beachfront location.

Managing complex government assets

6 Potts Hill

Where: Land situated between Rookwood, Brunker and Cooper Roads, Potts Hill

Council: Bankstown

Area: 116 ha

What's proposed: A new 25 ha residential development including three new open space areas and a 15 ha business park that will provide 800-900 jobs.

Our role: We are partnering with the site owner, Sydney Water, to rezone and develop these surplus lands.

Where it's up to: Planning and delivery phase. The development site has now been rezoned and the Minister for Planning has approved the project concept plan. The construction of civil works and Sydney Water's new field headquarters in the eastern precinct were completed in late 2009. The residential precinct works will begin in 2011.

Features: The proposed development respects the site's significant vegetation, heritage items and water infrastructure and is providing additional jobs and housing for the local community. It will also help government agencies relocate and supplement their existing activities.

Managing complex government assets

7 Renwick

Where: Bong Bong Road, Mittagong

Council: Wingecarribee

Area: 116 ha

What's proposed: We are transforming this former child welfare facility into a masterplanned community with 600 dwellings, a village centre including retail, child care and community facilities, and 30 ha 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, Community Services.

Where it's up to: Delivery phase. Construction of Stage 1 is underway, with the first sales release planned for late 2010.

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 incorporating the Heart Foundation's "Healthy By Design" guidelines.

Developing major centres

8 The New Rouse Hill

Where: Windsor Road, Rouse Hill

Council: The Hills Shire

Area: 122 ha

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

Our role: Landcom is managing this project on behalf of Government 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 73,000 sqm 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 now 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

9 Green Square Town Centre

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

Council: City of Sydney

Area: 14 ha

What's proposed: 410,000 sqm of mixed-use gross floor area comprising around 2,500 dwellings and 120,000 sqm of commercial and retail area to be built around a series of major public plazas and community facilities.

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.

Where it's up to: We have consolidated government lands, secured private sector investment interest and intend to start construction in 2011, via a proposed partnering arrangement with Mirvac / 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 sustainable environmental, social and economic outcomes. It is expected to accommodate 5,500 residents and 7,000 workers, and provide $1.7 billion of direct investment in New South Wales.

Developing major centres

10 Oran Park Town

Where: Oran Park Drive, Oran Park

Council: Camden

Area: 230 ha (approximately)

What's proposed: Over 2,000 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 2,000 lots in the larger 8,000 lot Oran Park precinct.

Where it's up to: Delivery phase. Oran Park Town was officially opened by the Minister for Planning on 26 March 2010. Stage 1, comprising 155 lots and a 43 home display village, is complete, with sales beginning in March 2010. Civil works for Stage 2, comprising services, infrastructure and public domain, are currently underway.

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, retirement living, 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

11 Macarthur Regional Centre

Where: Surrounding Macarthur Railway Station, Campbelltown

Council: Campbelltown

Area: 148 ha

What's proposed: Up to 2,400 dwellings, public open space (including Marsden Regional Park), 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: The Park Central development is in the final phase of delivery. Delivery of the Macarthur Gardens project is well advanced under a partnering arrangement with Stockland. The University of Western Sydney Campbelltown project, a partnering arrangement between Landcom and the University of Western Sydney, 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

12 Sanctuary

Where: Minmi Road, Fletcher

Council: Newcastle

Area: 123 ha

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

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

Where it's up to: Delivery phase. The project is to be delivered in 23 stages. 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, gas-boosted solar water heating, bushfire mitigation measures and indigenous heritage reserves.

Supplying housing

13 Riverstone Scheduled Lands

Where: Windsor Road, Riverstone

Council: Blacktown

Area: 300 ha

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

14 The Ponds

Where: The Ponds Boulevard, The Ponds

Council: Blacktown

Area: 330 ha

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

Our role: We are acting as masterplanner and developer for part of this project in a partnering arrangement with Australand. This is a major estate which provides the supply of crucial housing pending the development of land in the northwest growth centre.

Where it's up to: Delivery phase, with the first thousand 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 major open space that includes conservation and riparian corridors. Financial and other incentives have been developed to encourage residents to support energy efficiency initiatives, including solar power.

Supplying housing

15 Newbury

Where: Old Windsor Road, Stanhope Gardens

Council: Blacktown

Area: 157 ha

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

Our role: Our original masterplan and detailed design guidelines ensured that prominence was given to solar orientation and energy efficient house design. These principles are now being delivered throughout the estate via a partnering arrangement with Mirvac.

Where it's up to: Nearing completion, with housing sales almost complete. Most 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 centred on neighbourhood access. It also represents an important supply of greenfield land and housing, pending the planning and development of land releases in the northwest growth centre.

Supplying housing

16 Bunya

Where: Doonside Road, Doonside

Council: Blacktown

Area: 88 ha

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 community on behalf of the NSW Minister for Planning.

Where it's up to: Work is being undertaken on the delivery of Precinct 1, with the first lots expected to be available for sale by early 2011.

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 positively address housing diversity and affordability..

Supplying housing

17 Parkbridge

Where: McIver Avenue, Middleton Grange

Council: Liverpool

Area: 40 ha

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

Our role: We are delivering this estate in partnership with Mirvac. It will provide 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.

Where it's up to: Delivery phase. Stages 1 to 3, comprising a total of 361 lots, have been completed, along with a display village, parkland and community facilities. Sales began in March 2009 and are expected to continue over the next four years.

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

Supplying housing

18 Greenway Views

Where: Carmichael Drive, West Hoxton

Council: Liverpool

Area: 20 ha

What's proposed: 280 dwellings in a mix of housing types, including 19 moderate income dwellings, a high school, a major upgrade of a local playing field, and cycleway connections to the Western Sydney Parklands.

Our role: The estate has been delivered in a partnering arrangement with Australand.

Where it's up to: The land subdivision was first released in 2005 and was completed in June 2010. The high school opened in February 2006 followed by the childcare facility in 2007. Final delivery of eight remaining dwellings is underway and is due for completion in December 2010.

Features: This development adjoins the Western Sydney Parklands and features complementary cycleway links and riparian corridors. It has already won awards for planning and design and excellence in residential development and will include an innovative moderate income housing component that is due for completion in 2010.

Supplying housing
19 Edmondson Park

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

Council: Liverpool

Area: The entire release area is 795 ha, 100 ha of which are owned by Landcom.

What's proposed: A major release area in the southwest growth centre, with potential for 7,500 dwellings, a town centre with approximately 25,000 sqm of retail and commercial area, community facilities, schools and regional open space (mostly Cumberland Plain Woodland). Landcom's landholdings will deliver approximately 800 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 community, is underway. It is anticipated that this will be 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 are scheduled for release towards 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
20 Mt Annan/Spring Farm

Where: Mount Annan/Spring Farm

Council: Camden

Area: 190 ha

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

Our role: Landcom owns the Mount Annan and adjacent Spring Farm 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 begun work at Spring Farm.

Where it's up to: Construction at Mount Annan is continuing, with land and housing sales underway. We are constructing services and infrastructure at Spring Farm in preparation for lot sales in late 2010.

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. Sustainable initiatives include conservation of bushland and riparian corridors and a bio-retention system. integrated within main boulevards.

Supplying housing
21 Menangle Park

Where: Menangle Road, Menangle Park

Council: Campbelltown

Area: 300 ha

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

Our role: As a major landowner in the area, we are working with a range of stakeholders including Campbelltown City Council and state agencies to resolve outstanding planning and environmental constraints before rezoning.

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

Features: Menangle Park will provide an important source of greenfield land supply in Sydney's southwest.

Awards 2009/2010

A WIDE RANGE OF LANDCOM PROJECTS WERE SINGLED OUT FOR DISTINCTION BY OUR INDUSTRY PEERS DURING THE YEAR. FOLLOWING IS A COMPLETE LIST OF THE AWARDS RECEIVED DURING 2009/2010.

Urban Development Institute NSW Awards for Excellence

These awards acknowledge excellence and innovation in the urban development industry.

Landcom Design Guidelines

Commendation

Public Sector Leadership in Urban Development

The New Rouse Hill

(submitted by Lend Lease and The GPT Group)

Winner

Masterplanned Mixed Use Development

For more information see: http://www.udia-nsw.com.au/html/37853.cfm

Urban Land Institute (ULI) Awards for Excellence

The ULI is a worldwide research and education organisation. These awards recognise excellence throughout the complete development process of a project.

Rouse Hill Town Centre

(submitted by Lend Lease and The GPT Group)

Joint Winner (Asia Pacific Competition)

For more information see: https://www.uli.org

Urban Taskforce Development Excellence Awards

The Urban Taskforce Development Excellence Awards acknowledge development projects that achieve the best outcomes in terms of client requirements, environment, business and community considerations; as well as time, cost and quality.

Park Central

Winner

Masterplanned Communities

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

Planning Institute of Australia (NSW) Awards for Planning Excellence

These awards acknowledge excellence, innovation and achievement in urban and regional planning.

Potts Hill

Winner

Urban Planning Achievement

One Minto

Commendation

Social and Community Based Planning

Sustainability = Health Landcom's integrated approach to planning for healthy people.

Commendation

Planning for Healthy Urban Environments

Learn2 – Connecting people to ideas: The New Rouse Hill

(submitted by Lend Lease and The GPT Group)

Winner

Social and Community Based Planning

For more information see: http://www.planning.org.au/nsw/piansw_awards/

The Planning Institute of Australia National Awards for Planning Excellence

These awards are the only Australia wide awards offering peer and public recognition for planners for their professional excellence and in the work they undertake.

Learn2 – Connecting people to ideas: The New Rouse Hill

(submitted by Lend Lease and The GPT Group)

Winner

President's Award

For more information see: http://pia.realviewtechnologies.com/

Premier's Public Sector Awards

The Premier's Public Sector Awards acknowledge excellence, quality and innovation in service delivery across government.

Potts Hill

Winner

Project Delivery – Making it happen

For more information see: http://www.dpc.nsw.gov.au/__data/assets/pdf_file/0006/73383/2009_Premiers_Public_Sector_Awards_Booklet.pdf

Property Council of Australia Rider Levett Bucknall Awards for Innovation and Excellence

These awards showcase outstanding examples of development projects that have resulted in building better communities.

Prince Henry

Winner

CONICS Award for Master Planned Communities

For more information see: http://www.propertyoz.com.au/library/PCA%20RLB%20Awards%2009%20releases%20comb.pdf

Australian Property Institute (API) of NSW Excellence in Property Awards

The API NSW Excellence in Property Awards recognise outstanding achievements in the property profession or the built or natural environment across NSW.

Prince Henry

Winner

Office of the Valuer General Heritage Award

For more information see: http://www.nsw.api.org.au/c/apinsw?a=sendfile&ft=p&fid=1250746609&sid

Australian Institute of Project Management Achievement Awards

These awards recognise excellence in all aspects of project management across Australia.

Aboriginal Health College at Prince Henry

(submitted by the NSW Department of Commerce)

State category winner

Construction/Engineering < $100m

For further information see: http://www.aipm.com.au/html/pmaa_winners_wizard.cfm?chapter=All&year=2009

Master Builders Association (MBA) of NSW Excellence in Construction Awards

The MBA Excellence in Construction Awards are among the building sector's most respected awards and honour the best in commercial construction.

Aboriginal Health College at Prince Henry

(submitted by Prime Constructions)

Winner

Health Buildings up to $10m

Prince Henry Community Centre

(submitted by Grindley Construction)

Winner

Environmental Management

For more information see: http://www.mbansw.asn.au/award.asp?id=406&type=construction&yr=2009

The Stormwater Industry Association (SIA) National Stormwater Excellence Awards

The SIA National Stormwater Excellence Awards recognise projects or initiatives that demonstrate innovation and excellence in sustainable stormwater management.

Landcom's Water Sensitive Urban Design Program

Highly commended

Education

For more information see: http://www.stormwater.asn.au/awards.asp#Landcom

Penrith Excellence in Design Awards 2009

These awards encourage, reward and promote quality design in the City of Penrith.

Cadden's Release Area

Winner

Community Places – Masterplan

For more information see: http://www.penrithcity.nsw.gov.au/index.asp?id=6032

The Landscape Contractors Association (LCA) Awards of Excellence

The LCA Awards of Excellence acknowledge the best in industry performance and landscape construction across NSW and the ACT.

Gymea Glades, Helensburgh

(submitted by Simpson Landscapes and Consultants)

Winner

Recreational

For more information see: http://lcansw.com.au/cgi-bin/lcansw/awarddetail.html?awardid=195


Marsden Park, Park Central


One Minto


Gymea Glade


Park Central


Prince Henry at Little Bay


One Minto


Landcom MD, Sean O'Toole
at the UDIA Awards for Excellence.


Park Central


Rouse Hill Town Centre


The Landcom Guidelines


Potts Hill


Community Centre at Prince Henry at Little Bay


One Minto


PIA (NSW) Awards for Planning Excellence


Aboriginal Health College – Prince Henry at Little Bay


The New Rouse Hill

The impacts of our activities

WHAT WE ACHIEVED DURING THE YEAR

During a period of unprecedented economic and market uncertainty, Landcom's focus on core business activities and our continued delivery of projects helped provide a stable environment for the development industry, which had been facing difficult times. At the same time we took a proactive role in assisting the state government to deliver its commitments under the federal government's nation building program. These unique circumstances shaped our achievements for the year.

DEVELOPING CONSTRUCTIVE PARTNERSHIPS

Landcom's ability to deliver complex projects is founded on the constructive partnerships we have formed over many years. This year was no different. With the help of our partners, we devised innovative solutions for the delivery of our projects and, in turn, assisted them with their own initiatives. As well, new partnerships forged this year opened up potential new areas of business.

Delivering social housing: We expanded our working relationship with Housing NSW (HNSW) by assisting it to meet the state government's social housing construction targets under the Commonwealth's Nation Building – Economic Stimulus Plan. Our role is to manage delivery of 1,300 social housing dwellings within 18 months. Of these, we are directly delivering around 500 dwellings in 31 projects. We are also acting as a contract administrator for HNSW in delivering another 800 new dwellings. Thanks to this and the Ageing, Disability and Home Care (ADHC) program, Landcom firmly established its credentials in the community housing sector, opening up new opportunities for us.

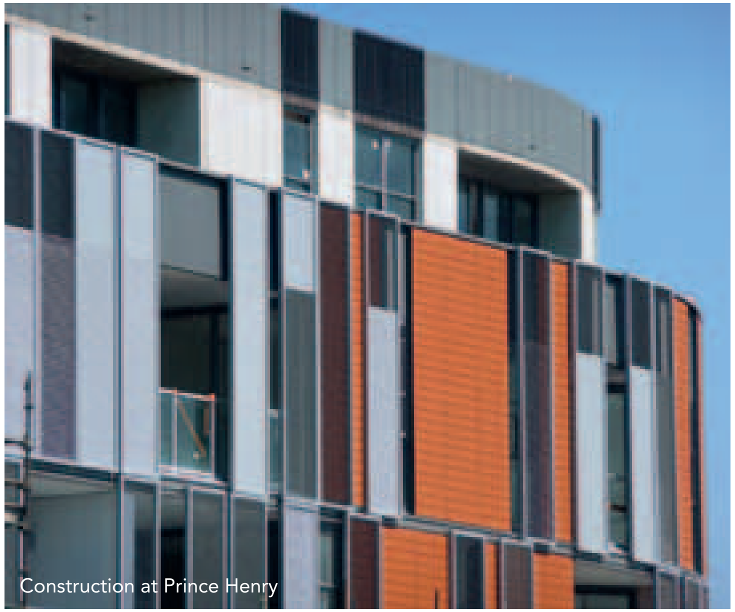
ADHC group homes initiative: A new relationship developed with the ADHC helped deliver its ambitious group home construction program across New South Wales. The close working relationships we enjoy with project home builders were instrumental in delivering significant time and cost savings, allowing ADHC to meet its commitments, while at the same time providing the home building industry with a new source of work. The program established a presence for Landcom in the rapidly changing community and social housing sector, and the number of homes we were scheduled to deliver increased several times during the year. We are currently supplying a total of 34 group homes state wide.

A groundbreaking conservation agreement: Our facilitation behind the scenes was instrumental in delivering a groundbreaking conservation agreement between the state and federal governments for the Edmondson Park release area. This is the first time a blanket approval has been granted that will apply to all stages in the approval process without need for re-referral. The agreement provides a valuable model for other, similar agreements in Sydney's growth centres in future.

Delivering coordinated development: Our innovative delivery model for the Riverstone release area yielded results during the year. Following our active management of the area, Sydney Water was given the certainty it needed to commit infrastructure funding ahead of schedule. The water authority's decision was based on our pledge to deliver coordinated development, since this provides greater confidence that forward funding commitments can be recovered in a timely way.

Securing government funding: Our work in addressing risks, nominating infrastructure works, coordinating applications and providing supporting documentation (including budgets and programs) helped the Liverpool and Penrith councils secure up to $15 million in interest-free loan funding from the state government. The money is intended to fund local infrastructure and bring direct benefits to future residents at Edmondson Park and Caddens.


Green Square Town Centre


Construction at Prince Henry


Discovery Point

FACILITATING URBAN REGENERATION

While we are committed to delivering strategic urban renewal projects in support of the Metropolitan Strategy, the coordinated delivery of larger-scale urban renewal projects remains a challenge for Landcom and the wider development industry. To facilitate this delivery, we worked behind the scenes during the year, helping government respond to the complex commercial and regulatory issues associated with urban renewal. We also made significant progress in our long-standing projects.

Green Square: Given the tight financial market and the subsequent need to provide a kick-start for this development, Landcom took a larger equity stake in the project during the year. In December, we entered into a heads of agreement arrangement with Mirvac and Leighton Properties to develop our site at the heart of the future Green Square Town Centre, a site that will be a catalyst for more development. Planning work also began on the construction of Dunning Avenue, the first stage of the Town Centre. In June we finalised negotiations for the relocation of NSW Police over the next 12 months from the site.

One Minto: Landcom's collaboration with HNSW to redevelop this former public housing estate by intermingling public and private housing gained momentum during the year. With private housing construction now well advanced, the first houses on the estate were handed over to HNSW tenants in December. In a new collaboration with the agency, we have agreed to work together on a masterplan for the Airds Estate, based on the Minto model. Together, we undertook extensive community consultation to gauge residents' views.

Discovery Point and Prince Henry: Construction continued on these major renewal projects during the year. At Discovery Point we worked with our project partner, Australand, on the next stage of this development, consisting of 88 units. All apartments on Site 4 sold off the plan in eight months, and construction on this part of the project commenced in March. Meanwhile, at Landcom's Prince Henry development, Stocklands commenced construction on the first of two gateway buildings at the entry to the site. This first building will provide 845sqm of commercial/retail space, including a supermarket, with 4 levels apartments above. All apartments were sold off the plan and completion is expected by the end of 2010. The second building is scheduled to commence in September 2010.

The impacts of our activities

CONTINUED

CREATING SOCIAL CAPITAL

The development of social capital is key to any healthy community. The challenge, however, is to find ways to measure what is largely intangible. Landcom's approach is to deliver what we believe are the building blocks for sustainable communities and then measure their individual effectiveness.

Learn2 initiative at Rouse Hill: Learn2 opened at Rouse Hill - a community hub designed to help local residents navigate the maze of life-long learning options in a "one stop shop". This service was developed by our project partners (Lend Lease, the GPT Group) with assistance and support provided by Landcom and the Department of Planning. This valuable initiative provides new ways to connect people.

Walking School Bus expands: Our Walking School Bus initiative continues to flourish. A new walking school bus was introduced during August 2009 at the John Palmer Primary School in The Ponds, and a second "bus" route opened at the school in September. Another walking school bus was launched at Kenthurst in March, with over 30 students enrolled at the start of the program.

New boost for My Neighbourhood: In May 2010, Landcom granted the Australian Capital Territory Planning and Land Authority permission to use our "My Neighbourhood" child educational tool in the ACT schools system as part of its teaching program, "How to Build a Suburb".

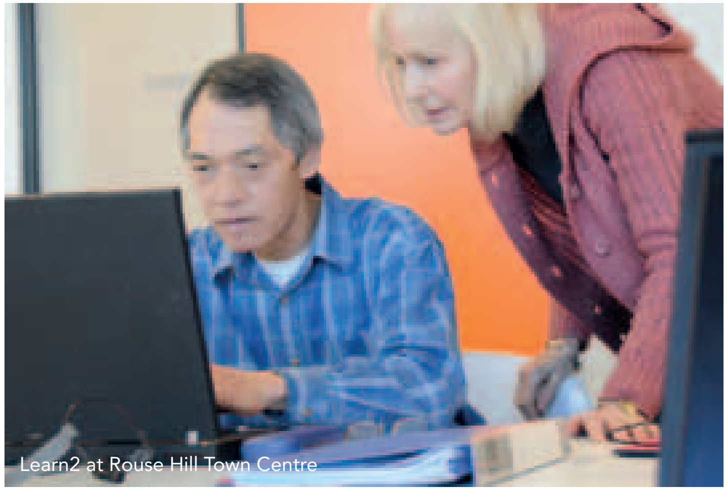
Building a community: The value that bringing new residents together has in building a community cannot be overestimated. The celebrations and activities we organised or hosted included:

- a bush dance and bush poetry afternoon at Garden Gates;
- a "Family Fun Day" at The Ponds attended by over 2,000 people;
- an inaugural community celebration breakfast and family fun day attended by over 100 new homeowners at The Sanctuary;
- a "Back to Prince Henry Day" recognising the important community role nurses have played on this former hospital site.

Welcoming new residents: Landcom's welcome programs provide practical assistance to new residents by helping them settle into our estates and the wider community. We maintained our programs in established estates during the year, running welcome programs in nine projects and visiting over 700 new households. The year was characterised by completed initiatives and new beginnings. We introduced new welcome program initiatives in our Parkbridge and One Minto estates. At the latter, we visited all new households and organised two "Meet Your Neighbour" events. In contrast, our involvement in the Woodlands Welcome Program came to an end in July. We hosted a community event to mark our departure and handed over ongoing community building initiatives to a team of community members.


Family Fun Day at The Ponds


Walking School Bus


Learn2 at Rouse Hill Town Centre

Park Central

Prince Henry at Little Bay

Gymea Glade

DEMONSTRATING GOOD DESIGN

Our journey towards design excellence started a decade ago, when we reengineered our greenfield estates in areas like Newbury to reflect "new urbanism" principles. We've come a long way since then. Good design is now core business for Landcom. We trial and prove new design principles in our own projects, then use them to raise industry standards. Our design philosophy extends right across our business and to all our projects – big and small, greenfield and renewal. Our success is evidenced by the industry recognition and awards we receive. The list of this year's awards (see page 22) is a welcome reminder that good design is always worth the effort.

Park Central awarded: The industry recognition afforded to the Park Central masterplan is an excellent example of how careful masterplanning produces good results. In this mixed use development located close to transport, detailed design guidelines have produced high quality housing that incorporates leading-edge ecologically sustainable development principles and brings Sydney's urban growth policies to life.

Industry recognition for Prince Henry continues: Housing construction continues at the Prince Henry development, arguably Landcom's most widely acclaimed project. Five awards were received during the year, bringing the tally of individual industry awards to well over 20 for this project. It is not only the number of awards that is significant but their scope, reflecting the breadth of design excellence displayed here. Recognition this year ranged from masterplan design and heritage conservation to construction/ engineering, health building design and environmental management.

Recognising good landscape design: At Landcom's Gymea Glade project, our ability to successfully put into practice the key elements of a good landscape design was recognised this year. In this case, it was the small details that mattered: the civil works, building construction and landscape planting needed to implement a design vision for the estate's open space. The end result is a well executed playground and parkland available for children and residents of all ages and mobility.

Landcom Guidelines awarded: We continue to expand our suite of design guidelines for use by industry practitioners and regulators in their day-to-day work, this year launching our Housing Diversity Guidelines. These take what we have learned and, using own portfolio of projects as case studies, demonstrate the lessons in a practical manner. They continue to be well received. In addition, our "Boxed Set" of Design Guidelines was awarded once again and our Universal Design Guidelines were nominated by the federal government as a key resource for the National Dialogue on Universal Design.

The impacts of our activities

CONTINUED

BUILDING SUSTAINABLE PLACES

Creating sustainable places for people to live in, work in and enjoy is an activity that lies at the core of Landcom's business. Our ongoing commitment to sustainable development takes many forms.

Oran Park: Dramatic progress was made during the year at Oran Park, culminating in the official project and display village launch in March, which drew nationwide media coverage. The opening weekend was also a success, with more than 8,000 visitors showing interest in the first homesites. Planning and construction of future stages is now underway, work is advanced on a number of community projects, and we have employed a coordinator to help establish the framework for a community development program. Our aim is to have as much community infrastructure as possible in place by the time the first residents move in. This includes the first school, the opening of which is planned for the start of the 2012 school year.

Responding to the information revolution: In August, we negotiated an agreement to install fibre-optic cabling throughout all homes in our Oran Park project.


Sydney Water Operational Headquarters at Potts Hill


Opening of Oran Park

This will provide internet access at speeds of up to one gigabyte per second, giving residents the fastest broadband service in Australia.

In addition, our Parkbridge estate was selected to test the federal government's National Broadband Network (NBN). It was chosen because it is the one of the few areas in Australia which is already "NBN-ready," thanks to Landcom's foresight in laying optic-fibre conduits in the early stages of the development.

Important milestones and initiatives: We reached significant milestones across all our projects during the year. Some examples:

- We delivered our final land release at Greenway Views, with all remaining lots and completed homes on this estate sold by the end of the reporting period. To mark the end of our involvement in this project and to celebrate our completion of the Lake Francis works, we hosted a Family Fun Day on 20 June 2010.
- Final lots in our Newbury project were released, and we began winding up our involvement in this project.
- Work began on the first stage of our Renwick project in February 2010.
- At Edmondson Park, we undertook to forward-finance major road works on behalf of the Roads and Traffic Authority and water/sewage works on behalf of Sydney Water and have begun the civil works. This will allow private landowners as well as Landcom to proceed with the urban development ahead of schedule.
- We sold our thousandth lot at The Ponds in April 2010 – just two and a half years since the launch of this project.
- At our Potts Hill redevelopment site, Sydney Water moved into its purpose-built facilities.

ADVANCING BEST PRACTICE

While Landcom is recognised as an industry leader in sustainability, our commitment to best practice extends to everything we do.

Launch of PRECINX™: In November 2009, we launched PRECINX™, a diagnostic tool that uses real data to assess environmental, economic and social performance over large-scale projects and neighbourhoods. Because it can operate over suburbs, it helps us deliver much larger sustainability gains, particularly when major infrastructure is involved. It contributes practically to efforts in tackling the big issues such as climate change and water conservation in everyday household budgets. There has been national and even international interest in learning more about the tool and feedback to date has been positive. Our plan next year plan is to share PRECINX™ more widely with others in the industry.

Second generation of sustainability indicators: Our Portfolio Minister signed off on our second generation of sustainability indicators and targets in October 2009. Based on our positive performance during the first six years of reporting, we have voluntarily increased many of our targets. We also took the opportunity to redefine some indicators to reflect current business operations more closely. This year is our first year of reporting against these updated targets (see Sustainability Report on page 32).

Eco-Living display homes at The Ponds: We selected a partner to work on our Eco-Living display homes at The Ponds. These showcase different sustainability solutions for consumers and builders, such as new options for water and energy conservation, greater use of recyclable building products and self-sufficiency in water, energy and waste management. Construction starts next year.

Business improvement program: We asked our major business partners to comment on what it's like to work with us, by employing independent experts to conduct confidential interviews with our stakeholders. While feedback was positive overall, several areas for improvement were identified. In response, we have established a program of business improvements. Recommendations were workshopped internally and presented at stakeholder feedback sessions in October 2009 and June 2010. Our initial aim is to encourage greater consistency in decision making, implement improvements to our panel, tender and contract management process, and improve communication.

Improved customer service: At The Ponds, we implemented a pilot system which provides online information on plan registrations and property settlements for buyers. Information is updated weekly and includes an explanation of the plan registration process so buyers can better understand when settlement is likely to occur and how soon they can begin building.

The Global Reporting Initiative (GRI): Our pioneering approach to triple bottom line reporting was an important factor in our nomination as one of 10 industry participants worldwide to develop the GRI's sustainability reporting framework for the development industry.

PRECINX™ launch

Artist impression of an Eco-Living Display Home

Our biggest challenges

AND HOW WE ADDRESS THEM

MEETING INDUSTRY CHALLENGES

Our response to the shortage of development finance resulting from the global financial crisis was to ramp up investment in our own developments to ensure continued supply of land and new housing. We have not yet seen a complete recovery in the industry and expect continued funding constraints in the coming year. This means we will have to be selective about where we allocate investment in new and existing projects.

RESPONDING TO MODERATE INCOME HOUSING NEEDS

Despite exceeding our moderate income housing targets this year – and doing so by a considerable margin – provision of affordable housing remains an ongoing challenge. Our good results, in part, reflect the volume of housing product we released in the Hunter (where land costs are generally lower) and historically low interest rates, which meant housing has been more affordable for moderate income earners.

Now that we are emerging from this low-interest environment, we will face renewed pressure to perform in this area. As in the past, our response will be to continue to promote housing diversity in our projects so we are able to offer a variety of differently priced products.

PROMOTING URBAN RENEWAL

The Metropolitan Strategy for Sydney calls for 60-70% of all new housing built over the next 25 years to come from urban renewal. In recent years, the number of authorities involved in the urban renewal process has grown, reflecting the growing complexity of this process. At the same time, confusion over the issues among the general community has increased, and opposition to the renewal process continues in some quarters. Our approach to urban renewal is both simple and practical. We seek to demonstrate by example, persuade through negotiation and then validate results through productive partnerships with the development industry. Our message is that higher density housing need not mean poor development. We are working in close partnership with the Department of Planning and others to encourage greater coordination across agencies. We also remain actively engaged in the wider task of informing and educating key players in this process. For example, in the coming year we will finalise our Housing Diversity Guide and release a draft Density Guide for public comment. We also plan to identify a demonstration project to showcase practical approaches to diversity and density.

Water sustainability - Victoria Park

Local construction activity - Oran Park

REINFORCING A SUSTAINABILITY CULTURE

Landcom has been reporting its performance against our comprehensive system of sustainability indicators since 2002. This year marks the introduction of our second generation of indicators, many of which include increased targets and more complex reporting. Because new staff have joined us in the eight years since the introduction of these indicators, many of our employees do not have an in-depth understanding of how our indicators evolved or fully comprehend their value. As well, some longer-term employees may have lost sight of why certain steps are taken and how a chain of individual responsibility ultimately adds up to reflect corporate performance. This was the subject of focus-group discussions during the year and we have identified several challenges, including the need for ongoing reinforcement of a sustainability culture across Landcom. Over the next 12 months, we will develop and implement measures to further educate staff and reinforce a culture of quality and accuracy in our sustainability reporting.

Successful urban renewal - Victoria Park

What we aim to achieve in 2010 / 2011

In addition to our normal business activities we will:

- **respond to any upswing in housing demand by developing responses that increase the supply of land for greenfield development and the renewal of urban areas**
- **continue to pursue activities that stimulate and underpin development activity**
- **respond to the increasing needs emerging in the community/social housing sector from the Commonwealth's stimulus package**
- **contribute to greater housing choice and address home affordability by implementing our Housing Diversity Guide across our projects and by progressing our Rental Housing Portfolio project**
- **open our EcoDisplay Village and make PRECINX™ available for use by others, thereby continuing to provide sustainability leadership**
- **collaborate across government on new approaches that deliver closer integration of transport, infrastructure and land use planning – especially for large-scale greenfield and urban renewal projects**
- **continue to communicate our successes in industry leadership and innovation with our development industry colleagues and partners**

Sustainability report

INTRODUCTION

Welcome to Landcom's 2009/2010 Sustainability Report.

This report represents the achievement of two important milestones for Landcom. For the first time, our Sustainability Report has been awarded a GRI A+ reporting standard. In addition, this is our first year of reporting against Landcom's revised sustainability indicators, which we foreshadowed in 2009 following an extensive review over the previous 18 months.

We are pleased to note that the quality and transparency of our sustainability reporting was recognised in independent MBA research in 2009, where our Sustainability Report was ranked as equal best in the world for the sector, drawing from a sample of leading sustainability reports.

We updated many of our first generation sustainability indicators because the ambitious performance targets we originally set ourselves when we commenced sustainability reporting in 2002 have now been achieved. Wherever this has occurred, we have set new "stretch" targets. These will challenge us to continue to innovate and find new ways of delivering higher levels of sustainability through our developments and business processes.

As with our first generation of sustainability indicators, we have set ourselves a five-year horizon to achieve our new targets. This means that from 2009/2010, we will be mapping our performance against both our "old" and our "new" targets where relevant, so that our performance remains transparent and can continue to be assessed over time.

In some cases, we have decided to hold our existing sustainability indicators constant because they remain a relevant and challenging performance target for us.

Finally, we have removed a number of indicators from our report because they were no longer a useful description or measure of our businesses impacts. This has usually come about because our business


Victoria Park


Water steps at Victoria Park


Wetland at Prince Henry

has evolved substantially since the first generation of indicators was adopted eight years ago.

In place of these deleted indicators, new indicators have been introduced which more closely reflect the material impacts of our business as it exists today. These new indicators have been developed after consulting widely with our stakeholders, including our project partners, contractors and service suppliers, local government, other government entities, the general public and our staff.

We have had to introduce new business practices to collect the data which underpin our new indicators. In some cases, data collection for these indicators has not been as complete or as reliable as we would have liked this year. This is common with the introduction of any new business practice and, in fact, reflects our previous experience with the introduction of our original sustainability indicators in 2002. Our greatest difficulty has been where we have needed to rely on second and third parties such as development partners or external project managers for the data. We will systematically address these difficulties to minimise any impacts on next year's report.

With the experience we have now gained from our first year of data collection against the new suite of indicators, it has become clear that the relevance of some of our new or updated governance indicators could be open to question. While we are still of the view that these governance indicators are helpful in describing the material impacts of our business, we will refine and improve the indicators from next year, to enable more effective data gathering, interpretation and reporting. Our aim here is to ensure that these indicators provide a more meaningful measure of our impacts and achievements. Any changes we make will respect the purpose and intent of the original indicators and our proposed changes are discussed in detail within the following report.

One of our previous indicators related to how effectively we consult with our stakeholders about our business and its impacts. While we have a solid history of consulting with stakeholders, our ability to meaningfully report our performance against our consultation processes has been an ongoing challenge for us. This is because, on reflection, we found our consultation processes were sometimes ad hoc in terms of the stakeholder sample we select and the questions we ask.

The recent review of our sustainability indicators provided us with the opportunity to address this issue in a more systematic way. We have spent the last 12 months working with sustainability consultants Net Balance to develop a better structured and more considered stakeholder consultation strategy. Our overall strategy for more effective stakeholder engagement into the future is illustrated in the following diagram. It should be noted that the additional consultation we undertake as a result of this strategy will be above and beyond the voluntary and statutory consultation we currently undertake for all our projects.

With a more comprehensive consultation strategy now in place, we will report our performance against the actions identified in this strategy in future Sustainability Reports.

OUR APPROACH TO STAKEHOLDER ENGAGEMENT

Our ability to innovate and improve our sustainability performance increases in complexity year by year and is an ongoing challenge for us. Our ability to think creatively and partner with others in developing new approaches to sustainability will be the key to any future sustainability innovations. Fortunately, a number of Landcom projects are expected to enter the planning and development phase in the coming year, and this represents a renewed opportunity for us to place sustainability at the heart of our business. We look forward to recording our successes and challenges in managing these new projects – and our continuing ones – in next year's report.

We welcome your feedback on our Sustainability Report and the results described within it. Any feedback you have can be sent to:-
sustainability@landcom.nsw.gov.au

MATERIALITY

We have discussed materiality elsewhere in this report: in the impact of our activities section; in the description of our stakeholder engagement; and in this introductory section.

In essence, Landcom's approach to materiality can be traced back to 2002 when we began our work on drawing up a list of indicators to measure our performance and which allowed us 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. In hindsight, this approach meant, some of the responses we received were beyond our scope or influence.

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

This experience stood us in good stead when it came to identifying and selecting what was material to stakeholders during the implementation of our second generation of indicators. The process was more focused, the questions more targeted, and as a consequence, the responses were more informed. We acknowledge, however, 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.

Five-year performance summary results and analysis

HOW TO INTERPRET THIS YEAR'S RESULTS

Landcom's control and influence varies according to the type of project, our level of involvement, how the project is delivered and the nature of the end product. For reporting purposes, we categorise our projects into those that deliver "land" and those that deliver "built form" products, as follows:

- **Projects that deliver land:**
  These are projects where we subdivide the land and sell it directly to the public. We either have no further control or limited influence on the housing or buildings erected on this land. However, we can exert some influence on design and sustainability initiatives through design guidelines or through the development approval process.
- **Projects that deliver built form:**
  For these projects, we subdivide land and remain involved in some way throughout part or all of the building process. We exercise control over the built form either through joint ventures, project delivery agreements or other builder partnering arrangements. In this way, Landcom is able to exercise additional control to promote sustainability and urban design objectives.

The type of sustainability data we collect is based on the milestone each project has reached. This year's report covers 22 projects, being those which achieved a specific reporting "milestone" in 2009/2010.

These milestones and the reporting indicators that are relevant to each are set out in the next table. Immediately following is a list of the projects that are included in this year's report. Note that projects do not always respond to all indicators within each milestone, and this is related to the level of Landcom ownership and role within each project. 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

Those earlier indicators and results that have been replaced with new ones have been shown in each table in italics. Furthermore, words in italics and bold are defined in the glossary at the end of the Annual Report.

The sustainability results which appear in tables throughout this report are usually recorded in whole numbers. However, there are circumstances where the sensitivity of an individual result and our need to be accountable will dictate the need for greater accuracy. While this may result in some minor inconsistency in the way we present our results, our overall aim is to be transparent and to assist a reader's ability to interpret our performance.

The exceptions to reporting in whole numbers are set out below:

- Results expressed as a percentage are provided in whole numbers only, with results rounded up or down as necessary. However, there are two exceptions to this rule:
  - any results against targets that are themselves expressed to one decimal point (e.g. our 7.5% moderate income housing target); and
  - wherever 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 as necessary.
- A zero result may be recorded either as N/A (not applicable) or nil where this better clarifies the result for the reader.
- Financial results are generally provided to two decimal places which conform to standard accounting practices.

Milestone	What needs to be achieved	Indicators reported
Milestone 1 (M1)	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
Milestone 2 (M2)	Completion of civil works	Urban water cycle management Waste - civil works Influencing design Moderate income housing Relative affordability Community facilities Sustainable community programs Community sponsorship Regulatory compliance Demonstration projects Sustainable supply chain
Milestone 3 (M3)	Built form commencement where Landcom is partnering with a builder or other developer	Urban water cycle management Waste - builders Energy and greenhouse gas emissions Moderate income housing Relative affordability Ageing in place Sustainable community programs Community sponsorship Regulatory compliance Demonstration projects Sustainable supply chain
Milestone 4 (M4)	Projects where we have community programs in place	Sustainable community programs Community sponsorship Demonstration projects Sustainable supply chain

Projects reported in 2009/2010

Project	Local Government Area	Suburb	Reporting stage and milestone	Landcom's product	Total number of lots / dwellings planned	Number of lots / dwellings reported (delivered in 2009/2010)
Ashton Grove	Maitland	Green Hills	Completion of precinct civil works (M2)	Land	115	30 lots
Caddens	Penrith	Orchard Hills	Masterplan completion (M1)	Land	546	0
Edmondson Park	Liverpool	Edmondson Park	Completion of precinct civil works (M2)	Land	167	105 lots
Elizabeth Hills	Liverpool	South Cecil Hills	Masterplan completion (M1)	Land	600	0
Garden Gates	Camden	Mount Annan	Completion of precinct civil works (M2) and Welcome Program (M4)	Land	777	120 lots
Greenway Views	Liverpool	West Hoxton	Completion of precinct civil works (M2), Built form (M3) and Welcome Program (M4)	Land and built form	276	121 lots, 11 dwellings
Koala Bay	Port Stephens	Tanilba Bay	Completion of precinct civil works (M2)	Land	235	38 lots
Macarthur Gardens	Campbelltown	Campbelltown	Built form (M3) and Welcome Program (M4)	Built form	898	31 dwellings
Minto	Campbelltown	Minto	Welcome Program (M4)	Land	1,150	0
Newbury	Blacktown	Stanhope Gardens	Built form (M3) and Welcome Program (M4)	Land and built form	1,750	9 dwellings
Oran Park	Camden	Oran Park	Completion of precinct civil works (M2)	Land	2,216	191 lots
Park Central	Campbelltown	Campbelltown	Built form (M3) and Welcome Program (M4)	Built form	245	74 dwellings
Parkbridge	Liverpool	Middleton Grange	Completion of precinct civil works (M2), Built form (M3) and Welcome Program (M4)	Land and built form	723	217 lots, 93 dwellings
Potts Hill	Bankstown	Potts Hill (Eastern precinct)	Completion of precinct civil works (M2)	Land	5 business lots	5 business lots
Prince Henry	Randwick	Little Bay	Welcome Program (M4)	Land and built form	874 dwellings	0
Redgum	Penrith	St Marys	Built form (M3)	Built form	41 dwellings	15 dwellings
Sanctuary	Newcastle	Fletcher	Completion of precinct civil works (M2)	Land	840	55 lots
The New Rouse Hill	The Hills	Rouse Hill	Built form (M3) and Welcome Program (M4)	Land and built form	1,800 dwellings	12 dwellings
The Ponds – Stage 1	Blacktown	The Ponds	Completion of precinct civil works (M2) and Welcome Program (M4)	Land	1,299	125 lots
The Ponds – Stage 2	Blacktown	The Ponds	Completion of precinct civil works (M2) and Welcome Program (M4)	Land	580	191 lots
The Ponds – Stage 3	Blacktown	The Ponds	Completion of precinct civil works (M2)	Land	815	70 lots
Waterford	Bankstown	Bankstown	Built form (M3)	Built form	116 dwellings	27 dwellings

Environmental sustainability

We assess our impacts on the environment by measuring and monitoring the way we manage our activities in six areas: urban water cycle management, energy and ***greenhouse gas emissions***, biodiversity and vegetation management, ***riparian corridor management***, design influence and waste.

Environmental sustainability - **urban water cycle management**

THE THINKING BEHIND OUR INDICATORS

Quality:

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

Since we were consistently achieving our old targets, we decided last year to revise them upwards to:

- 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 obviously a vital step in 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 to ensure conserving water and improving its quality are firmly embedded in our development processes.

Conservation:

Our ability to conserve water is influenced by externalities like climate change and drought and also by where infrastructure is being built. However, we can make our influence felt by minimising the consumption of ***potable water*** and trying to capture and recycle as much water as possible.

Government legislation already ensures that this happens to a degree. 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 these BASIX scores.

Last year, we revised our water conservation targets upwards. For homes we build in partnership with builders and developers, we split targets into the four categories below, based on whether they were apartments or single/attached dwellings, and whether they were serviced by a recycled water scheme.

The new 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 are acutely aware of the need to minimise any adverse impacts on natural waterways caused by surface runoff from our developments. We assess these impacts by measuring post and pre-development ***stormwater*** discharges.

Last year, we introduced a new indicator that allows us to measure more accurately the impacts of our developments on receiving waterways, the ***Stream Erosion Index***. Landcom's flow management target, including the Stream Erosion Index, is applied to greenfield sites and wherever there is a natural stream downstream of a development. The new 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. Landcom's stretch target is to match the volume and duration of stormwater flows from a developed catchment to that of a natural catchment for certain low flows.

Five-year performance summary

HOW WE PERFORMED

Indicator descriptor	Indicator	Target 2014/2015	Result 2009/2010	Target 2002/2003 - 2008/2009	2008/2009	2007/2008	2006/2007	2005/2006
Urban water cycle management	Percentage of projects with specific Water Sensitive Urban Design strategies, ensuring that these strategies are appropriate to the size and location of the project	100%	100%	100%	89%	100%	77%	80%
Water quality	Percentage reduction in the mean annual load of total nitrogen	45%	47%	45%	45%	45%	47%	35%
	Percentage reduction in the mean annual load of total phosphorus	65%	71%	45%	56%	62%	60%	46%
	Percentage reduction in the mean annual load of total suspended solids	85%	85%	80%	80%	83%	78%	56%
Waterway protection	Stream Erosion Index of 2.0	100%	No result	No historical data - indicator introduced in 2009/2010				
	Projects where post development storm discharge equals pre-development storm levels for the 1.5 year Average Recurrence Interval	N/A	N/A	*100%*	*100%*	*100%*	*77%*	*80%*
Water conservation	Percentage of commercial buildings to be designed and constructed to be capable of achieving a 5.0 star or greater rating under the NABERS Water Scheme	100%	One commercial building constructed - NABERS rating to be reported in 2010/2011	No historical data - indicator introduced in 2009/2010				
	Percentage reduction in potable water consumption compared to the base case (single and attached dwellings)	45%	41%	No historical 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%	48%	No historical data - indicator introduced in 2009/2010				
	Percentage reduction in potable water consumption compared to the base case (apartments)	45%	N/A	No historical data - indicator introduced in 2009/2010				
	Percentage reduction in potable water consumption compared to the base case (apartments serviced by reticulated recycled water)	55%	N/A	No historical data - indicator introduced in 2009/2010				
	Reduction in water consumption (average BASIX score)	N/A	N/A	*40%*	*46%*	*49%*	*43%*	*37%*
	Percentage of public open space irrigation systems supplied by a non-potable water source (e.g. recycled water, stormwater)	100%	100%	No historical 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	100%	100%	No historical data - indicator introduced in 2009/2010				

Managing urban water:

All our projects had Water Sensitive Urban Design strategies or equivalent documents at the masterplan stage.

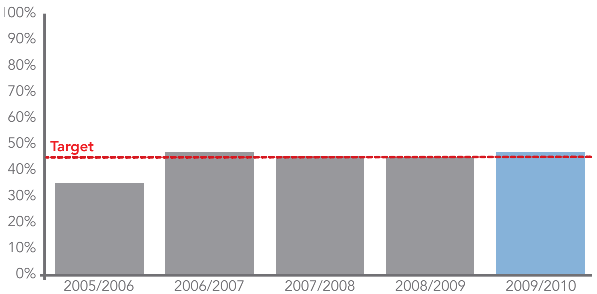
Improving water quality:

Thanks to our Water Sensitive Urban Design controls, our projects reduced nitrogen by 47%, phosphorous by 71% and suspended solids by 85%, when compared with developments in the greater Sydney region without such controls.

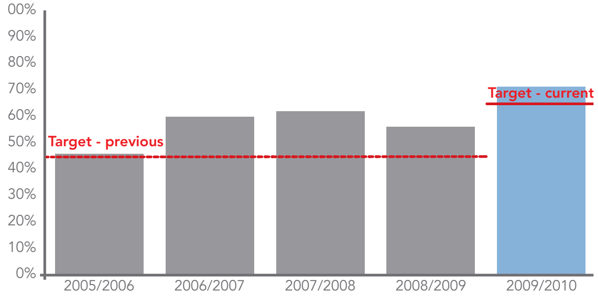
Our improved result in nitrogen reduction (45% last year) and phosphorous (56% last year) is largely due to the excellent results achieved at Oran Park, where water is being treated through a combination of wetlands and bio-retention systems.

The 5% increase in the reduction of suspended solids (80% last year) was boosted by good results from our Parkbridge, Edmondson Park, The Ponds (Stage 1) and Oran Park projects. Only the latter came close to our stretch targets.

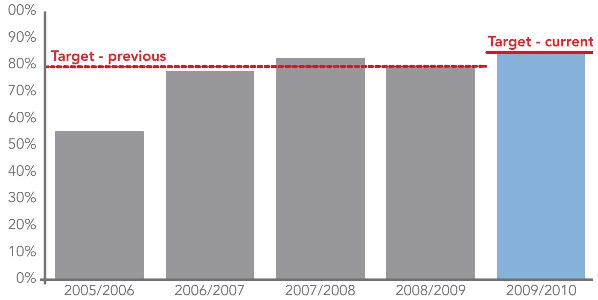
Percentage reduction in the mean annual load of total nitrogen



Percentage reduction in the mean annual load of total phosphorus



Percentage reduction in the mean annual load of total suspended solids



Protecting our waterways:

As mentioned previously, our aim is to have a benchmark Stream Erosion Index score of two (equivalent to best practice), with a stretch target of one. However, no projects specifically addressed the index during the reporting period.

We recognise we need to provide guidance to our development teams, partners and consultants so they can more easily understand, implement and measure performance against this benchmark. We propose to work with our stakeholders over the next year to better define our new requirements and then provide a stepped process for developers to make the index easier to use.

Despite not being able to report any results for this new indicator, it is worth noting that both our Oran Park and Edmondson Park projects met our previous indicator target, which was to ensure that post development storm discharges equalled pre-development levels for a 1.5 year Average Recurrence Interval event.

Five-year performance summary

Conserving water:

Our target of having all Landcom's public open space irrigated by non-potable water was met. Of those projects that established areas of open space in 2010 (Ashton Grove, Oran Park and The Ponds), the open space areas in Ashton Grove were primarily bushland and therefore did not require irrigation, while Oran Park used treated stormwater and The Ponds used recycled water to irrigate their respective open space areas.

We recorded no result this year against our target of designing and constructing commercial buildings that meet a five star or greater rating under the National Australian Built Environment Rating System (*NABERS*) water scheme since our only commercial building at Park Central is yet to complete a NABERS rating. Results for this building will be reported next year.

Reducing the consumption of potable water in our single and attached dwellings by 45% proved a challenge. Landcom dwellings achieved a 41% reduction, with those at Macarthur Gardens proving to be the best performers. However, few of our dwellings went beyond BASIX consumption targets. The difficulty here for Landcom is the lag time between the design and approval of homes and their construction, which means our updated targets are yet to be fully implemented by all parties.

Over the coming year, we will continue the work we have already begun to ensure that our stakeholders consider and design to the new targets. We are confident that more positive results will be achieved when these new indicators and targets become more fully embedded into our business processes at the design phase.

Our aim of reducing potable water consumption by 60% for attached and single dwellings served by reticulated recycled water also proved challenging. Our dwellings reduced consumption by 48%, with the best performers being Newbury, Rouse Hill and Parkbridge, where recycled water has allowed for more efficient mains water use. Once again, most projects are still focused on attaining the statutory reduction levels required by the BASIX scheme, with very few going beyond this.

Since there were no apartments delivered in our scope of activities this year, no results were recorded for these two indicators.

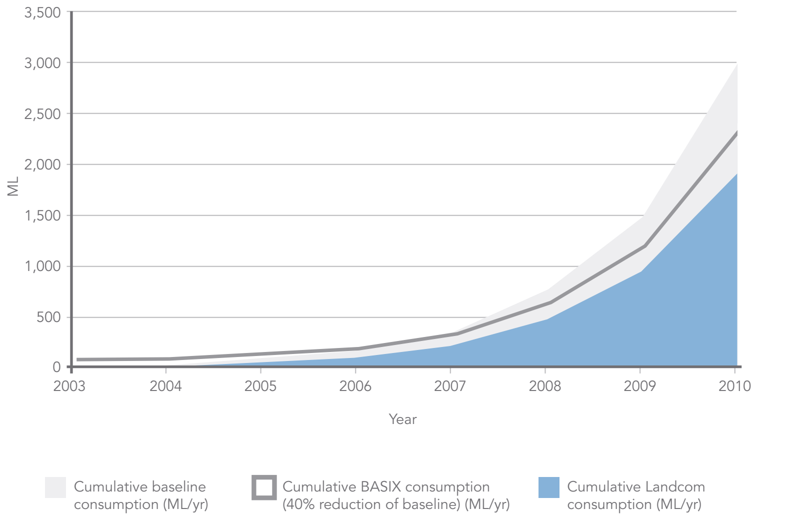
Both Edmondson Park and Oran Park met our target of having all new developments incorporate a dual water reticulation system to supply non-potable water to toilets, gardens and laundry. Where recycled water is available, it must be connected and put to use in these areas.

In summary, we had difficulty meeting our targets in some areas. However, overall we achieved better results in circumstances where we were able to influence both land and home packages in projects. This is because we had more control of the outcomes of water conservation.

There is a natural limit to the reach we have into third party business practices, and when the market recovers and the majority of our involvement is again in the selling of land as opposed to land/home packages, our ability to influence targets may be further diminished.

That said, we will continue our push to exceed statutory targets. While this year's results were short of our aspirations, the cumulative benefit of our approach over time has been impressive. As the chart below demonstrates, the increased water savings in Landcom-developed homes since 2003 is the equivalent of 389 Megalitres (ML) or almost 200 Olympic-sized pools.

Cumulative water savings from landcom dwellings



Environmental sustainability - **energy and greenhouse gas emissions**

THE THINKING BEHIND OUR INDICATORS

To a large degree our energy targets are driven by the principles of avoidance, reduction, education and promotion. We changed our indicators last year to drive further energy efficiency and encourage investment in less polluting energy supply.

Energy efficiency:

Many of our first generation targets aimed at reducing greenhouse gas emissions became law when they were drafted into BASIX.

We acknowledge the need to demonstrate leadership beyond regulated minimum targets and with the added incentive of rising electricity prices, we have introduced more challenging greenhouse gas reduction targets for homes built in partnership with a builder or a developer.

Our aim is for our partnered projects to achieve the following greenhouse gas reduction targets over the next five years:

- 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.

Our new target is for all new homes to achieve a minimum thermal efficiency rating of six stars or greater. All new commercial buildings must achieve a five star energy rating under the NABERS.

Promoting sustainable or renewable energy supply:

We measure sustainable or renewable energy technologies installed in our developments. These include energy generation options that produce lower emissions than traditional coal-fired power plants, such as wind and solar power, and sewage gas.

The ***Renewable Energy Certificates*** system introduced in 2001 means that all solar hot water systems must be rated. Our new indicator aims to ensure that all new homes built in partnership with a builder or developer are fitted with a gas-boosted solar hot water system capable of generating either a minimum of 30 Renewable Energy Certificates or 19 Renewable Energy Certificates for the hot water systems that would be suitable for a two-bedroom or smaller home.

Furthermore, we are now aiming for a minimum of 5% onsite or offsite renewable energy supply in all projects with more than 500 dwellings or with a commercial component or town centre. These projects must also achieve a minimum of 50% reduction in greenhouse gas emissions when compared with the base case.

Five-year performance summary

HOW WE PERFORMED

Indicator descriptor	Indicator	Target 2014/2015	Result 2009/2010	Target 2002/2003 - 2008/2009	2008/2009	2007/2008	2006/2007	2005/2006
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%**	45%	No historical 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 historical 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 historical 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 historical data - indicator introduced in 2009/2010				
	Reduction in greenhouse gas emissions	**N/A**	N/A	***40%***	*17%*	*20%*	*16%*	*15%*
	Percentage of dwellings that achieve a 6 star or greater thermal performance (measured using *NatHERS* or a similar rating tool)	**100%**	20%	No historical data - indicator introduced in 2009/2010				
	Percentage of dwellings that achieve a 4.5 star NatHERS score	**N/A**	N/A	***100%***	*91%*	*74%*	*76%*	*58%*
	Percentage of commercial buildings that are designed and constructed to achieve a five star *NABERS* energy rating	**100%**	One commercial building constructed - NABERS rating to be reported in 2010/2011	No historical 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	***100%***	*N/A*	*100% (1 out of 1)*	*N/A*	*N/A*

HOW WE PERFORMED

<table>
<tr><th>Indicator descriptor</th><th>Indicator</th><th>Target 2014/2015</th><th>Result 2009/2010</th><th>Target 2002/2003 - 2008/2009</th><th>2008/2009</th><th>2007/2008</th><th>2006/2007</th><th>2005/2006</th></tr>
<tr><td rowspan="6">Sustainable or renewable energy supply</td><td>Percentage of dwellings built by Landcom to be fitted with solar hot water systems capable of achieving a minimum of 30 Renewable Energy Certificates (REC's) or 19 REC's for dwellings of two or fewer bedrooms</td><td>100%</td><td>11%</td><td colspan="5">No historical data - indicator introduced in 2009/2010</td></tr>
<tr><td>Percentage of dwellings to be fitted with gas boosted solar hot water systems to meet at least 60% of energy requirements for the year</td><td>N/A</td><td>N/A</td><td>100%</td><td>41% (93 out of 227)</td><td>47% (224 out of 477)</td><td>18% (29 out of 160)</td><td>32% (53 out of 167)</td></tr>
<tr><td>Percentage of projects with over 500 dwellings to achieve more than 50% reduction of greenhouse emissions compared with NSW average emissions (including a minimum 5% of renewable energy)</td><td>100%</td><td>Methodology under development</td><td colspan="5">No historical data - indicator introduced in 2009/2010</td></tr>
<tr><td>Percentage of projects with over 500 dwellings to achieve more than 40% reduction of greenhouse emissions compared with base case (and including a percentage of renewable energy generation)</td><td>N/A</td><td>N/A</td><td>100%</td><td>N/A (Note 1)</td><td>N/A (Note 1)</td><td>100% (1 out of 1 project)</td><td>N/A (Note 1)</td></tr>
<tr><td>Percentage of projects with over 500 dwellings to include a minimum of 5% renewable energy supply, either onsite or offsite</td><td>100%</td><td>Methodology under development</td><td colspan="5">No historical data - indicator introduced in 2009/2010</td></tr>
<tr><td>Percentage of projects with over 500 dwellings that include a component of renewable energy generation, either onsite or offsite</td><td>N/A</td><td>N/A</td><td>100%</td><td>N/A (Note 1)</td><td>N/A (Note 1)</td><td>100% (1 out of 1 project)</td><td>N/A (Note 1)</td></tr>
</table>

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

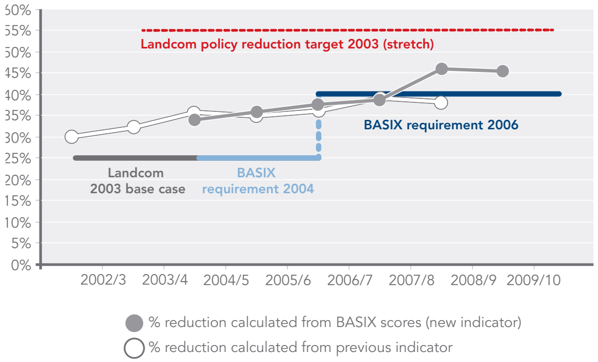
Only three of our energy indicators had results. This was because there were no buildings reported in four categories, and the measurement and reporting methodology is under development for a further two.

While our energy efficiency targets for the three reported indicators were not met, they are nevertheless well above the base case and show steady improvement from previous years. As the following graph shows, we have made relatively steady progress since 2003. Our dwellings consistently perform better than the regulatory minimum, and are currently scoring 5% above the BASIX requirement for NSW dwellings.

For 2006/2007, 79 buildings had been approved after the requirement for BASIX was introduced, and therefore had BASIX certificates. Nearly half of these (38 dwellings) were approved when the BASIX requirement was 25, and had an average score of 31. If these dwellings were excluded, the average would be well over the 2006/2007 regulatory minimum.

For 2007/2008, only a handful of dwellings predated the requirement for a score of 40. However, a relatively high proportion (104/477) were units in multi-storey buildings more than five floors high. The regulatory minimum for these dwellings remains at 20%, which these units exceeded (average score 25%).

Greenhouse gas emissions performance against base case



The graph shows the percentage reduction compared to NSW average emissions over the entire period, the changing regulatory minimum, Landcom's base case in 2002, and Landcom's current policy target. It also shows the emissions reduction calculated from the present and previous indicator.

Energy efficiency:

We did not meet our targeted 50% reduction in emissions from detached and attached dwellings. While our new projects, such as Rouse Hill and Parkbridge, reduced emissions by 50% and 49% respectively, our overall result was adversely affected by the high number of "legacy" or older projects. As to our other emissions targets, no apartments were built during the reporting period.

We are aware of the challenges entailed in setting a six star thermal performance target for homes we construct, and were therefore not surprised when only 20% of our dwellings achieved the target this year. This nevertheless represents a 30% increase from our previous indicator of 4.5 stars and we expect that over the next five years we will move steadily towards achieving our target of 100%. When our performance is assessed against our previous indicator, 74% of homes constructed achieved the 4.5 star target. This is a considerable improvement from the 20% which achieved 4.5 stars when we established this indicator in 2002. Our best performing projects were Waterford and Parkbridge. The group homes we built in partnership with Ageing, Disability and Home Care during the year also performed well, with five out of seven dwellings achieving better than a six star rating.

As mentioned previously, we have no results for our commercial buildings this year until the NABERS rating has been applied to the commercial building at Park Central. This will be reported in next year's results.

Promoting sustainable or renewable energy supply:

No results are being recorded against our renewable energy supply indicators until the methodology is finalised. We plan to use our PRECINX™ software to report this indicator, but this still needs to be confirmed through data testing.

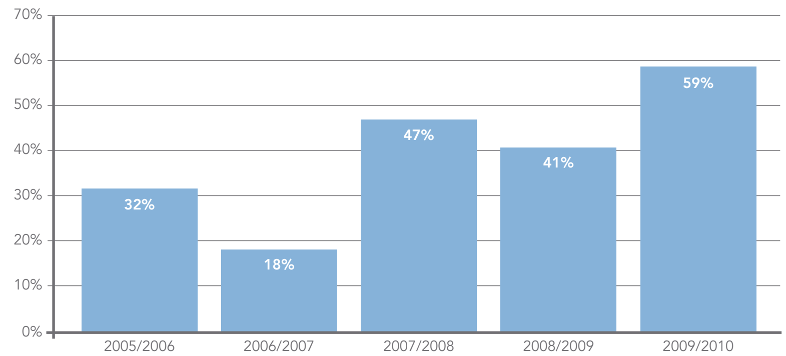
We took the decision not to report results against our target to reduce greenhouse emissions by 50% in all projects over 500 dwellings until the methodology is finalised. We propose to amend PRECINX™ to capture projects over 500 dwellings achieving a 50% reduction in greenhouse gas emissions without a 5% renewable energy contribution.

We have also decided to amend the indicator that currently requires a 5% component of renewable energy generation to include greenhouse gas reduction from any renewable energy contribution.

Only 11% of the dwellings we built were fitted with solar hot water systems capable of achieving a minimum of 30 Renewable Energy Certificates, or 19 Renewable Energy Certificates for dwellings of two or fewer bedrooms. Greenway Views achieved 100%, Park Central achieved 12%, and there were five projects with a zero result (although many had solar water heating installed).

Again, these results were expected, since we had raised the bar considerably by introducing this new performance standard. As shown in the graph below, the proportion of dwellings meeting the previous indicator (installing solar water heating) has improved significantly over time, with 59% of dwellings meeting this target over the reporting period, up from a zero result in 2002.

Percentage of Landcom dwellings with solar water heating



Environmental sustainability - **biodiversity and native vegetation management**

THE THINKING BEHIND OUR INDICATORS

Our developments occur on sites that have a range of ecological values, which in turn calls for a range of responses. In some cases, we transform rural land into urban land and must proceed with considerable care and sensitivity to do what we can to protect, conserve and, where feasible, improve the land.

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 also monitor the ecological communities we encounter by assessing the significance of native bushland, individual species and streams, and we take steps to ensure that our developments do not have a deleterious impact.

It is inevitable that clearing of native vegetation may occur as part of the development process. However, Landcom's aim is to minimise any adverse impact and compensate for it wherever possible.

We added new indicators last year. We now measure our offsets and ***BioBanking*** activity and the monetary value of works we undertake to help conserve biodiversity.

All of the results recorded this year are from relatively small samples since only a small number of our projects (two) passed through the masterplanning phase, which is the project milestone where this indicator is measured and reported.

Five-year performance summary

HOW WE PERFORMED

Indicator descriptor	Indicator	Target 2014/2015	Result 2009/2010	Target 2002/2003 - 2008/2009	2008/2009	2007/2008	2006/2007	2005/2006
Native vegetation management	Loss of "High Conservation Significance" Endangered Ecological Communities	**No loss**	0.2 ha cleared, 7.8 ha conserved	**No loss**	2.8 ha cleared, 10.1 ha conserved	Nil cleared, 4.7 ha conserved	Nil cleared, Nil conserved	29.4 ha cleared, 119.1 ha conserved
	Loss of "Moderate Conservation Significance" Endangered Ecological Communities	**No target**	0.7 ha cleared, 1.5 ha conserved	**No target**	1.9 ha cleared, 3.8 ha conserved	5.7 ha cleared, Nil conserved	5.6 ha cleared, Nil conserved	59.1 ha cleared, 16.4 ha conserved
	Loss of "Low Conservation Significance" Endangered Ecological Communities	**No target**	4.2 ha cleared , 4.2 ha conserved	**No target**	1.7 ha cleared, 2.8 ha conserved	13.9 ha cleared, 13.8 ha conserved	Nil cleared, Nil conserved	65.4 ha cleared, 18.6 ha conserved
	Area of Endangered Ecological Communities replanted (including Endangered Ecological Communities/Threatened species/*Remnant vegetation*)	**No target**	8.7 ha	No historical data - indicator introduced in 2009/2010				
	Area of Endangered Ecological Communities replanted	**N/A**	N/A	***No target***	*17.4 ha*	*10.3 ha*	*Nil*	*29.1 ha*
	Area zoned for environmental protection or conservation	**No target**	6.3 ha	**No target**	8.0 ha	8.8 ha	Nil	116.1 ha
	Percentage of projects where Endangered Ecological Communities or threatened species are found are to have an appropriate Vegetation Management Plan (VMP)	**100%**	100%	**100%**	100%	100%	N/A	100%
	Loss of native vegetation as potential habitat for threatened species (Note 1)	**No target**	7.0 ha cleared, 10.0 ha replanted	**No target**	14.1 ha cleared, 16.7 ha conserved	19.6 ha cleared, 18.1 ha conserved	Nil cleared, Nil conserved	201.1 ha cleared, 179.5 ha conserved
	Areas of vegetation communities (Endangered Ecological Communities / Threatened species/Remnant vegetation) receiving onsite conservation in perpetuity	**No target**	None recorded	No historical data - indicator introduced in 2009/2010				
	Areas of vegetation communities (Endangered Ecological Communities / Threatened species/Remnant vegetation) receiving offsite conservation in perpetuity	**No target**	None recorded	No historical data - indicator introduced in 2009/2010				
	Value of conservation contribution (including BioBanking offset onsite and offsite, and works associated with VMP)	**No target**	$903,340	No historical data - indicator introduced in 2009/2010				

Note 1: "Habitat" includes Endangered Ecological Communities where habitat is suitable for threatened species.

Each of our two projects at masterplan stage (Caddens and Elizabeth Hills) had appropriate *Vegetation Management Plans*.

Our target of avoiding the loss of any ***Endangered Ecological Communities*** was not met – but only to a minor degree. There was a marginal loss of 0.2 hectares out of the total 7.8 hectares at Caddens and Elizabeth Hills with ***high conservation significance*** Endangered Ecological Communities.

The small area of high conservation significance vegetation to be cleared at Elizabeth Hills is Swamp Sclerophyll Forest. This will be replaced with the replanting of 6.4 hectares of plant species that reflect the Endangered Ecological Communities that we are removing.

Landcom aims to avoid or minimise the removal of Endangered Ecological Communities with Moderate or low conservation significance.

At Caddens, 0.7 hectares of vegetation with ***moderate conservation significance*** will be cleared. Further, 4.2 hectares of Endangered Ecological Communities of ***low conservation significance*** will be cleared, (3.1 hectares at Elizabeth Hills and 1.1 hectares at Caddens).

Landcom will replant a total of 8.7 hectares across both sites with the plant species that reflect the Endangered Ecological Communities we are removing.

While there is no target, there is a loss of seven hectares of ***threatened species*** habitat (such as habitat for the Cumberland Land Snail and the Grey-headed Flying Fox) at Caddens and Elizabeth Hills. This will be offset by revegetation of 10 hectares across both projects. There is also onsite conservation at Caddens.

Contributions towards conservation works at all these projects total $903,340 (excluding land value). This will be used for the implementation of the works associated with the Vegetation Management Plan at Caddens.

Environmental sustainability - 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 waterbodies that maintain significant aquatic habitat, and to conserve a riparian zone of between 20 and 40 metres and a vegetated buffer of 10 metres for ***first, second and third order streams***.

HOW WE PERFORMED

Indicator descriptor	Indicator	Target 2014/2015	Result 2009/2010	Target 2002/2003 - 2008/2009	2008/2009	2007/2008	2006/2007	2005/2006
Riparian corridor management	Loss of riparian corridors for third order streams	**No loss**	325m loss, 775m gain	No historical data - indicator introduced in 2009/2010				
	Loss of riparian corridors for Category 1 - high significance streams	**N/A**	N/A	***No loss***	*No Category 1 recorded*	*Nil*	*N/A*	*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; includes estuaries, wetlands and any parts of rivers influenced by tidal waters	**100%**	100%	No historical 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	***100%***	*No Category 1 recorded*	*N/A*	*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%**	None recorded	No historical 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	***100%***	*No Category 2 recorded*	*N/A*	*100%*	*100%*
	Length of in-stream breaks resulting from Landcom's design for third order streams	**No breaks**	None recorded	No historical 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	***No breaks***	*No Category 1 recorded*	*0m*	*N/A*	*N/A*
	Length of in-stream breaks resulting from Landcom's design for second order streams	**No target**	None recorded	No historical 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	***No target***	*No Category 2 recorded*	*N/A*	*Nil*	*Nil*

Five-year performance summary

HOW WE PERFORMED

Indicator descriptor	Indicator	Target 2014/2015	Result 2009/2010	Target 2002/2003 - 2008/2009	2008/2009	2007/2008	2006/2007	2005/2006
Riparian corridor management *continued*	Conservation of 10m for any first order watercourses where there is a defined channel and where water flows intermittently	**100%**	None recorded	No historical data - indicator introduced in 2009/2010				
	5-10m setback from top of bank for Category 3 - low significance streams	**N/A**	N/A	***100%***	*100%*	*100%*	*N/A*	*100%*
	Length of in-stream breaks resulting from Landcom's design for first order streams	**No target**	Four first order watercourses infilled for development	No historical data - indicator introduced in 2009/2010				
	Length of in-stream breaks resulting from Landcom's design for Category 3 – low significance streams	**N/A**	N/A	***No target***	*Nil*	*Nil*	*N/A*	*460m piping*
	Provide appropriate Riparian Corridor Management Plans 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**	6.3 ha	No historical data - indicator introduced in 2009/2010				
	Area to be zoned for environmental conservation	**N/A**	N/A	***No target***	*Nil*	*8.8 ha*	*Nil*	*Nil*
	Ramsar wetlands or other significant or listed water bodies affected by Landcom's activities	**No target**	None recorded	**No target**	1	1	Nil	Nil

We did not manage to avoid the loss of third order riparian corridors, and experienced a total loss estimated at 325 sqm.

However, the loss of ponds and basins from the dams in Caddens (260 sqm) and third order streams at Elizabeth Hills (65 sqm) will be offset by new ponds and basins in both projects measuring a total of 746 sqm. This represents an overall net gain across both projects and hence no net loss was recorded.

We met our riparian zone and vegetation buffer targets.

A 40 metre riparian zone will be maintained at Caddens and Elizabeth Hills, our two projects with third order streams, and a 20 metre corridor will be maintained for these sites' core riparian zones' second order streams. No core riparian zone was recorded for first order streams in our projects this year.

There were no recorded in-stream breaks from Landcom's design for third order streams, or for the two projects containing second order streams.

At Elizabeth Hills, four first order watercourses will be in-filled for development as a result of Landcom's design, where all dams are to be removed as a condition of development consent. There is to be no reconstruction of the drainage line in these areas, as the Department of Natural Resources has advised that this drainage line does not meet the classification of a watercourse and is, therefore, not subject to the Department of Water and Energy's rehabilitation requirements.

There are also 6.3 hectares of riparian land at Caddens protected by an environmental protection zoning, and the riparian corridor and open space will be dedicated to Council at Elizabeth Hills.

Both projects at masterplan stage this year have appropriate ***riparian corridor management plans*** in place, and the area of land at Caddens which will comprise the conservation area is subject to a Vegetation Management Plan.

No ***Ramsar*** wetlands are affected by the Landcom projects being reported this year.

Environmental sustainability - 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 urban outcomes. The tools we use to achieve this are the *Landcom Guidelines*, which advise how to achieve an optimum outcome in terms of the quality and sustainability of home and neighbourhood designs.

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

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

Last year, we increased the ratings associated with thermal performance and water conservation appliances to push beyond industry best practice.

HOW WE PERFORMED

Indicator descriptor	Indicator	Target 2014/2015	Result 2009/2010	Target 2002/2003 - 2008/2009	2008/2009	2007/2008	2006/2007	2005/2006
Influencing design	Number of projects where Landcom influences the builders' product by specifying design criteria	No target	9 of 9 projects	No target	6 of 6 projects	8 of 8 projects	3 of 4 projects	6 of 7 projects
	Percentage of lots delivered where the builders' designs were influenced by Landcom through design guidelines	No target	100%	No target	100%	94%	98%	74%
	Percentage (and number) of projects where the Landcom Guidelines were used to influence urban outcomes	100%	56% 5 of 9 projects	No historical 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. six star thermal performance); c) water conservation measures (i.e. four star rated taps, shower roses, fittings and fixtures, toilets); d) household recycling facilities.	100%	93%	No historical 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); - water conservation measures (i.e. AAA-rated shower roses, 3/6-litre flush toilets); - waste minimisation and ongoing recycling facilities. This was then superceded by BASIX, so data collection was no longer required.				

We did not meet our target of all projects using the Guidelines. This is because, of the nine projects at the precinct delivery phase this year, half pre-dated the Guidelines. Where new precincts have been developed, most notably at Ashton Park and Oran Park, the Landcom Guidelines were incorporated in street designs, street tree design and corner lots.

With regard to sustainable design criteria in solar, energy, water and recycling, 93% of Landcom lots with design guidelines that completed civil works during the reporting period, included at least two of these.

However sustainable design criteria were not included at our two Newcastle projects, Ashton Grove and Koala Bay. Steps are being taken to deliver an improved result next year. This includes introducing a refresher course on sustainability within the organisation and enhancements to existing communication and information systems, which should improve knowledge about sustainability requirements generally.

For projects where we only sell land, we can normally only influence the form by encouraging the use of our design guidelines. This year there were nine projects where Landcom influenced builders' product by specifying design criteria, including Ashton Grove, Garden Gates, Koala Bay, Oran Park, Sanctuary and The Ponds. Of the 925 lots within these projects, all contracts required the purchaser to build according to the project's design guidelines.

Environmental sustainability - 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 reuse and recycling practices to second and third parties such as 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 civil 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. This is not so in the cases where the relationships we have established are strong. However, where builders are unfamiliar with our requirements, or where the project delivery relationship is through a developer and there is no straight reporting line between ourselves and the builder, exerting influence becomes more difficult.

Last year we maintained our targets of 95% recycling of waste through civil contracting works, but increased the target for builders from 76% to 95%.

HOW WE PERFORMED

Indicator descriptor	Indicator	Target 2014/2015	Result 2009/2010	Target 2002/2003 - 2008/2009	2008/2009	2007/2008	2006/2007	2005/2006
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%	94%	95%	99%	100%	99%	98%
	Percentage of recovery (reuse and recycle) of total construction and demolition waste materials generated from building construction projects delivered in the reporting year	95%	No result	76%	No data	No data	No data	No data

Neither of our waste indicator targets were met. However, we were very close to meeting our target for civil contracting work, where 94% of materials were recycled or reused on site. Our builders' target recorded a nil result this year because no *Environmental Management Plan* report cards were submitted to Landcom by the builders concerned.

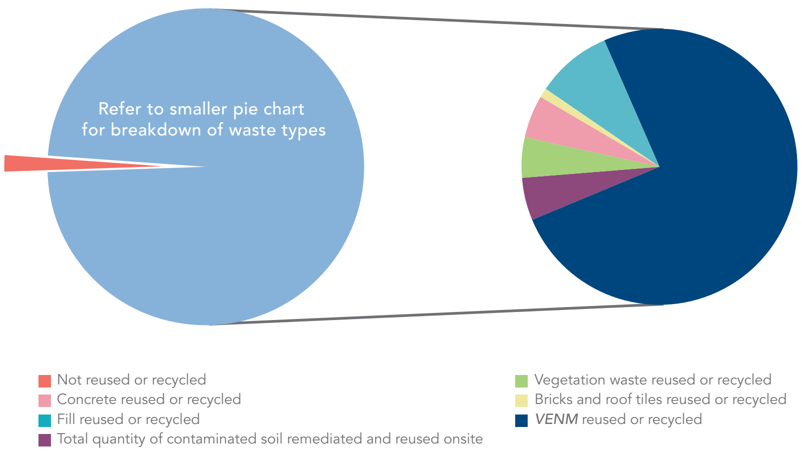
The reasons for this are varied. Our active projects this year included only two builder contracts during the reporting period (i.e. for Redgum in St Marys and Waterford in Bankstown). The latter's contract was signed in 2003 at around the same time as the requirement was first introduced. The contract did not require the builder to submit an Environmental Management Plan report card. The builder contract for Redgum, which was signed in 2006, did include the requirement, but compliance has been poor. Efforts are being made to improve compliance and obtain Environmental Management Plan report cards.

The other contracts executed by Landcom with builders during the reporting period are those undertaken on behalf of Ageing, Disability and Home Care for group homes, which, to date, have not included the requirement for an Environmental Management Plan report card. This is a new and evolving relationship and we spent the year constructing protocols for this work. The requirement for an Environmental Management Plan report card has now been included in future contracts.

For the remaining projects with built form such as Parkbridge and Macarthur Gardens, the builder contracts are with our project partners, (Mirvac and Stockland respectively), making it difficult for us to influence the builders. For projects with display villages, such as Oran Park, Landcom controlled the contract to sell the land, but is not responsible for constructing homes.

Reporting against the targets we have established for this indicator has been an historical problem. We may need to review our indicator and re-assess its materiality to our business. If it is indeed material, we will then need to work harder at monitoring non-performance to encourage behavioural change and, ultimately, compliance in our supply chain.

Civil works waste performance and resulting materials recycled



Social sustainability

THE THINKING BEHIND OUR INDICATORS

Over the past five years, Landcom has developed a leadership position in social planning for new developments. We have a well developed understanding of the relationship between land use planning/design and community well being. We have now integrated new social planning processes into our business practices, and these are reflected in our second generation of indicators.

Our original indicators concentrated on the specific programs we have implemented in our developments, such as the Welcome Program, which helps build a sense of community. However, measuring individual programs only gives us a limited understanding of how we are influencing projects overall.

Our second generation indicators now measure both the social sustainability due diligence and the social strategic planning that we undertake at the masterplan stage. This work helps us identify social risks and opportunities to help us 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 Landcom practice in all new projects, we now 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.

In developing our new indicators, we recognised that simply providing information on the community facilities we create in our projects only gave a crude indication of our contribution. A better reflection of our contribution will come from a new indicator that measures 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 and home affordability has undergone radical change since we first began reporting against this indicator in 2003. In response, last year we added a relative affordability indicator. By taking into account the percentage of Landcom housing sold at or below the average sales price for new housing in a defined local area, we can more accurately assess our impact relative to current market conditions.

Also, we were conscious that the way we were reporting our ***moderate income housing*** results failed to capture all of our activities in this area. We now count houses sold to community housing providers which will be rented long term to moderate income households. We also updated our moderate income methodology by increasing loan repayment terms from 25 to 30 years to reflect industry standard.

HOW WE PERFORMED

Indicator descriptor	Indicator	Target 2014/2015	Result 2009/2010	Target 2002/2003 - 2008/2009	2008/2009	2007/2008	2006/2007	2005/2006
Social sustainability due diligence	Percentage of new projects that have social sustainability due diligence completed prior to masterplan approval	100%	100%	No historical data - indicator introduced in 2009/2010				
Strategic Social Plan	Percentage of new projects that have a Strategic Social Plan completed prior to masterplan completion	100%	100%	No historical data - indicator introduced in 2009/2010				
Ageing in place	All projects to provide a suitable portion of Universal Housing product	100%	No result	No historical data - indicator introduced in 2009/2010				
	All residential display villages to contain at least one Universal House	100%	No result	No historical data - indicator introduced in 2009/2010				
Moderate Income Housing	Percentage of total yield that is sold for the purposes of providing Moderate Income Housing, as defined	7.5%	11.9%	7.5%	0.7%	2.0%	5.1%	6.2%
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	No historical data - indicator introduced in 2009/2010				
Community facilities	Primary schools	No target	2	No target	Nil	2	1	Nil
	High schools	No target	1					
	Passive open space	No target	26.6 ha	No target	10.9 ha	16.3 ha	18.2 ha	8.7 ha
	Active open space	No target	6.7 ha	No target	3.4 ha	Nil	7.2 ha	Nil
	Recreation centres and court areas	No target	0	No historical data - indicator introduced in 2009/2010				
	Community centres	No target	0	No target	9	3	2	Nil
	Children's playgrounds	No target	5	No target	4	7	6	3
	Financial value of community facilities provided	No target	$9,583,000	No historical data - indicator introduced in 2009/2010				
Sustainable community programs	Percentage of projects over 200 lots with community development programs (including Welcome Program)	100%	93%	No historical 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	*100%*	*61%*	*51%*	*69%*	*64%*
	Percentage of projects with structured sustainable living education programs in place	100%	73%	100%	40%	27%	Nil	Nil
	Financial value of community programs (including, for example, Welcome Program, Walking School Bus and education programs)	No target	$683,980	No historical data - indicator introduced in 2009/2010				
Community sponsorship	Financial value of community support and sponsorship	No target	$79,164	No historical 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%	N/A	N/A	N/A
Conservation of non-indigenous heritage	Percentage of projects with heritage listed items and places that have a Conservation Management Plan prepared	100%	No result	100%	100%	N/A	100%	100%

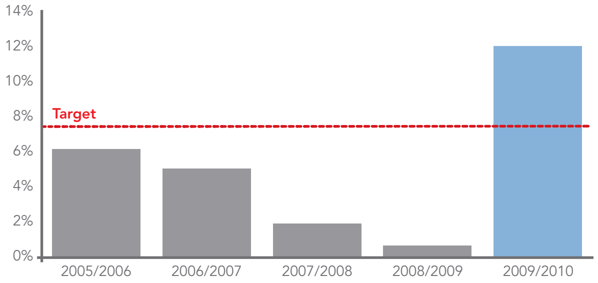
Five-year performance summary

Two projects had a social sustainability due diligence report and strategic social plan (or equivalent[1]) completed before masterplan approval during the reporting period.

Only one project at precinct delivery phase included a display village, but the plans for this village were approved prior to this indicator coming into effect. Therefore, no result was recorded in terms of including universal housing in a display village.

Our Eco-Home display village at The Ponds will include universal housing and is expected to be reported in 2010/2011.

Percentage of total yield sold for the purposes of providing Moderate Income Housing

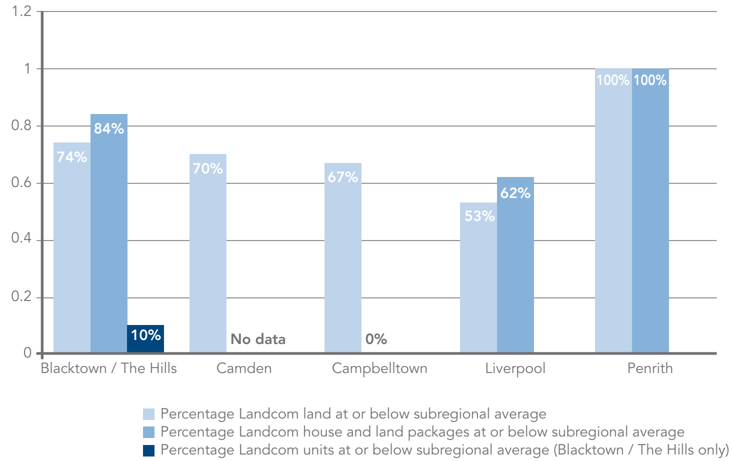


For our Moderate Income Housing indicator, 11.9% (or 142 lots and/or dwellings) of Landcom product (at Oran Park, Parkbridge, Park Central, Greenway Views, Garden Gates, Sanctuary, Ashton Grove and Koala Bay) were sold at prices that fell within this year's range. Most were standard houses and some were a result of lot diversity design.

The percentage of Landcom's land and house and land packages at or lower than the average retail price in the defined areas where Landcom operates is shown in the graph below[2].

The 10% result in the Blacktown/The Hills sub region comprises apartments at the Rouse Hill Town Centre, where the high amenity at this particular location has led to higher than average prices being achieved relative to the rest of this submarket. The zero result for house and land packages within the Campbelltown sub region reflects a similar set of circumstances, where the price of homes at our Park Central and Macarthur Gardens projects was also influenced by their very close proximity to Macarthur Square. There were no house and land packages offered for sale in Camden during the reporting period.

Relative affordability by sub-region



Of our projects this year over 200 lots, 93% had community development programs in place[3], while 73% had a structured sustainable living education program in place. Examples of sustainable education programs include the Walking School Bus at The Ponds (where groups of children walk to school, making stops along the way to collect others) and the seminars, workshops and demonstrations provided by the Macarthur Sustainable Living Centre for Garden Gates. Community programs at Parkbridge also offered social sustainability activities to the residents within this project.

Land for the development of two primary schools and one high school was designated and/or sold to the Department of Education and Training. Other community facilities developed during the reporting period include 27 hectares of passive open space, seven hectares of active open space and five playgrounds. The capital value of the construction of open space and community facilities was $9,583,000 (excluding land value), while the value of community programs was $683,980. The value of community support and sponsorship was $79,164.

The one project with significant indigenous heritage issues and heritage listed items and places had a *Conservation Management Plan* in place at masterplan stage. The other project's heritage items are under final investigation and will be reported in future years if needed.

1 At Caddens, the project needed to demonstrate that social sustainability strategies were in place to get an approval from Penrith City Council and therefore an affordable housing, community infrastructure, social services, open space and recreation needs study was completed. The Council's blueprint also required the project to address such issues as employment opportunities, affordable housing and open space before the masterplan was approved.

2 Data is from July 2009 - March 2010.

3 Koala Bay was the only exception.

Governance

THE THINKING BEHIND OUR INDICATORS

We have a range of policies and guidelines in place to govern our sustainability practices. These include our Environmental Management System which establishes the procedures that must be followed on all our projects, our *Occupation Health & Safety (OH&S)* program that promotes and ensures the safety of employees and contractors, and our performance management system that monitors staff performance and facilitates career development across the organisation.

We include requirements in all our contracts relating to this governance framework, and expect those who work with Landcom to meet these contract conditions through self audits. Since we do not directly manage all of the projects on our sites, we opted to take this approach to promote appropriate behaviour and transfer risk to those who are actually managing the risk.

A non compliance target of zero (or 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.

Our Environmental Management System was recertified to AS/NZS ISO 14001:2004. This gives us the confidence that the systems and processes we have in place are working successfully and environmental risks are being managed effectively. However, inconsistent levels of reporting and compliance against some of these indicators are of concern. Sub-optimal results against some of the indicators can be explained by the need to iron out difficulties in the new business practices and processes associated with our second generation indicators. We will also continue to educate our staff on the importance of this indicator set.

HOW WE PERFORMED

Indicator descriptor	Indicator	Target 2014/2015	Result 2009/2010	Target 2002/2003 - 2008/2009	2008/2009	2007/2008	2006/2007	2005/2006
Governance	Number and percentage of civil works contractors that have environmental audits carried out in accordance with contract requirements	100%	8 of 24 contracts (33%)	No historical data - indicator introduced in 2009/2010				
	Number and percentage of builder contractors that have environmental audits carried out in accordance with contract requirements	100%	No result	No historical data - indicator introduced in 2009/2010				
	Number and percentage of civil works contractors that have OH&S audits carried out in accordance with contract requirements	100%	8 of 24 contracts (33%)	No historical data - indicator introduced in 2009/2010				
	Number and percentage of builder contractors that have OH&S audits carried out in accordance with contract requirements	100%	0 of 23 contractors (0%)	No historical data - indicator introduced in 2009/2010				
	Number and percentage of civil contractors issued with an immediate action rectification based on findings of either environmental or OH&S audits	Zero	8 of 16 contractors (50%)	No historical data - indicator introduced in 2009/2010				
	Number and percentage of builder contractors issued with an immediate action rectification based on findings of either environmental or OH&S audits	Zero	No result	No historical data - indicator introduced in 2009/2010				
	Number of immediate action rectifications issued during the reporting period	Zero	65	No historical data - indicator introduced in 2009/2010				
	Description of repeating offences and repeating non-compliances with immediate rectification requests	No target	Refer to governance section	No historical data - indicator introduced in 2009/2010				

Only eight out of 24 contractors (or 33% of contracts let) carried out environmental and OH&S audits in accordance with contract conditions. The self-auditing requirement is relatively new and because it is a new indicator, internal audits carried out by the contractors themselves were accepted for this reporting period. However, now that both contractors and Landcom staff are familiar with this contract requirement, we will take steps to enforce it rigorously in 2010/2011.

No builder contracts carried out environmental or OH&S audits during the reporting period. Our active projects include only two builder contracts (i.e. for our Redgum and Waterford projects). Waterford's contract was signed in 2003 and Redgum's was signed in 2006, which means neither contained the requirement for environmental audits when they were originally executed.

The remaining contracts we have with builders are for the Ageing, Disability and Home Care group homes. The requirement for an Environmental Management Plan audit was not included in the contracts let so far. As previously mentioned, this is a new and evolving relationship, and we spent the year developing management protocols. The requirement for an Environmental Management Plan self-audit has now been included in future contracts. OH&S self-audits were included in the contracts, but none were completed by an external auditor. However, Landcom has weekly safety notes and inspections from each of the group home builders.

For those projects with display villages during the reporting period (Oran Park), Landcom was only involved in the sale of land, and not construction of the homes.

For our other projects with built form being reported this year, the builder contract is with the Project Delivery Agreement partner (e.g. Australand for The Ponds Stage 1, Lend Lease for The New Rouse Hill) and we do not have the ability to ensure that Environmental Management Plan or OH&S self-audits are received. While we can request them, we cannot require the builder to provide them to us.

Our overall objective here is to influence the behaviour of our supply chain and make improvements in supply chain practices. However, we are having difficulty in collecting data and obtaining results for this indicator set. This is complicated by the fact that there are already a number of other authorities monitoring the industry. Our current methodology may not be the most appropriate approach, and we will review the indicator and consider how to improve compliance when reporting for 2010/2011.

Through the environmental and OH&S self-auditing process, eight of 16 civil contractors received immediate action rectification requests. Of these 8, there were 64 instances where the civil contractors were given immediate action rectifications based on findings from either the environmental or the OH&S audit. The actions identified mainly related to erosion and sediment management and environmental procedures and records. Landcom's internal auditors also audited contracts that have been in place prior to this new indicator, and all results were above Landcom's minimum required performance of 75%, with one project (Parkbridge) receiving a 100% result for the second year in a row.

Because no data were available, we were unable to record a result for the number of builder contractors issued with an immediate action rectification based on findings of either environmental or OH&S audits.

One penalty notice was received by a civil works contractor from a regulatory authority (Department of Environment, Climate Change and Water). This followed an incident where a Landcom civil works contractor tracked mud onto residential roads. Corrective action was taken by installing a truck washing and pressure cleaning system and laying a bitumen surface from the truck-wash to the boundary of the site. This incident occurred in late June 2009, which is outside the reporting period. However, it wasn't resolved before the last year's (2008/2009) sustainability report went to print, so is being reported this year. In future, we will reinstate Landcom's original indicator, being 'Projects that achieved full regulatory compliance with *Protection of Environment Operation Act 1997* & environment, OH&S and planning legislation' to ensure reporting of any authority notifications we receive.

No repeat offences or repeat non-compliances with immediate rectification requests were received from a regulatory authority in this reporting period.

Demonstration projects

THE THINKING BEHIND OUR INDICATORS

One of our major objectives is to demonstrate sustainability and good design in our projects. We do this in a variety of ways, one of which is to develop and demonstrate innovations in one of our projects and then roll these "road tested" innovations out more broadly across suitable projects.

We report on our demonstration projects. While this indicator has no target, the results for the reporting period are listed in the table below.

HOW WE PERFORMED

Indicator descriptor	Indicator	Target 2014/2015	Result 2009/2010	Target 2002/2003 - 2008/2009	2008/2009	2007/2008	2006/2007	2005/2006
Demonstration projects	Description of leadership and innovation across the organisation (including Development, Policy, and Corporate initiatives)	No target	Refer to demonstration projects section	No historical data - indicator introduced in 2009/2010				

Minto	Roll out of mixed-tenure redevelopment of a former public housing estate. Project builders are building 70/30 private/public housing. Public housing was previously the sole responsibility of Housing NSW.
Park Central	Worked with Campbelltown Council to strata-subdivide studios to provide a new product that is more affordable and fits with a housing diversity strategy, and eight studios have been sold in the past year.
The Ponds	Masterplanning for an Eco-Homes display village, including three display homes demonstrating energy and water efficiency and alternatives. The homes will also be built to comply with our Universal Housing Guidelines. One house will demonstrate waste efficiency and alternatives.

Sustainable supply chain

THE THINKING BEHIND OUR INDICATORS

Apart from the project delivery agreement indicator, these sustainable supply chain indicators are an entirely new set, introduced last year with the aim of effecting change beyond our own business. We believe we have the ability to influence the activities of others, and these indicators are designed to measure that influence.

Given that these are the first set of results and the targets we set ourselves were ambitious, it is no surprise that we had difficulty achieving them this year. While we are encouraged by our initial results, we acknowledge that in taking our first steps toward measuring the sustainability of our supply chain, we have a way to go to improve data collection and the way we calculate the results. We will need to develop a better methodology for capturing some of these data in future years.

This year, we relied on the retrospective collection of multiple data entry points, leading, we suspect, to a degree of under reporting. We will need to look at a way to centralise this data capture to allow for more efficient and accurate calculations in future years.

Five-year performance summary

HOW WE PERFORMED

Indicator descriptor	Indicator	Target 2014/2015	Result 2009/2010	Target 2002/2003 - 2008/2009	2008/2009	2007/2008	2006/2007	2005/2006
Project sustainable supply chain	Number of project managers, civil works and landscaping providers prequalified by Landcom	No target	59	No historical data - indicator introduced in 2009/2010				
	Percentage of project managers, civil works and landscaping contracts let sourced from Landcom's prequalified list	100%	61%	No historical data - indicator introduced in 2009/2010				
	Number and percentage of construction contracts tendered that included selection criteria relating to sustainability innovation through sustainable materials, design and/or practices	100%	9 of 23 contractors (39%)	No historical data - indicator introduced in 2009/2010				
	Number and percentage of construction contracts let during the period that include sustainable materials, design and/or practices	100%	9 of 23 contractors (39%)	No historical data - indicator introduced in 2009/2010				
	Number and description of development partnerships Landcom entered into during the year that included sustainability requirements	No target	100% Refer to sustainable supply chain section	No historical data - indicator introduced in 2009/2010				
	Number and percentage of public space design contracts tendered during the period that included selection criteria relating to sustainability innovation through sustainable materials, design and/or practices	100%	3 of 13 contractors (23%)	No historical data - indicator introduced in 2009/2010				
	Number and percentage of public space design contracts let during the period that include sustainable materials, design and/or practices	100%	3 of 13 contractors (23%)	No historical data - indicator introduced in 2009/2010				

This was our first year of reporting against this indicator and we did not meet our target of ensuring all contractors were on our prequalified list. Landcom currently has 59 prequalified project managers, civil workers and landscapers and, of these contracts 61% were from our prequalified list. We will review our business processes with a view to improve on this result in future years.

Only 39% of the civil works contracts we let specifically included sustainable design and materials, such as recycling soil and vegetation onsite or exceeding requirements for water quality and biodiversity, while 23% of landscaping works contracts included specific sustainable design and materials such as native vegetation use and mulch reuse.

We did, however, achieve our target of ensuring that our development partnerships include sustainability requirements. Our project delivery agreement for the University of Western Sydney, Campbelltown included energy, water and social sustainability targets.

Corporate results

Corporate results - environmental sustainability

THE THINKING BEHIND OUR INDICATORS

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

The Government has issued sustainability guidelines with which all its agencies must comply. While our small size and legal structure (a State-owned corporation) means we fall below the compliance threshold for these guidelines, we have voluntarily chosen to meet these requirements and have formalised this commitment by incorporating them into our targets 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 there is no separate metering. However, we plan to move premises within the next few years 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.

Five-year performance summary

HOW WE PERFORMED

Indicator descriptor	Indicator	Target 2014/2015	Result 2009/2010	Target 2002/2003 - 2008/2009	2008/2009	2007/2008	2006/2007	2005/2006
Water conservation	Reduce potable water consumption by 15% by 2010/2011	**Baseline to be determined**	N/A	No historical data - indicator introduced in 2009/2010				
Energy conservation	Corporate fleet environmental performance score of 13.5/20 or greater	**13.5**	14.2	**12**	13	13	13	12
	Carbon neutral operations for our offices	**100% of greenhouse gas emissions offset**	Baseline to be determined	No historical data - indicator introduced in 2009/2010				
	Reduce greenhouse gas emissions from fleet by 20% based on 2004/2005 emissions	**42.0 tCO_2e**	29.2 tCO_2e	No historical data - indicator introduced in 2009/2010				
	Greenhouse gas emissions generated through vehicle fleet	**N/A**	N/A	***No target***	*43 tCO_2e*	*42 tCO_2e*	*51 tCO_2e*	*53 tCO_2e*
	Reduce reliance on offsets to achieve carbon neutrality	**No target**	Baseline to be determined	No historical data - indicator introduced in 2009/2010				
	Purchase 100% GreenPower for office use	**Units of 100% GreenPower purchased**	100%	**No target**	100%	100%	100%	89%
	Reduce corporate total energy consumption by 1% annually based on the previous year's energy consumption	**1% less energy consumption than previous year**	13.0 GJ per employee	No historical data - indicator introduced in 2009/2010				
	Greenhouse gas emissions generated from electricity consumption	**N/A**	N/A	***No target***	*465 tCO_2e*	*434 tCO_2e*	*439 tCO_2e*	*519 tCO_2e*
Waste	Used toner cartridges recycled	**100%**	198 of 198 cartridges recycled (100%) (Note 1)	No historical data - indicator introduced in 2009/2010. Landcom has intermittently reported this in previous years. This year is the first in which it is reported as an official indicator.				
	Volume of co-mingled recycling	**No target**	0.4 tonnes	**No target**	0.4 tonnes	0.4 tonnes	0.2 tonnes	No data

HOW WE PERFORMED

Indicator descriptor	Indicator	Target 2014/2015	Result 2009/2010	Target 2002/2003 - 2008/2009	2008/2009	2007/2008	2006/2007	2005/2006
Waste *(continued)*	Retired computers and monitors reused or recycled	100%	20 computers and monitors recycled (100%)	No target	23 monitors sent to landfill	20 computers and 38 monitors reused, 11 monitors sent to landfill	No data	No data
	Paper and cardboard recycled	No target	12.5 tonnes	No target	7.9 tonnes	4.1 tonnes	4.4 tonnes	13.0 tonnes
Sustainable supply chain	Number and percentage of new contracts relating to corporate activities that include sustainable innovation in the contract	No target	0 of 2 contracts (0%)	No historical data - indicator introduced in 2009/2010				
	4.5 star NABERS ratings for head office and regional offices	100%	No ratings undertaken	No historical data - indicator introduced in 2009/2010				
	A4/A3 paper purchased with recycled content	100%	99% 4,396 of 4,441 A4 equivalent reams	No historical data - indicator introduced in 2009/2010				
	Paper purchased with recycled content (measured in reams of 500 sheets)	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*	*A4 - 2,300 reams, A3 - 116 reams*
	Other products purchased containing recycled content or contributing to improved sustainability outcome	No target	Landcom purchased new record files that were carbon neutral and made from 100% recycled material	No historical data - indicator introduced in 2009/2010				
			929 - A4 equivalent reams of materials produced were printed on paper with recycled content	No historical data - indicator introduced in 2009/2010				
	Purchase of minimum five star MEPS and WELS appliances	100%	1 x four star dishwasher	No historical data - indicator introduced in 2009/2010				

Note 1: The number of cartridges used is estimated based on the number of cartridges recycled.

Five-year performance summary

Water:

Our corporate water target to reduce potable water consumption by 15% by 2010/2011 is in line with the NSW Government's sustainability strategy. Our current tenancy arrangements and lack of access to separate metering prevent us from monitoring our performance against a baseline.

Energy and greenhouse gas emissions:

The most significant emissions for Landcom are Scope 3 emissions, which as detailed earlier in the report, we try to address through our broader energy and sustainability supply chain indicators.

Our electricity usage increased this year because of the increase in the number of contractors we recruited to deliver homes for Housing NSW as part of the Government's stimulus package. This expanded workforce meant we took over another office floor in our building. In addition, given the nature of this project, the contractors that were employed needed to work irregular hours, which in simple terms meant that the lights were on for much of the time.

Since contractor numbers fluctuated during the year and their electricity consumption was indistinguishable from that of full-time employees, it was difficult to normalise consumption for the average number of employees over the year. For the purposes of calculating averages, we have used a staff total of 159 people, which includes the contractors temporarily accommodated in our offices throughout the reporting period.

Fleet:

In accordance with the NSW Government's sustainability policy, all Landcom's vehicles are required to meet an average annual *Vehicle Environmental Performance Score* target. This is calculated using a vehicle scoring system adopted for the NSW Clean Car benchmarks, which rates vehicle impacts in terms of greenhouse gas emissions and air quality. The targets for passenger and light commercial vehicles are 13.5/20 and 9.0/20 respectively by the target date of 30 June 2011. At 30 June 2009 the fleet scores were 12.4/20 for passenger vehicles and 8.7/20 for light commercial vehicles. As at 30 June 2010, our average passenger car environmental performance score was 14.2/20 and the average light vehicle environmental performance score was 8.5/20.

Our total fleet greenhouse gas emissions were 29.2 CO_2e tonnes. This represents a considerable improvement on the 2004/2005 greenhouse gas emissions from our fleet, which were 52.0 CO_2e tonnes. This is due to fleet improvements through greater fuel efficiency and purchase of new, more fuel efficient vehicles.

Carbon neutrality:

A corporate ***carbon neutral*** operations indicator for Landcom is being developed, as is another new indicator to reduce our reliance on offsets. The outcome will be a carbon framework to account for, and offset, our greenhouse gas emissions, which we believe will be a considerable step towards achieving carbon neutrality.

Electricity:

All the 574,025 kWh of electricity purchased and consumed by our head and regional offices during the reporting period was *GreenPower*. This equates to zero carbon emissions for electricity consumption for the year. We offset 31.1 tonnes of our fleet greenhouse emissions through Green Fleet.

Since the reduction of total corporate energy use by 1% annually based on the previous year's consumption is a new indicator, no result was recorded. The total corporate energy consumption for 2009/2010 was 13.0 GJ per employee.

Waste:

99% of paper purchased for our office operations during the year contained 60% and 80% recycled content. We recycled 12.5 tonnes of office paper. This includes paper purchased, mailed to, and imported into Landcom.

It is worth noting that our paper recycling contractor calculates our paper recycling weight by using a proxy weight per full rubbish bin, and not by measuring the actual paper weight in the bin. Due to the frequency of pickups, many bins, especially those in our smaller offices, may not be full, leading to a likely overestimation of our paper recycling. This means that a target of 100% paper recycling may not represent accurate or indicative information on how well we recycle and discard paper. A more meaningful measure is to report on the number of reams of paper purchased per staff member, with the aim to reduce this over time. This year, our paper purchased equated to 28 A4 equivalent reams per person.

All 198 used toner cartridges, all retired computers and monitors and 0.4 tonnes of co-mingled bottles and cans were recycled. Six faulty laser jet printers were not able to be recycled.

All communications and marketing documents (929 reams) were printed on 100% recycled paper. Landcom also purchased new record files that were carbon neutral and made from 100% recycled material.

Sustainable supply chain:

We did not meet our target of buying appliances with a minimum five star *Minimum Energy Performance Standard (MEPS)* and *Water Efficiency Labelling and Standard (WELS)* rating since our purchase of a four star dishwasher was driven by the need to coordinate maintenance with the three existing dishwashers. However, all future purchases will have higher energy efficiency ratings.

Neither did we achieve a 4.5 star rating for our head and regional offices, since our current head office building, which we re-leased this year, does not comply with this rating. The re-lease decision was based on operational, not environmental, considerations. However, environmental performance will be a major factor when deciding on new office accommodation. This decision is likely to be made in the next two to three years.

Corporate results - social sustainability

THE THINKING BEHIND OUR INDICATORS

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 Aboriginal 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.

Five-year performance summary

HOW WE PERFORMED

Indicator descriptor	Indicator	Target 2014/2015	Result 2009/2010	Target 2002/2003 - 2008/2009	2008/2009	2007/2008	2006/2007	2005/2006
Social sustainability	Aboriginal and Torres Strait Islander (ATSI) employment opportunity	No target	1	No target	Refer to previous years' reports			
	Number and description of internal and external training seminars/courses and industry forums held and attended by Landcom annually including conferences and seminars attended	No target	47	No historical data - indicator introduced in 2009/2010				
	Outcomes from the Annual Training Strategy and its objectives	No target	Refer to corporate social sustainability section	No target	Refer to previous years' reports			
	Employee satisfaction	No target	72%	No target	N/A	82%	N/A	N/A
	Staff perspective on Landcom's sustainability initiatives	No target	Positive	No historical 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	11 stakeholder groups represented	No historical data - indicator introduced in 2009/2010				

Indigenous opportunities:

In March 2010, Landcom engaged an indigenous person in a position whose scope was developed in partnership with the University of Western Sydney. This position provides career development opportunities for indigenous people who wish to combine study with part or full-time employment. Our intention over the coming year, is to establish a further one to two similar positions.

Training and development:

The focus of our human resources strategy this year was on building and embedding Landcom's core values of sustainability, problem solving and relationship building into both the culture and the way we do business. Our approach was centred on developing staff ownership of the values by:

- defining the behaviours required to give expression to these values;
- improving management skills in communicating the values;
- communicating them more broadly through the organisation;
- building the values and behaviours into our performance development processes;
- ensuring these were used effectively to manage our people and their performance around the values and behaviours.

Five workshops were held to improve management skills in leading the shift towards a values-based culture, defining the behaviours associated with our values, creating a culture through conversations and reviewing performance development.

To embed our values, we developed an internal communications campaign to give these values life and context, reviewed our performance development processes in line with best practice and, as part of our business improvement program, we held courses on contracts administration.

Other professional development initiatives included a tailored management program aligned with our strategic objectives, aimed at developing property and general management skills and another designed to build teams through effective communication, leadership, relationship building and people management.

We held or attended 47 separate internal and external training courses, seminars and conferences and these events were patronised by a total of 979 attendees.

Our training program for the year was divided into the following categories:

Corporate priorities:

Plain English; Record keeping; Effective communication; Dealing with change; OH&S training; Contract and tender management; Planning; and Administrative law.

Business improvement:

Values, Software and IT systems, Policy briefings; Seminars on public housing, accessing government information, freedom of information, ethics in law and disability standards; and induction courses.

Industry/Supply chain sustainability and capacity building:

Sustainability conference and launch of PRECINX™; Landcom Guidelines; Urban development and infrastructure in the Hunter; and sponsorship of a *Global Reporting Initiative (GRI)* guidelines workshop.

Employee satisfaction:

Our 2010 Employee Opinion Survey, conducted in April, achieved an employee engagement score of 72%, which is above the Australian average of 69% and only 3% below the gold medal standard. With 96 respondents (representing a 71% response rate, compared with 68% in 2008) the survey ranked, in order of preference, the best things about working for Landcom as being:

1. Challenging work/job satisfaction
2. Work/life balance
3. Fellow employees
4. Good employer.

Unlike previous surveys, it provided an industry benchmarking for employee satisfaction.

To measure employee perspectives on our sustainability initiatives, an extra six questions were added. Questions were scored from one to five, with a score of between one and two as negative, three as average and four and five identified as positive. The following results were achieved:

Score	Question
4.29	I understand why Landcom embraces sustainable development.
4.28	I understand Landcom's commitment to sustainable development.
4.08	I feel encouraged to use the sustainable development values in my job.
3.98	Landcom supports me in using the sustainable development values in my job.
3.88	Landcom balances environmental, social and economic considerations effectively.
3.80	My co-workers support Landcom's commitment to sustainable development.

Overall, the results fell into the positive and average ranges (average score of 4.05).

Over the coming year we will introduce specific programs to engage and educate staff about Landcom's historical interest in sustainability, our achievements over time and our sustainability strategy into the future. This is in recognition of the proportion of staff who have commenced at Landcom in the last 2 years.

Stakeholder relationship management:

Net Balance worked with Landcom over the last year to help us to revise our existing stakeholder engagement strategy so that it is more targeted and deliberate in its approach. We will report our achievements and performance against this strategy in future years. Further information on this is provided in the opening introduction to this report (pp 32-33 refers).

In the meantime, during the reporting period, project staff continued to manage stakeholders through our current stakeholder consultation handbook and Landcom management continued to develop relationships with our major social and environmental stakeholders. We also established regular meetings and forums to help manage those relationships that are critical to the success of our business and continued to play a major role in coordinating government activity through our projects.

Corporate results - governance

THE THINKING BEHIND OUR INDICATORS

We continue to disclose our performance in sustainability reporting against the Global Reporting Initiative framework. Our overall operations continued to be measured against the International Standard for Environmental Management Systems (AS/NZS ISO14001:2004).

HOW WE PERFORMED

Indicator descriptor	Indicator	Target 2009/2010 - 2014/2015	Result 2009/2010	Target 2002/2003 - 2008/2009	2008/2009	2007/2008	2006/2007	2005/2006
Voluntary compliance	Environmental Management System certification to AS/NZS ISO14001:2004	Recertification to AS/NZS ISO14001: 2004	Recertified to AS/NZS ISO14001: 2004	Recertification to AS/NZS ISO14001: 2004	Recertified to AS/NZS ISO14001: 2004	Recertified to AS/NZS ISO14001: 2004	Recertified to AS/NZS ISO14001: 2004	Recertified to AS/NZS ISO14001: 2004
	Global Reporting Initiative G3 status	No target	G3 A+	No target	G3 B+	G3 B+	G2 in accordance	G2 in accordance

Global Reporting Initiative:

We have obtained an application level of A+ under the Global Reporting Initiative's reporting standard this year for our Sustainability Report. This is the highest reporting standard under the Global Reporting Initiative framework.

Environmental Management System:

Landcom's Environmental Management System was recertified for ongoing use under the AS/NZS ISO14001:2004. Last year's audit leading up to the recertification was the most comprehensive audit over the last three years.

HOW WE PERFORMED

Indicator descriptor	Indicator	Target 2014/2015	Result 2009/2010	Target 2002/2003 - 2008/2009	2008/2009	2007/2008	2006/2007	2005/2006
Profitability	Total revenue received from sale of land, profit from joint ventures, project management services and miscellaneous items	No target	384,526,000	No target	278,665,000	$349,572,000	$322,479,000	$317,276,000
	Sales margin: calculated as sales revenue on land sales less total cost of developing that land divided by sales revenue	No target	24.39%	No target	32.76%	28.50%	33.10%	38.90%
	Return on sales: calculated as Landcom's net operating profit after tax divided by total revenue from the sale of land	No target	8.12%	No target	11.97%	10.04%	13.10%	14.00%
	Earnings before interest and tax (EBIT)	No target	$53,096,000	No target	$51,617,000	$59,530,000	$68,440,000	$72,610,000
	Return on equity: calculated as earnings after tax divided by total shareholder equity	No target	9.61%	No target	9.59%	9.75%	11.60%	12.30%
	Return on total operating assets: calculated as profit after taxes divided by total operating assets	No target	4.51%	No target	4.80%	4.97%	5.80%	6.40%
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	0.00%	No target	0.00%	0.20%	27.70%	18.30%
Returns to Government	Dividend and tax equivalent returned to NSW Government	No target	$64,419,000	No target	$58,241,000	$51,137,000	$57,334,000	$61,738,000
Job creation	Total number of jobs created through Landcom's activities	No target	9,762	No target	6,463	6,858	6,315	6,050
Economic output	Total economic output generated from Landcom's activities	No target	$765,126,707	No target	$506,537,244	$537,547,859	$494,940,100	$474,195,644

For more information, refer to financial section within the annual report.

Independent assurance statement

To the Board, Executive and Stakeholders of Landcom:

Landcom commissioned Net Balance Management Group Pty Ltd (Net Balance) to provide independent assurance of the sustainability content of the 2010 Annual Report (the 'Report'). The Report presents Landcom's sustainability performance over the period 1 July 2009 to 30 June 2010. 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

The assurance was undertaken in accordance with the AA1000 2008 Assurance Standard (AA1000AS). Net Balance provided Type 2 moderate level of assurance in accordance with the AA1000AS (2008). This involved an assessment of the organisation's adherence to the AA1000 AccountAbility Principles (2008) and an assessment of the accuracy and quality of the sustainability performance related information contained within the report. A full description of the Assurance standard and methodology is available at www.landcom.com.au/annualreport2010.

OUR INDEPENDENCE

Net Balance was not responsible for preparation of any part of the report. During the reporting period, Net Balance was commissioned by Landcom to undertake an internal review of key sustainability issues and the corresponding performance indicators. This work informed a larger project conducted by Landcom to develop new sustainability reporting indicators.

To maintain independence, the indicator review was undertaken by the Melbourne office of Net Balance, whilst the assurance engagement was undertaken by the Sydney office. Net Balance has strict procedures in place to ensure independence and partition of project teams at all times.

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 80 assurance engagements in Australia in the last three years.

FINDINGS AND CONCLUSIONS

Adherence to AA1000 Principles

Inclusivity:

During the previous reporting year, Landcom undertook an extensive review of its sustainability indicators in consultation with internal and external stakeholders. These stakeholders encompassed project partners, local government representatives from Landcom's project areas, contractors, the public and Landcom staff. The revised indicators developed as a result of this consultation were reported against by Landcom for the first time in this year's report. To help ensure continuous improvement, Net Balance would like to see Landcom focus on three key areas: to implement the Five Year Stakeholder Engagement Strategy to help ensure continued engagement with external stakeholders; to develop a reporting procedure for Project Managers to help ensure all projects are reported in a consistent manner and an awareness program to help new staff understand the importance of sustainability to Landcom's core business.

Materiality:

Net Balance found the report appropriately addresses Landcom's environmental, social and economic material issues. The development of the Five Year Stakeholder Engagement Strategy is an important improvement by Landcom during the reporting year to help ensure material issues are reviewed regularly and reported in a systematic manner. In addition, the review of sustainability indicators by stakeholders also included a review of material issues to ensure the indicators were relevant. Due to the number of new indicators introduced this year, there were some indicators that were not able to be reported due to the methodology currently being under development. Net Balance would like to see all of these methodologies finalised and each indicator reported against in next year's report. If appropriate methods of reporting against these indicators cannot be developed, the indicators may need to be refined so that suitable methods of reporting can be put in place to measure progress.

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 the review and implementation of new indicators and the development of indicator management procedures for the sustainability team, which help to ensure consistency in data collection and reporting.

RELIABILITY OF THE PERFORMANCE INFORMATION

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. Detailed information on the reliability of performance information is available at [insert link to website].

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:

- Develops data management and reporting protocols beyond the sustainability team for data owners such as Development Managers. The protocols will help define the roles and responsibilities of the data owners and increase the consistency in data collection, particularly between different projects. This will improve the consistency in reporting indicators, reduce aggregation errors and improve the efficiency of reporting.
- Continues to develop and improve methodologies for reporting on its new indicators.
- Provides further discussion on a number of emerging material issues such as managing the potential impact of urban renewal projects on communities and the selection and use of sustainable materials in housing.

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

On behalf of the assurance team
11 October 2010
Melbourne, Australia

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

AA1000
Licensed Assurance Provider
000-1

Statutory requirements

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 Robyn Clubb – Director

Ms Kim Cull – Director

Ms Madeline Dermatossian – Director

Ms Gae Raby – Director[2]

Board meetings

Unless otherwise agreed, the Board meets on the fourth Monday of each month. 17 meetings[1] were held during this reporting period. The number of meetings attended by each director was as follows:

Attended

Director	Board meetings attended
Mr W Kirkby-Jones AM	17
Mr N Bird AM	17
Mr S O'Toole	17
Ms R Clubb	16
Ms K Cull	14
Ms M Dermatossian	15

Committee meetings

The Board has established four committees, 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 Madeline Dermatossian

Ms Gae Raby[2]

Marketing and Sales Committee:

Mr Neil Bird AM – Chairman

Mr William Kirkby-Jones AM

Mr Sean O'Toole

Ms Gae Raby[2]

Information Technology Committee:

Mr William Kirkby-Jones AM - Chairman

Mr Neil Bird AM

Mr Sean O'Toole

Remuneration Committee:

All Directors

[1] There were 11 meetings and six special meetings held during the reporting period.

[2] Ms Raby retired from the Board in December 2009

RISK MANAGEMENT AND INSURANCE ACTIVITIES

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 the 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 its integration with organisational processes (The Landcom Way);
- assigned risk management responsibilities within the organisation;
- refined the 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 were 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 business to continue with minimum impact on stakeholders.

Testing of the plan during the reporting period focused on rehearsing disaster recovery plans. This included workplace recovery, response to pandemic illness and impact on critical business functions such as: communications; land titles data, property conveyancing and sales processing; payables and receivables processing.

Insurance

Landcom's insurance cover is provided by the NSW Treasury Managed Fund. The fund is based on the principles of self-insurance and as such places high priority on the implementation of sound risk management practice. The self-insurance scheme is administered by 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 2010/2011 Renewal Declarations for the Treasury Managed Fund in November 2009 and renewed all covers for the 2010/2011 policy period.

Statutory requirements
CONTINUED

FREEDOM OF INFORMATION AND PROTECTION OF PRIVACY

Freedom of Information (FOI) applications

During the reporting period, Landcom received eight FOI requests.

Five requests were received from agencies seeking agreement to release documents. Landcom agreed to four of these requests, and to the partial release of documents in the case of the remaining request.

Three requests were received from individuals seeking access to documents. Landcom agreed to release the information in all cases.

The following table shows all categories affected by the Freedom of Information Act 1989 requests in 2008/2009 and 2009/2010.

	Total 09/10	Total 08/09
Total number of FOI requests	**8**	**6**
Completed	8	6
Unfinished	0	0
What happened to completed requests?		
Granted in full	7	2
Granted in part	1	1
Applicant refused	0	0
Assessed not applicable to Landcom	0	2
FOI requests granted in part or refused?		
Section 22 – Advanced deposit not paid	0	0
Section 25 – Diversion of resources	0	0
Section 25 – Documents available free of charge	0	0
Section 25 – Exempt	0	0
Costs and fees of requests processed		
Assessed costs	$0	<$10,000
FOI fees received	$90	$30
Discounts allowed	$0	$0
Days to process		
0-21	5	4
22-35	3	1
Over 35	0	0
Reviews and appeals		
Number of internal reviews	0	0
Administrative Decisions Tribunal	0	0

PRIVACY

Landcom is committed to ensuring individuals' 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 the following 12 information protection principles of the Privacy and Personal Information Protection Act (PPIP), which establish standards for using personal information.

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 Summary of Affairs was published in the NSW Government Gazette in December 2008 and our Statement of Affairs was updated.

The FOI and Privacy Coordinator can be contacted by writing to:

FOI and Privacy Coordinator
Landcom
PO Box 237
Parramatta NSW 2124

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

CREATING AND MAINTAINING A SAFE, DIVERSE AND ETHICAL WORK CULTURE

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. This is achieved through effective planning, consultation, implementation of programs, training, monitoring and review.

The Board has endorsed continuous improvements to the Occupational Health and Safety (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 GM Corporate with underpinning processes managed by the Business Services Manager.

An OH&S consultation committee operates with staff volunteers and nominated management representatives in accordance with Landcom's 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. Unfortunately, one lost time workplace repetitive strain injury and one minor journey incident occurred during the reporting period.

Statutory requirements
CONTINUED

MULTICULTURAL POLICIES AND SERVICES PROGRAM 2008–2010

Landcom's ethnic affairs priorities are delivered through extensive community consultation before and during the development and marketing/sales phases of projects.

We communicate with the community through welcome, development and stakeholder consultation programs. The Welcome Program provides services and home "welcome" visits to residents who move into Landcom estates. Welcome kits provided as part of this program include information about access to culturally and linguistically diverse (CALD) organisations in the local area, services for CALD residents and information on how to access the free interpreter service.

Over the past year, our Welcome Program made contact with over 700 households in nine new housing estates. Approximately 25%-30% of these households were from CALD backgrounds where the main language spoken in the home was not English. Specific initiatives were implemented to help these community members and to bring different community groups together. In May, representatives from all Landcom Welcome Programs attended a one day workshop on "Working with Culturally and Linguistically Diverse Communities" at Sydney University.

During the year, we expanded our Walking Bus Program. Seven schools across northwest Sydney now participate in the program. One of the schools that introduced a Walking Bus this year is John Palmer Public School in The Ponds where an estimated 35% or more of residents were born overseas. The Walking Bus has had significant social outcomes and has seen participation from a high proportion of CALD families. More than 250 students now participate regularly, with more than 50% coming from a CALD background.

"Harmony Day" events were held in March 2010 as part of Landcom's Welcome Program in Blacktown, Liverpool and Camden. These were a celebration of each community's diversity and multiculturalism[1].

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 and their parent's country of birth to better target future sales and marketing campaigns and community development programs.

Landcom's Stakeholder Consultation Workbook provides guidelines to project teams planning community engagement activities. The workbook includes information for effectively engaging members of ethnic minority groups and providing interpreters and written translation services.

All promotional materials for our residential developments refer to 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.

Merit selection practices are used and the principles of cultural diversity communicated in all Landcom recruitment processes. In addition, staff training (conducted annually) incorporates cross-cultural components.

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

[1] 34% of Blacktown residents, 46% of Liverpool residents and 16% of Camden residents were born overseas (ABS 2006).

Multicultural policies and services program 2008-2010: Performance report

The priorities established for Landcom during 2009/2010 and the details of our 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 2009/2010	Goals for 2010/2011
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 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 reported on implemented community consultation activities	100% of current projects to report on implemented community consultation activities
Improve information about interpretive and translation services in all relevant 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	References to translation interpreting services to be included in marketing and community information
Use census data to identify languages spoken by emerging communities in Landcom estates	Social Justice [1.7 Access to interpreters and translators]	Arrange for access to interpretive and translation services and provide Welcome Program information in key community languages	Director, Sustainability & 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 program or event in each Welcome Program that addresses the needs and interests of identified CALD groups
Actively encourage CALD community-based organisations to tender for the delivery of Welcome Programs 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 the Welcome Program	Director, Sustainability & Policy	Project budgets	Number of CALD community-based organisations submitting expressions of interest for new Welcome Programs	A CALD community-based organisation (Macarthur Diversity Services Inc) is delivering Welcome Program at Mt Annan and Minto	Encourage CALD community-based organisations to tender for delivery of 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 Programs	Social Justice [1.9 Planning for cultural diversity]	Undertake consultation with young people in established Landcom communities	Director, Sustainability & Policy and General Manager Corporate Marketing	Marketing and/or project budgets	Research project completed (timeliness)	Landcom's new residents survey, census data and community research identified Landcom projects with high percentage of CALD residents	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 & Policy	Division budget	Partnership established	Macarthur Diversity Services Inc delivers a range of community development initiatives (playgroups, environmental education etc) in Landcom's Garden Gates estate at Mt Annan and delivers 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

Statutory requirements
CONTINUED

Equal Employment Opportunity (EEO)

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

In accordance with our EEO plan for 2009/2010 we undertook the following initiatives:

- All new employees received a formal induction to the organisation. Among other issues, the intention is to make them aware of Landcom's policies on OH&S, fair treatment at work, working from home and grievance procedures.
- Ongoing training in EEO principles for new employees.
- Employed an indigenous cadet as part of our Indigenous Cadetship Program.
- Professional development opportunities for all staff through the formulation of career and development plans as part of Landcom's performance development review process.
- Ongoing training, where necessary, on merit recruitment principles.
- Ongoing coaching/mentoring through Landcom's training and development program, which provides a structure for the growth and development of employees.

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);
- implementing an annual training and development program, which includes coaching and mentoring;
- providing access to part-time employment arrangements;
- providing access to our working from home policy.

EEO group	Benchmark on target	2005	2006	2007	2008	2009	2010
Women	50%	42%	40%	41%	41%	42%	42%
Aboriginals and Torres Strait Islanders	2%			0%	0%	0%	1%
People whose first language was not English	20%	24%	26%	28%	29%	29%	25%
People with a disability	12%	1%	1%	1%	1%	1%	1%
People with a disability requiring work-related adjustment	7%			0%	0%	0%	0%

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 for these values and has the full support of the Board and executive.

The code provides an ethical 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 they understand Landcom's ethical standards.

Complaints and compliments system

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

This system is supported by a policy and associated 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. The Landcom executive reviews complaints to determine if there is cause to implement corrective or preventative action. The majority of the complaints are dealt with within seven days.

There has been a 7% fall in the number of complaints received in comparison to the previous reporting period. (See table below).

During 2009/2010, Landcom received 24 formal compliments relating to our customer service and our management of community events.

Category of complaint	Number of complaints 2008/2009	Number of complaints 2009/2010
Design	0	2
Environment	6	2
Marketing / Sales	6	6
Miscellaneous	1 (construction) 14 (other)	6 (construction) 9 (other)
Total	**27**	**25**

Statutory requirements
CONTINUED

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.

Executive	Position	Remuneration paid 2009/2010	At risk paid 2009/2010	Total	Key achievements
Sean O'Toole	Managing Director	$457,641[1]	$43,057	$500,698	• Achieved key financial and project targets • Commenced construction and formally launched the Oran Park Town project to the public • Progressed the development of Green Square, and relocation of the NSW Police Service • Developed new business streams • Finalised and launched the PRECINX™ sustainability tool • Obtained approval for the Rental Housing Portfolio Project • Supported applications for Commonwealth HAF funding • Finalised the Compact Lot Housing Guide • Assisted HousingNSW in the delivery of its NationBuilding – Economic Stimulus Package
Greg South	General Manager Corporate and Finance	$271,829	$26,338	$298,167	• Assisted with the delivery of key financial targets • Delivered key project milestones • Developed new business streams • Obtained approval for the Rental Housing Portfolio Project • Assisted HousingNSW in the delivery of its NationBuilding – Economic Stimulus Package

[1] The Managing Director's remuneration for 2009/2010 includes the payment of a long-term performance bonus of $60,000.

Executive	Position	Remuneration paid 2009/2010	At risk paid 2009/2010	Total	Key achievements
Mick Owens	General Manager Development	$248,153	$26,873	$275,026	• Achieved key financial targets • Delivered key project milestones • Commenced construction and formally launched the Oran Park Town project to the public
Kerry Robinson	General Manager Development	$241,297	$23,607	$264,904	• Achieved key financial targets • Delivered key project milestones
Michael Burt	General Manager Development	$229,312	$24,895	$254,207	• Achieved key financial targets • Delivered key project milestones
Stuart McCowan	General Manager Development	$229,312	$24,895	$254,207	• Achieved key financial targets • Delivered key project milestones • Progressed the development of Green Square, and relocation of the NSW Police Service
Robert Sullivan	General Manager Corporate Marketing	$224,624	$24,385	$249,009	• Assisted with the delivery of key financial targets • Delivered key project milestones

Note: During the year, the position of General Manager Finance & IT was vacated by Margaret Ennis on 8 February 2010 and filled by Michael Brodie on 22 March 2010. Figures are not included above.

Executives with remuneration equal to or exceeding SES level 1

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

Statutory requirements
CONTINUED

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

Level	Total no of 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 at work
41,395 – 48,124	2	0	2 temporary	0	1	1	0	0
51,738 – 56,211	6	1 temporary	5 (1 part-time) (1 temporary)	0	3	3	0	0
59,027 – 64,595	9	1	8 (1 part-time) (2 temporary)	0	3	3	0	0
68,327 – 75,400	17	6	11 (4 temporary)	0	8	8	0	0
81,697 – 90,156	29	10 (6 temporary)	19 (3 part-time) (7 temporary)	0	9	9	0	0
95,659 – 103,531	17	11	6 (1 part-time)	0	8	6	1	0
108,819 – 119,719	44	31 (1 part-time) (5 temporary)	13 (1 part-time)	0	10	10	0	0
129,920 – 142,075	5	4 (1 temporary)	1	0	1	1	0	0
TOTAL	**129**	**64**	**65**	**0**	**43**	**41**	**1**	**0**

PROMOTIONAL 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 and an advertising campaign.

In addition, information concerning our corporate activities was communicated to Landcom stakeholders through the Annual and Sustainability Report 2008/2009 and via Landcom's website at www.landcom.com.au.

Production cost of annual report

The overall cost of producing, printing and building a HTML website of the 2009/2010 annual report is estimated at $90,000.

MISCELLANEOUS ACTIVITIES

Consultancies

We spent a total of $254,856 during the reporting period on consultants. These engagements were for upgrading our information technology system platform, developing policy and procedures documentation, facilitating Landcom's strategic planning workshop and business improvement program.

Overseas visits

During the 2009/2010 year there were seven overseas trips undertaken.

Three of these were by the Director Sustainability & Policy who is Landcom's representative on the Global Reporting Initiative (GRI). The Global Reporting Initiative 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 were invited to be involved in the working group worldwide.

The Managing Director and Chairman travelled to New Zealand to attend the Government Land Organisation's Chairs and CEOs Conference.

The Managing Director attended the United States Studies Centre (University of Sydney) fact finding visit to the US. The visit was in conjunction with Infrastructure Australia to examine sustainable development aimed at city renewal and revitalisation

The General Manager Corporate undertook a trip to the US to attend the US National Multi Housing Council's annual Apartment Strategies Conference and to undertake research into institutional investment in residential property through portfolios of rental apartments.

Statutory requirements
CONTINUED

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	
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.

Statutory requirements	Act/Regulation references	Comments
Land disposal • Properties disposed of during the year: – total number – total value • If value greater than $5 million and not by public auction or tender: – list of properties – for each case, name of person who acquired the property and proceeds from disposal • details of family or business connections between the purchaser and the person responsible for approving the disposal • statement giving reasons for the disposal • purpose/s for which proceeds were used • statement indicating that access to the documents relating to the disposal can be obtained under the Freedom of Information Act	Schedule 1 Annual 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 s15 of the Public Finance and Audit Regulation.
Time for payment of accounts • Reasons for late payment • Interest paid due to late payments	Schedule 1 Annual 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	cl. 12 Annual Reports (Statutory Bodies) Regulation 2010	
Liability management performance	cl. 13 Annual Reports (Statutory Bodies) Regulation 2010	

References: Annual Reports (Statutory Bodies) Act 1984,
Annual Reports (Statutory Bodies) Regulation 2010.

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 comprises the statement of financial position as at 30 June 2010, the statement of comprehensive income, statement of changes in equity and statement of 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:

- present fairly, in all material respects, the financial position of the Corporation as at 30 June 2010, and its financial performance for the year then ended in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations)
- 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 (including the Australian Accounting Interpretations), the *State Owned Corporations Act 1989* and the PF&A Act. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. I conducted my audit in accordance with Australian Auditing Standards. These Auditing Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial 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 controls 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 controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial 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 controls.

Independence

In conducting this audit, the Audit Office of New South Wales has complied with the independence requirements of the Australian Auditing Standards and other relevant ethical requirements. The PF&A Act further promotes independence by:

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

David Nolan
Director, Financial Audit Services

28 October 2010
SYDNEY

Directors' declaration

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 2010 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	SEAN O'TOOLE
Chairman	**Managing Director**

Statement of comprehensive income

FOR THE YEAR ENDED 30 JUNE 2010

	Notes	2010 $'000	2009 $'000
Continuing Operations			
Sales revenue	2(a)	384,526	278,665
Cost of sales		(290,735)	(187,375)
Gross Profit		**93,791**	**91,290**
Other revenue	2(b)	8,074	1,924
Finance income	2(c)	3,710	9,985
Marke ting expenses	3	(5,316)	(3,842)
Employee related expenses	4	(15,917)	(13,205)
Other operating expenses	5	(27,933)	(23,760)
Depreciation and amortisation expense	6	(700)	(739)
Finance costs	7	(12,959)	(13,060)
Profit/(loss) on sale of land and building	14	1,097	(51)
Profit from continuing operations before income tax equivalent expense		**43,847**	**48,542**
Income tax equivalent expense	8	(12,627)	(15,329)
Net profit for the year		**31,220**	**33,213**
Other comprehensive income			
Other		-	11
Superannuation actuarial losses on defined benefit plans	20	(1,521)	(5,154)
Income tax relating to components of other comprehensive income		456	1,546
Other comprehensive income for the year (net of tax)		(1,065)	(3,597)
Total comprehensive income for the year		**30,155**	**29,616**

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 2010

	Notes	2010 $'000	2009 $'000	2008(a) $'000
Assets				
Current Assets				
Cash and cash equivalents	9	92,216	117,213	173,065
Trade and other receivables	10	37,982	25,020	16,275
Inventories	11	183,737	172,506	139,651
Derivative asset	25	16	10	26
Other current assets	12	6,031	15,676	10,047
Total Current Assets		**319,982**	**330,425**	**339,064**
Non-Current Assets				
Trade and other receivables	10	26,649	16,277	24,383
Inventories	11	314,959	315,775	318,324
Property, plant and equipment	13	3,291	3,658	4,364
Investment properties	14	-	5,000	5,000
Intangible assets	15	197	289	47
Deferred tax assets	16	26,954	20,232	14,684
Total Non-Current Assets		**372,050**	**361,231**	**366,802**
TOTAL ASSETS		**692,032**	**691,656**	**705,866**

Statement of financial position *(continued)*

AS AT 30 JUNE 2010

	Notes	2010 $'000	2009 $'000	2008(a) $'000
Liabilities				
Current Liabilities				
Trade and other payables	17	93,211	65,828	43,141
Borrowings	21	28,093	24,998	59,996
Current tax liabilities	18	25,031	18,508	15,107
Provisions	19	80,785	73,264	81,802
Total Current Liabilities		**227,120**	**182,598**	**200,046**
Non-Current Liabilities				
Trade and other payables	17	20,195	34,579	27,024
Borrowings	21	59,995	88,521	113,933
Provisions	19	57,925	36,517	4,789
Deferred tax liabilities	22	1,929	2,936	273
Total Non-Current Liabilities		**140,044**	**162,553**	**146,019**
TOTAL LIABILITIES		**367,164**	**345,151**	**346,065**
NET ASSETS		**324,868**	**346,505**	**359,801**
Equity				
Contributed capital	23	275,847	275,847	275,847
Asset revaluation reserve		498	498	702
Retained earnings		48,523	70,160	83,252
TOTAL EQUITY		**324,868**	**346,505**	**359,801**

(a) The 1 July 2008 Statement of financial position has been restated for corrections of errors. Refer to Note 29 for further details.

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 2010

	Notes	2010 $'000	2009 $'000
Cash flows from operating activities			
Receipts from customers		404,319	310,001
Interest received		2,740	5,055
Payments to suppliers and employees		(346,141)	(249,789)
Income tax equivalent paid		(13,377)	(13,267)
Finance costs		(10,487)	(11,513)
Net cash flows from operating activities	**24(b)**	**37,054**	**40,487**
Cash flows from investing activities			
Payment for property, plant and equipment		(687)	(910)
Proceeds from sale of investment property		6,450	-
Proceeds from sale of property, plant and equipment		98	584
Net cash flows (used in)/from investing activities		**5,861**	**(326)**
Cash flows from financing activities			
Repayment of borrowings		(25,000)	(60,000)
Dividends paid to NSW Treasury		(42,912)	(36,013)
Net cash flows used in financing activities		**(67,912)**	**(96,013)**
Net decrease in cash and cash equivalents		**(24,997)**	**(55,852)**
Cash and cash equivalents at the beginning of the year		**117,213**	**173,065**
Cash and cash equivalents at the end of the year	24(a)	**92,216**	**117,213**

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 2010

	Contributed capital	Asset revaluation reserve	Retained earnings	Total equity
	$'000	$'000	$'000	$'000
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**

Statement of changes in equity *(continued)*

FOR THE YEAR ENDED 30 JUNE 2010

	Contributed capital	Asset revaluation reserve	Retained earnings	Total equity
	$'000	$'000	$'000	$'000
Balance as at 1 July 2008	275,847	702	83,252	359,801
Profit for the year	**-**	**-**	**33,213**	**33,213**
Other comprehensive income				
Other	-	-	11	11
Net decrease on revaluation of property, plant and equipment	-	(204)	204	-
Superannuation actuarial losses on defined benefit plans	-	-	(5,154)	(5,154)
Income tax relating to components of other comprehensive income	-	-	1,546	1,546
Total other comprehensive income	**-**	**(204)**	**(3,393)**	**(3,597)**
Total comprehensive income for the year	**-**	**(204)**	**29,820**	**29,616**
Transactions with owners in their capacity as owners				
Dividends to NSW Treasury	-	-	(42,912)	(42,912)
Balance as at 30 June 2009	**275,847**	**498**	**70,160**	**346,505**

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 2010

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 2010 has been authorised for issue by the Board on 25 October 2010.

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 measured reliably.

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 19). Employee benefits applicable to Landcom are shown below.

Salaries and annual leave

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

Non-vesting sick leave

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

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

1.5 Employee Benefits *(continued)*

Long service leave

Long service leave is measured on a nominal value basis and compared to present value calculated in accordance with *AASB 119 Employee Benefits* for all employees with 5 or more years of service in the public sector every three years. The provision is calculated using estimated future increases in salary rates including related on-costs. This is in accordance with 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 2010 for the SASS, SANCS and SSS was estimated at $8.501 million (2009: $7.171 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.

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 2010. No major claims exist under these policies at 30 June 2010.

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 2 and 5 years after lease terms expire. The Head Office lease expires at 30 June 2011 and has two 1 year renewal options.

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*

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

1.9 Income Tax Equivalent Expense *(continued)*

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 2010, dividends are calculated in accordance with TPP 02-3 Financial Distribution Policy for Government Businesses.

The dividend payable of $51.792 million (2009: $42.912 million) is calculated based on 100% of profit after tax and adjusted for certain non-cash items of financial instrument fair value movements of $2.473 million (2009: $1.479 million), and the balance is met out of retained earnings, and equates to a payment of 166% (2009: 129%) of profit after tax.

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.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

1.13 Trade and Other Receivables *(continued)*

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 12.19% (2009: 10.94%). 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 5 years in accordance with Treasury guidelines (see Note 1.22). The last revaluation was performed in June 2008 by a Landcom qualified valuer. These values were based on land and building sales in the areas in which the properties are located.

Sales office buildings are depreciated 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 2010 approximates fair value. Plant and equipment costing $500 and above individually are capitalised.

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

Computer equipment	- 3 to 4 years
Office equipment	- 5 to 25 years
Motor Vehicles	- 8 years.

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

1.18 Trade and Other Payables

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

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

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

1.19 Borrowings

All borrowings are recorded at face value net of any premium or discounts. Loans are not held for trading and are recognised at amortised cost using the effective interest method. Premiums and discounts are amortised over the life of the borrowings and charged to the 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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 25, 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

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

1.21 Financial Instruments *(continued)*

Derecognition of financial assets *(continued)*

a transferred financial asset, Landcom continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

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.

Landcom revalues land and buildings at least every 5 years or with sufficient regularity to ensure that the carrying amount of each asset in the asset class does not differ materially from its fair value at reporting date. The last revaluation was completed on 30 June 2008 and was based on an internal assessment.

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

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

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

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

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

1.23 Provisions

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

The provision to complete projects captures all unpaid development costs which were included in the original land development schedule. It is raised as an estimate based on known costs at the time when the land is ready for sales release. The provision also includes the value of works completed at 30 June 2010 of any performance building contracts entered into by Landcom.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

1.23 Provisions *(continued)*

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 Investment Property

Under *AASB 140 Investment Property*, investment properties are initially measured at cost including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value supported by market evidence at the reporting date. Gains or losses arising from changes in fair value of investment properties are included in the Statement of comprehensive income in the year in which they arise. No depreciation is charged on investment properties.

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

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

1.25 Intangible Assets

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

1.26 Recoverable Amount of Assets

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

1.27 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.

1.28 Correction of prior period errors and revisions to estimates

The 2008-09 financial statements have been revised to reflect corrections of prior period errors and reclassifications in accordance with *AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors. AASB 108* requires the correction of prior period errors, including reclassifications, retrospectively, subject to certain limitations, to permit comparability with the current year. The retrospective adjustment occurs by restating the comparative amount in the prior period, or, if the event occurred before the earliest prior period presented, by restating the opening balances of assets, liabilities, and equity for the earliest prior period presented. Note 29 includes the 2008-09 financial statements with the line items affected by corrections of prior period errors, and an explanation of the material differences for the amounts reported in the audited 2008-09 Landcom Accounts. Changes in accounting estimates are recognised in the period when the estimate is revised. Landcom has not changed its accounting estimates in the current year.

1.29 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.

1.29 Accounting Standards/Interpretations issued but not yet effective *(continued)*

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 101 Presentation of Financial Instruments	1 January 2010	30 June 2011
AASB 107 Statement of Cash Flows	1 January 2010	30 June 2011
AASB 117 Leases	1 January 2010	30 June 2011
AASB 118 Revenues	1 January 2010	30 June 2011
AASB 136 Impairment of Assets	1 January 2010	30 June 2011
AASB 132 Financial Instruments : Presentation	1 February 2010	30 June 2011
AASB 7 Financial Instruments: Disclosures	1 July 2010	30 June 2011
AASB 5 Non-current Assets Held for Sale and Discontinued Operations	1 January 2011	30 June 2012
AASB 8 Operating Segments	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 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 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 9 Financial Instruments, AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9	1 January 2013	30 June 2014

	2010	2009
	$'000	$'000
2(a) Sales Revenue		
Income from land sales	336,692	260,404
Income from managed land sales	45,086	18,261
Income from others	2,748	-
	384,526	**278,665**
2(b) Other Revenue		
Management fee – Crown Lands Homesites Program	2,213	732
Rental income	1,000	565
Land tax refund	4,386	148
Other	475	479
	8,074	**1,924**
2(c) Finance Income		
Interest from bank	2,431	3,693
Interest from investment	-	1,240
Interest from loan receivable	25	20
Unwinding of the discount rate	981	5,007
Interest from late settlement	284	102
Unrealised (loss)/gain on derivative asset	(11)	(77)
	3,710	**9,985**
3 Marketing Expenses		
Advertising	4,058	3,219
Sales contractors and commission	1,120	301
Other	138	322
	5,316	**3,842**

	2010	2009
	$'000	$'000
4 Employee Related Expenses		
Salaries and wages	15,526	14,281
Termination payments	587	73
Superannuation – defined benefit plans*	139	237
Superannuation – defined contribution plans	1,341	1,167
Long service leave	646	693
Annual leave	1,213	1,034
Workers' compensation insurance	105	54
Payroll tax and fringe benefits tax	1,114	1,078
Other employee related expenses	705	691
	21,376	19,308
Transfer of capital costs to inventories	(5,459)	(6,103)
	15,917	**13,205**

* *Refer Note 20. Superannuation actuarial losses of $1,521,000 (2009: $5,154,000) are recognised in the Statement of comprehensive income. Total superannuation expense, including actuarial losses recognised in the Statement of comprehensive income is $1,660,000 (2009: $5,391,000).*

5 Other Operating Expenses

	2010	2009
Auditor's remuneration – audit of financial statements	175	205
Operating lease rental expense – minimum lease payments	1,456	1,347
Maintenance	633	755
Insurance	116	95
General administrative costs	6,872	6,165
Council rates	1,422	1,622
Land tax	10,751	8,564
Project costs written off	7,591	7,182

	2010	2009
	$'000	$'000
5 Other Operating Expenses *(continued)*		
Property and accommodation expenses	730	318
Consultancy fees	255	210
Bad debts provided for	-	3
	30,001	26,466
Transfer of capital costs to inventories	(2,068)	(2,706)
	27,933	**23,760**
6 Depreciation and Amortisation Expense		
Buildings	51	59
Leasehold improvements	258	233
Plant and equipment	259	326
Intangible assets	92	101
Motor vehicles	40	20
	700	**739**
7 Finance Costs		
Interest	7,152	9,212
Unwinding of the discount rate	3,454	2,664
Amortisation of loan premium	(432)	(409)
Government guarantee fee	2,785	1,593
	12,959	**13,060**

	2010	2009
	$'000	$'000
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 2010 and 2009 are:		
Current income tax charge	20,109	16,351
Adjustments for prior years	(209)	317
Deferred income tax		
Origination and reversal of temporary differences	(7,273)	(1,339)
Income tax expense reported in the Statement of comprehensive income	**12,627**	**15,329**
Deferred income tax (revenue)/expense included in income tax expense comprises:		
Decrease/(increase) in deferred tax assets	(6,266)	(4,002)
(Decrease)/increase in deferred tax liabilities	(1,007)	2,663
	(7,273)	**(1,339)**
Income tax expense recognised directly in equity		
Deferred income tax related to items charged or credited directly to equity:		
Superannuation actuarial loss	(456)	(1,546)
Income tax expense reported in equity	**(456)**	**(1,546)**
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	43,847	48,542
At the statutory income tax rate of 30% (2009: 30%)	13,154	14,562
Deductions not allowable for income tax purposes	15	27
Recognition of temporary differences	(333)	423
Under-provided in prior years	(209)	317
Income tax expense reported in the Statement of comprehensive income	**12,627**	**15,329**

	2010	2009
	$'000	$'000

9 Cash and Cash Equivalents

Cash at bank and on hand	**92,216**	**117,213**

Included in the cash and cash equivalents is restricted cash of $1.606 million (2009 $1.334 million). These funds are held as security deposits for various projects.

10 Trade and Other Receivables

	2010 $'000	2009 $'000
Current		
Trade receivables	26,631	16,557
Allowance for impairment loss	-	(3)
Development bonds	1,370	1,751
Development contributions	8,303	4,727
Other receivable	1,678	1,988
	37,982	**25,020**
Non-current		
Trade receivables	24,817	15,000
Development bonds	542	-
Loan receivables	1,290	1,277
	26,649	**16,277**
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 recognized in profit or loss	-	(3)
Balance at the end of the year	**-**	**(3)**

The non-current trade receivable of $24.817 million (2009: $15.000 million) included deferral of payment for sale of land for the project at Wolli Creek of $19.660 million (2009: $12.230 million), receivable from Department of Community Services for development at Green Square $2.954 million (2009: $2.770 million), and receivable from Stocklands for development at Macarthur Gardens $2.203 million (2009: $Nil).

Non-current loan receivables represents second mortgages with purchasers of properties sold at Stanhope Gardens amounting to $1.290 million (2009: $1.277 million) as part of Landcom's moderate income housing programme. The second mortgages must be repaid within 10 years or on sale of the properties, whichever comes first.

The comparative figures had to be reclassified in the financial statements to conform with the basis of presentation and classification used in the current year: development contributions have been reclassified from trade receivables. These are advance costs incurred by Landcom to facilitate the progression of developments that will be offset against future required legislated levies as developments progress. They are not trade receivables that are resolved by collection of cash. This required transferring $4,727,000 from Trade receivables to a new category called Development contributions in the year ended 30 June 2009.

	2010	2009
	$'000	$'000
11 Inventories		
Current		
Work in progress	156,045	144,635
Developed land	27,692	27,871
	183,737	**172,506**
Non-current		
Work in progress	77,730	58,532
Undeveloped land	237,229	257,243
	314,959	**315,775**
Total	**498,696**	**488,281**
Details of inventories:		
Acquisition costs	309,527	269,109
Development costs	148,259	172,298
Other costs	40,910	46,874
	498,696	**488,281**
12 Other		
Current		
Prepayments	6,031	15,676
	6,031	**15,676**

	2010	2009
	$'000	$'000
13 Property, Plant and Equipment		
Land		
At fair value	1,136	1,136
Buildings		
At gross carrying amount	729	729
Accumulated depreciation	(183)	(132)
Net carrying amount at fair value	546	597
Leasehold improvements		
At gross carrying amount	3,922	3,922
Accumulated depreciation	(3,663)	(3,405)
Net carrying amount at fair value	259	517
Motor vehicles		
At gross carrying amount	297	293
Accumulated depreciation	(38)	(32)
Net carrying amount at fair value	259	261
Plant and equipment		
At gross carrying amount	2,183	3,975
Accumulated depreciation	(1,092)	(2,828)
Net carrying amount at fair value	1,091	1,147
Total net carrying amount	**3,291**	**3,658**

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:

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**

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:

2009	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	1,545	867	540	93	1,319	4,364
Additions	-	-	210	188	170	568
Disposals	(409)	(211)	-	-	(16)	(636)
Depreciation expense	-	(59)	(233)	(20)	(326)	(638)
Net carrying amount at the end of the year	**1,136**	**597**	**517**	**261**	**1,147**	**3,658**

	2010	2009
	$'000	$'000

14 Investment Properties

	2010 $'000	2009 $'000
Fair value		
Carrying amount at beginning of the year	5,000	5,000
Disposal	(5,000)	-
Carrying amount at end of the year	**-**	**5,000**

During the previous financial year the investment property was valued at fair value at $6.25 million by LandMark White, an independent, professionally qualified valuer with recent experience in the location and category of the investment properties using the direct comparison and capitalisation of net market income methods.

The valuation, which conforms to Australian Valuation Standards, was arrived at by reference to market evidence of transaction prices for similar properties.

The investment property was sold in December 2009 for $6.450 million. A profit of $1.124 million was recognised in the Statement of comprehensive income, being profit of $1.450 million from sale of the property, less loss on sale of associated property, plant and equipment of $0.326 million. A loss of $0.027 million on sale of other property, plant and equipment unrelated to the investment property resulted in a total profit on sale of $1.097 million.

15 Intangible Assets

	2010 $'000	2009 $'000
Computer software and website		
Gross carrying amount		
Carrying amount at beginning of the year	3,690	3,347
Additions	-	343
Carrying amount at end of the year	3,690	3,690
Accumulated amortisation and impairment		
Carrying amount at beginning of the year	(3,401)	(3,300)
Amortisation expense and impairment	(92)	(101)
Carrying amount at end of the year	(3,493)	(3,401)
Net carrying amount at end of the year	**197**	**289**

	2010	2009
	$'000	$'000
16 Deferred Tax Assets		
The balance comprises temporary differences attributable to:		
Depreciation and amortisation	413	-
Provisions	24,800	18,435
Sundry	64	6
Fair value adjustments	1,677	1,791
	26,954	**20,232**
Movements		
Carrying amount at beginning of the year	20,232	14,684
Credited/(charge) to the Statement of comprehensive income	6,266	4,002
Credited/(charge) to equity	456	1,546
Carrying amount at end of the year	**26,954**	**20,232**

17 Trade and Other Payables

	2010	2009
Current		
Trade payables	17,743	10,318
Security deposits received	36,023	23,568
Bonds and deposits held	5,860	4,744
Accrued expenses	33,347	27,056
Other payables	99	-
Retentions	139	142
	93,211	**65,828**
Non-current		
Security deposits received	20,195	34,579
	20,195	**34,579**

	2010	2009
	$'000	$'000
18 Current Tax Liabilities		
Carrying amount at beginning of the year	18,508	15,107
Income tax expense	12,627	15,329
Movement in deferred tax assets/(liabilities)	7,273	1,339
Tax payment	(13,377)	(13,267)
Carrying amount at end of the year	**25,031**	**18,508**
19 Provisions		
a) Employee benefits – current		
Provision for annual leave	1,277	1,299
Provision for long service leave		
- Expected to be settled within 12 months	396	370
- Expected to be settled after 12 months	3,562	3,333
Provision for superannuation liability (see Note 20)	8,501	7,171
Accrued on-costs	734	700
	14,470	**12,873**
b) Employee benefits – non-current		
Provision for long service leave	208	195
Accrued on-costs	29	25
	237	**220**
Total employee benefits	**14,707**	**13,093**

	2010	2009
	$'000	$'000
19 Provisions *(continued)*		
c) Other provisions – current		
Provision to complete projects	13,120	14,349
Provision for rebates	1,246	3,130
Provision for other	157	-
Provision for distribution to NSW Treasury	51,792	42,912
	66,315	**60,391**
d) Other provisions – non-current		
Provision to complete projects	54,874	36,297
Provision for rebates	2,814	-
	57,688	**36,297**
Total current and non-current provisions		
Current provisions	80,785	73,264
Non-current provisions	57,925	36,517
	138,710	**109,781**

19 Provisions *(continued)*

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

Employee benefits

2010	Provision for annual leave $'000	Provision for long service leave $'000	Superannuation liability $'000	Accrued on-costs $'000	Other $'000	Total $'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**

2009	Provision for annual leave $'000	Provision for long service leave $'000	Superannuation liability $'000	Accrued on-costs $'000	Other $'000	Total $'000
Carrying amount at beginning of the year	1,465	3,532	2,308	649	109	8,063
Additional provisions recognised	1,034	693	5,290	114	(1)	7,130
Amounts used during the year	(1,200)	(327)	(427)	(38)	(108)	(2,100)
Carrying amount at end of the year	**1,299**	**3,898**	**7,171**	**725**	**-**	**13,093**

19 Provisions *(continued)*

Other provisions

2010	Provision for distribution to NSW Treasury $'000	Provision for rectification works $'000	Provision for rebates $'000	Provision to complete projects $'000	Provision for other $'000	Total $'000
Carrying amount at beginning of the year	42,912	-	3,130	50,646	-	96,688
Additional provisions recognised	51,792	-	2,252	28,260	157	82,461
Reductions in provisions from payments	(42,912)	-	(1,322)	(11,162)	-	(55,396)
Reductions in provisions from re-measurement	-	-	-	250	-	250
Carrying amount at end of the year	**51,792**	**-**	**4,060**	**67,994**	**157**	**124,003**

2009	Provision for distribution to NSW Treasury $'000	Provision for rectification works $'000	Provision for rebates $'000	Provision to complete projects $'000	Provision for other $'000	Total $'000
Carrying amount at beginning of the year	36,013	2,996	2,889	36,630	-	78,528
Additional provisions recognised	42,912	904	1,193	27,336	-	72,345
Reductions in provisions from payments	(36,013)	(3,900)	(952)	(10,030)	-	(50,895)
Reductions in provisions from re-measurement	-	-	-	(3,290)	-	(3,290)
Carrying amount at end of the year	**42,912**	**-**	**3,130**	**50,646**	**-**	**96,688**

20 Superannuation

Fund information

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

- State Authorities Superannuation Scheme (SASS)
- State 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 2010

	SASS 30-Jun-10	SANCS 30-Jun-10	SSS 30-Jun-10	TOTAL 30-Jun-10
Member numbers				
Contributors	17	28	11	
Deferred benefits	-	-	1	
Pensioners	-	-	6	
Pensions fully commuted	-	-	2	
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 19

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.

20 Superannuation *(continued)*

	SASS 30-Jun-10 $'000	SANCS 30-Jun-10 $'000	SSS 30-Jun-10 $'000	Total 30-Jun-10 $'000
Reconciliation of the present value of the defined benefit obligation				
Present value of partly funded defined benefit obligation 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
Actuarial (gains)/losses	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**
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
Actuarial losses	(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 obligation 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 year	**1,945**	**595**	**5,961**	**8,501**

20 Superannuation *(continued)*

	SASS 30-Jun-10 $'000	SANCS 30-Jun-10 $'000	SSS 30-Jun-10 $'000	Total 30-Jun-10 $'000
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)
Actuarial losses recognised in year	-	-	-	-
Expense/(income) recognised	**150**	**66**	**116**	**332**

*Refer Note 19.

The superannuation expense recognised in the Statement of comprehensive income is included in the line item 'Employee related expenses'. Superannuation actuarial losses of $1,521,000 (2009: $5,154,000) 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 $6,363,583.

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 30-Jun-10 $'000	SANCS 30-Jun-10 $'000	SSS 30-Jun-10 $'000	Total 30-Jun-10 $'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
Cumulative adjustment for limitation on net asset	-	-	-	-

20 Superannuation *(continued)*

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 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 30-Jun-10 $'000	SANCS 30-Jun-10 $'000	SSS 30-Jun-10 $'000	Total 30-Jun-10 $'000
Actual return on Fund assets	458	91	938	1,487

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-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

20 Superannuation *(continued)*

c) *Demographic assumptions*

The demographic assumptions at 30 June 2010 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.

	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

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

20 Superannuation *(continued)*

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

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 2010 for the SASS, the SANCS and the SSS was estimated at $8.501 million (2009 prepaid superannuation contributions $7.171 million).

20 Superannuation *(continued)*

Superannuation position as at 30 June 2009

	SASS 30-Jun-09	SANCS 30-Jun-09	SSS 30-Jun-09	TOTAL 30-Jun-09
Member numbers				
Contributors	19	30	11	
Deferred benefits	-	-	1	
Pensioners	-	-	7	
Pensions fully commuted	-	-	2	
Superannuation position for AASB 119 purposes	**$'000**	**$'000**	**$'000**	**$'000**
Accrued liability	6,496	1,460	15,395	23,351
Estimated reserve account balance	(4,871)	(1,011)	(10,298)	(16,180)
	1,625	449	5,097	7,171
Future Service Liability (Note 1)	(1,441)	(666)	(960)	(3,067)
Surplus in excess of recovery available from schemes	-	-	-	-
Net liability to be recognised in the Statement of financial position*	**1,625**	**449**	**5,097**	**7,171**

* Refer Note 19.

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.

20 Superannuation *(continued)*

	SASS 30-Jun-09 $'000	SANCS 30-Jun-09 $'000	SSS 30-Jun-09 $'000	Total 30-Jun-09 $'000
Reconciliation of the present value of the defined benefit obligation				
Present value of partly funded defined benefit obligations at beginning of the year	6,358	1,359	12,372	20,089
Current service cost	212	73	101	386
Interest cost	409	85	801	1,295
Contributions by fund participants	123	-	152	275
Actuarial losses/(gains)	(328)	41	2,372	2,085
Benefits paid	(278)	(98)	(403)	(779)
Present value of partly funded defined benefit obligation at end of the year	**6,496**	**1,460**	**15,395**	**23,351**

20 Superannuation *(continued)*

	SASS 30-Jun-09 $'000	SANCS 30-Jun-09 $'000	SSS 30-Jun-09 $'000	Total 30-Jun-09 $'000
Reconciliation of the fair value of Fund assets				
Fair value of Fund assets at beginning of the year	5,417	1,136	11,228	17,781
Expected return on fund assets	441	91	912	1,444
Actuarial losses	(1,054)	(201)	(1,814)	(3,069)
Employer contributions	222	83	223	528
Contributions by Fund participants	123	-	152	275
Benefits paid	(278)	(98)	(403)	(779)
Fair value of Fund assets at end of the year	**4,871**	**1,011**	**10,298**	**16,180**
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	6,496	1,460	15,395	23,351
Fair value of fund assets at end of year	(4,871)	(1,011)	(10,298)	(16,180)
Subtotal	1,625	449	5,097	7,171
Net liability recognised in the Statement of financial position* at end of the year	**1,625**	**449**	**5,097**	**7,171**
Components recognised in the Statement of comprehensive income				
Current service cost	212	73	101	386
Interest cost	409	85	801	1,295
Expected return on Fund assets (net of expenses)	(441)	(91)	(912)	(1,444)
Actuarial losses recognised in year	-	-	-	-
Expense/(income) recognised	**180**	**67**	**(10)**	**237**

*Refer Note 19.

20 Superannuation *(continued)*

	SASS 30-Jun-09 $'000	SANCS 30-Jun-09 $'000	SSS 30-Jun-09 $'000	Total 30-Jun-09 $'000
Amounts recognised in the Statement of comprehensive income				
Actuarial losses	726	242	4,186	5,154
Adjustment for limit on net assets	-	-	-	-
Cumulative amount recognised in the Statement of comprehensive income				
Cumulative amount of actuarial losses/(gains)	975	263	3,605	4,843
Cumulative adjustment for limitation on net assets	-	-	-	-

Fund assets
The percentage invested in each asset class at the date of the Statement of financial position:

	30-Jun-09
Australian equities	32.1%
Overseas equities	26.0%
Australian fixed interest securities	6.2%
Overseas fixed interest securities	4.7%
Property	10.0%
Cash	8.0%
Other	13.0%

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.

20 Superannuation *(continued)*

Actual return on Fund assets

	SASS 30-Jun-09 $'000	SANCS 30-Jun-09 $'000	SSS 30-Jun-09 $'000	Total 30-Jun-09 $'000
Actual return on Fund assets	(545)	(109)	(1,134)	(1,788)

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-09
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	8.1% pa
Discount rate	5.6% pa

c) *Demographic assumptions*

The demographic assumptions at 30 June 2009 were those used in the 2006 triennial actuarial valuation. These are the same assumptions used in the current 2009-2010 reporting year.

	SASS $'000	SANCS $'000	SSS $'000	Total $'000
Historical information				
Present value of defined benefit obligation	6,496	1,460	15,395	23,351
Fair value of Fund assets	(4,871)	(1,011)	(10,298)	(16,180)
Deficit in Fund	1,625	449	5,097	7,171
Experience adjustments – Fund liabilities	(328)	41	2,372	2,085
Experience adjustments – Fund assets	1,054	201	1,814	3,069
Expected contributions				
Expected employer contributions	233	86	245	564

20 Superannuation *(continued)*

Funding arrangements for employer contributions

a) *Surplus/deficit*

The following is a summary of the 30 June 2009 financial position of the Fund calculated in accordance with AAS 25 Financial Reporting by Superannuation Plans:

	SASS 30-Jun-09 $'000	SANCS 30-Jun-09 $'000	SSS 30-Jun-09 $'000	Total 30-Jun-09 $'000
Accrued benefits	5,984	1,321	11,000	18,305
Net market value of Fund assets	(4,871)	(1,011)	(10,298)	(16,180)
Net deficit	1,113	310	702	2,125

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

20 Superannuation *(continued)*

e) *Historical experience*

The history of experience adjustments is as follows:

SASS	2010 $'000	2009 $'000	2008 $'000	2007 $'000	2006 $'000
Historical information					
Present value of defined benefit obligation	7,074	6,496	6,358	5,955	5,544
Fair value of Fund assets	(5,129)	(4,871)	(5,417)	(5,768)	(5,038)
Deficit in Fund	1,945	1,625	941	187	506
Experience adjustments – Fund liabilities	361	(328)	144	37	39
Experience adjustments – Fund assets	(20)	1,054	705	(293)	(441)

SANCS	2010 $'000	2009 $'000	2008 $'000	2007 $'000	2006 $'000
Historical information					
Present value of defined benefit obligation	1,642	1,460	1,359	1,297	1,241
Fair value of Fund assets	(1,047)	(1,011)	(1,136)	(1,285)	(1,099)
Deficit in Fund	595	449	223	12	142
Experience adjustments – Fund liabilities	168	41	61	(39)	(63)
Experience adjustments – Fund assets	4	201	185	(69)	(83)

SSS	2010 $'000	2009 $'000	2008 $'000	2007 $'000	2006 $'000
Historical information					
Present value of defined benefit obligation	17,501	15,395	12,372	12,216	12,196
Fair value of Fund assets	(11,540)	(10,298)	(11,228)	(12,445)	(10,808)
Deficit/(surplus) in Fund	5,961	5,097	1,144	(229)	1,388
Experience adjustments – Fund liabilities	1,258	2,372	(231)	(664)	(1,397)
Experience adjustments – Fund assets	281	1,814	1,909	(768)	(904)

	2010	2009
	$'000	$'000
21 Borrowings		
Current		
Unsecured loans at face value (i)	27,907	25,000
Unamortised premiums	186	(2)
Total current borrowings	**28,093**	**24,998**
Non-current		
Unsecured loans at face value (i)	60,000	87,907
Unamortised discounts	(5)	614
Total non-current borrowings	**59,995**	**88,521**
Repayment of borrowings		
Not later than 1 year	28,093	24,998
Between 1 and 5 years	59,995	88,521
Total borrowings	**88,088**	**113,519**

Summary of borrowing arrangements:

i) Fixed rate loans with NSW Treasury Corporation (TCorp) with maturity periods not exceeding 2 years (2009: 3 years). The weighted average interest rate is 6.56% p.a. (2009: 6.44% p.a.).

ii) Unused facilities available from TCorp's "Come and Go" facilities are $30 million (2009: $30 million).

	2010	2009
	$'000	$'000

22 Deferred Tax Liabilities

The balance comprises temporary differences attributable to:

	2010 $'000	2009 $'000
Fair value adjustments	369	1,225
Depreciation and amortisation	-	14
Prepayments	1,560	1,697
	1,929	2,936
Movements		
Carrying amount at beginning of the year	2,936	273
Charge to the Statement of comprehensive income	(1,007)	2,663
Carrying amount at end of the year	**1,929**	**2,936**

23 Contributed capital

Contributed capital comprises capital and contributed assets acquired free of charge.

		2010	2009
		$'000	$'000

24 Reconciliation of Cash Flows arising from Operating Activities to Net Profit for the year

		2010 $'000	2009 $'000
(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)	**92,216**	**117,213**
(b)	Reconciliation from the Net cash flows from operating activities to the Net Profit for the year :		
	Net cash flows from operating activities	37,054	40,487
	Depreciation and amortisation	(700)	(739)
	Gain/(loss) from sale of investment property	1,097	(51)
	Bad debts	-	(3)
	Amortisation of loan premium	431	409
	Unwinding of discount rate income and expense	(2,473)	2,343
	Change in assets and liabilities		
	(Increase) in provisions	(28,929)	(23,190)
	(Increase) in payables and tax liabilities	(18,510)	(36,306)
	Increase/(decrease) in receivables	23,334	639
	Increase/(decrease) in inventory and other assets	19,916	49,624
	Net Profit for the year	**31,220**	**33,213**

(c) Landcom has access to financing facilities at reporting date as indicated in Note 21. Landcom expects to meet its obligations from operating cash flows and proceeds of maturing financial assets.

25 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

	Notes	Category	Carrying amount 2010 $'000	Carrying amount 2009 $'000
Financial assets				
Class				
Cash and cash equivalents	9	N/A	92,216	117,213
Trade and other receivables	10	Loans and receivables (at amortised cost)	64,630	41,083
Derivatives	25	Financial assets measured at fair value	16	10
Financial liabilities				
Class				
Trade and other payables	17	Financial liabilities measured at amortised cost	108,568	97,889
Borrowings	21	Financial liabilities measured at amortised cost	88,088	113,519

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 Nil (2009: $3,000) 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.

25 Financial Instruments *(continued)*

(a) Credit risk *(continued)*

	$'000 Total	$'000 Past due but not impaired	$'000 Considered Impaired
2010			
< 3 Months overdue	2,810	2,810	-
3 months – 6 months overdue	6	6	-
> 6 months overdue	1,543	1,543	-

	$'000 Total	$'000 Past due but not impaired	$'000 Considered Impaired
2009			
< 3 Months overdue	5,474	5,474	-
3 months – 6 months overdue	196	196	-
> 6 months overdue	464	461	3

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 centre, etc. The maximum exposure to credit risk of these TCorp letters of undertaking is $13.15 million (2009: $6.78 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.

25 Financial Instruments *(continued)*

(b) Liquidity risk *(continued)*

Maturity analysis and interest rate exposure of financial liabilities

			Interest rate exposure			Maturity dates		
	Weighted average effective interest rate	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
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**	**-**
2009								
Payables	-	101,973	-	-	101,973	63,310	38,663	-
Borrowings	6.44%	127,829	127,829	-	-	32,272	95,557	-
	-	**229,802**	**127,829**	**-**	**101,973**	**95,582**	**134,220**	**-**

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.

25 Financial Instruments *(continued)*

(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 minimized 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.

	Carrying Amount $'000	Profit -1% $'000	Equity-1% $'000	Profit +1% $'000	Equity +1% $'000
2010					
Financial assets					
Cash and cash equivalents	92,216	(922)	-	922	-
2009					
Financial assets					
Cash and cash equivalents	117,213	(1,172)	-	1,172	-

(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).

25 Financial Instruments *(continued)*

(f) Fair value recognised in the Statement of financial position *(continued)*

2010	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial assets at fair value				
Derivatives	16	0	0	16

2009	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial assets at fair value				
Derivatives	10	0	0	10

There were no transfers between levels 1 and 2 during the year ended 30 June 2010.

(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 $1.4 million (2009: $4.2 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 2010 and 30 June 2009 are as follows:

	2010 $'000	2009 $'000
Fair value of derivative financial instruments		
Amount receivable under derivative financial instrument	**16**	**10**

26 Expenditure Commitments

		2010 $'000	2009 $'000
(a)	**Expenditure commitments**		
	Aggregate expenditure contracted for at reporting date but not provided for:		
	Not later than one year	663	421
	Total expenditure commitments (including GST)	**663**	**421**

The total expenditure commitments above include input tax credits of $0.06 million that are expected to be recoverable from the ATO (30 June 2009: $0.04 million).

		2010 $'000	2009 $'000
(b)	**Operating lease commitments**		
	Future non-cancellable operating lease rentals not provided for and payable:		
	Not later than one year	1,575	1,237
	Later than one year but not later than five years	1,895	482
	Total operating lease commitments (including GST)	**3,470**	**1,719**

The total lease expenditure commitments above include input tax credits of $0.315 million that are expected to be recoverable from the ATO (30 June 2009: $0.156 million).

27 Contingent Assets and Liabilities

At reporting date, there were no significant contingent assets or liabilities incurred in the normal course of business (2009: Nil).

28 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	
Gae Raby	Resigned 26/11/2009
Madeline Dermatossian	
Kim Cull	

28 Related Party Transactions *(continued)*

(ii) Specific Executives

Mick Owens	General Manager Development	
Kerry Robinson	General Manager Development	
Greg South	General Manager Corporate and Finance/Corporate Secretary	
Michael Burt	General Manager Development	
Rob Sullivan	General Manager Corporate Marketing	
Stuart McCowan	General Manager Development	
Michael Brodie	General Manager Finance & IT	Appointed 22/3/2010
Margaret Ennis	General Manager Finance & IT	Resigned 8/2/2010

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

2010	Short-term employee benefits			Post employment benefits	Other long-term benefits	Termination benefits	Total
	Salary & Fees $'000	At risk paid $'000	Other $'000	Superannuation $'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**

28 Related Party Transactions *(continued)*

(iii) Compensation of key management personnel paid during the financial year (continued)

2009	Short-term employee benefits			Post employment benefits	Other long-term benefits	Termination benefits	Total
	Salary & Fees $'000	At risk paid $'000	Other $'000	Superannuation $'000	$'000	$'000	$'000
Directors							
William Kirkby-Jones	95	-	3	6	-	-	104
Neil Bird	76	-	-	7	-	-	83
Gae Raby	66	-	-	6	-	-	72
Robyn Clubb	66	-	-	6	-	-	72
Madeline Dermatossian	64	-	-	6	-	-	70
Kim Cull	56	-	-	5	-	-	61
Executives							
Sean O'Toole	352	40	7	35	-	-	434
Mick Owens	220	25	7	21	-	-	273
Kerry Robinson	209	23	3	26	-	-	261
Stuart McCowan	209	23	3	14	-	-	249
Michael Burt	204	23	3	20	-	-	250
Greg South	238	25	-	26	-	-	289
Margaret Ennis	20	-	-	2	-	-	22
Rob Sullivan	205	15	6	14	-	-	240
Total compensation	**2,080**	**174**	**32**	**194**	**-**	**-**	**2,480**

28 Related Party Transactions *(continued)*

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

29 Changes in Accounting Policies, Corrections of Errors and Changes in Estimates

Line Item	Notes	Previously reported figures in 2008-09 $'000	Reclassification $'000	Corrections of Error $'000	Comparative Figure Reported in 2008-09 $'000
Statement of Comprehensive Income					
Sales revenue	(i)	277,376	1,289	-	278,665
Cost of sales	(i)	(186,086)	(1,289)	-	(187,375)
Statement of Financial Position					
Assets					
Non-current inventories	(ii)	308,529	7,246	-	315,775
Deferred tax assets	(iii)	6,433	-	13,799	20,232
Other non-current assets	(ii)	7,246	(7,246)	-	-
Total Assets		**677,857**	-	**13,799**	**691,656**
Liabilities					
Current tax liabilities	(iii)	4,709	-	13,799	18,508
Total Liabilities		**331,352**	-	**13,799**	**345,151**
Net Assets		**346,505**	-	-	**346,505**

29 Changes in Accounting Policies, Corrections of Errors and Changes in Estimates *(continued)*

Note (i) - Reclassify rebates paid to land buyers as a cost of goods sold. Previously this had been shown as a reduction in land sales revenue. These payments are now regarded as more correctly a cost of the land sold rather than a reduction in sales price. This required increasing cost of sales by $1,289,000 in the year ended 30 June 2009 and a corresponding increase in the income from land sales.

Note (ii) - Reclassify non-current deferred expenditure to inventory. Previously participation fees and development costs associated with a Participation Agreement were disclosed as deferred expenditure and amortised to inventory over the period that land sales occurred. These costs, whilst incurred in advance, are more correctly regarded as inventory. This change required transferring $7,246,000 from Non-current Deferred expenditure and adding it to Non-current Undeveloped Land in the year ended 30 June 2009.

Note (iii) - The tax treatment of future costs to complete projects has changed where they are no longer claimed as an allowable deduction. As a result, Landcom has now recognised an increase to the deferred tax asset of $19.2 million as at 30 June 2010 and the corresponding tax payable. The prior year's comparative figure has been similarly adjusted ($13.8 million as at 30 June 2009).

30 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 2010 Financial Statements.

31 Segment Information

In 2010 and 2009 Landcom operated in one business segment, and one geographical segment. Consequently, a segment report for 2010 and 2009 has not been reported.

End of Financial Statements

Global Reporting Initiative

NET BALANCE GLOBAL REPORTING INITIATIVE (GRI) G3 ASSESSMENT

The table below provides a reference to the sections within Landcom's 2009/2010 Annual Report where specific key GRI indicators relevant to Landcom's business have been addressed.

For an assessment of Landcom's 2009/2010 Annual Report against the complete list of GRI indicators, please refer to this link: www.landcom.com.au/GRI_Index

Standard Disclosures - Profile

1. Strategy and Analysis

Profile Disclosure		Description	Reference	Report Status	Comments	Page Number - Annual Report
1.1		Statement from the most senior decision-maker of the organisation	Chairman's Review Managing Director's Review	C	Landcom provides information on its vision in its corporate plan. The corporate plan is prepared annually, and includes projections and targets beyond one year for both project and financial targets. A five-year business development plan is included in each corporate plan and once they become active projects, longer term strategies are developed for the life of each project. The annual financial targets are reviewed by the Landcom Board & Executive quarterly. The Landcom Board and Executive regularly discusses Landcom's overall vision and short to long term strategies in monthly Board meetings. This also includes identifying Landcom's main challenges and targets for the coming year and the medium term.	4 5 GRI Index
1.2		Description of key impacts, risks, and opportunities	Chairman's review Managing Director's review The impacts of our activities Our biggest challenges Sustainability report - Introduction Five year performance Statutory requirements	C	Key impacts on sustainability and effects on stakeholders including rights as defined by national laws and relevant internationally agreed standards are contained in Landcom's Sustainability Policy and in the Landcom Act 2001.	4 5 24-29 30-31 32-33 34-73 76-89 GRI Index

Legend: **C** = Conformance **PC** = Partial Conformance **NR** = Not Reported **NA** = Not Applicable

4. Governance, Commitments, and Engagement						
Profile Disclosure		**Description**	**Reference**	**Report Status**	**Comments**	**Page Number**
4.1		Governance structure of the organisation	Governance structure	C		9
4.2		Indicate whether the Chair of the Board of Directors is also an executive officer	Board of Directors Executive team	C	The chairman is a non-executive member of the Board	10 11 GRI Index
4.3		Number of members of the Board of Directors that are independent and/or non-executive members	Board of Directors Executive team	C		10 11
4.4		Mechanisms for shareholders and employees to provide recommendations or direction to the Board of Directors	Our approach Stakeholder engagement Statutory requirements - Charter and function	C		8 13 76-77
4.5		Linkage between compensation for members of the Board of Directors, senior managers, and executives	Statutory requirements - Executive positions	PC		84-85
4.6		Processes in place for the highest governance body to ensure conflicts of interest are avoided		C	Landcom has a number of policies to help prevent conflicts of interest including: - Declaration of Interest - Conflict of interest - Probity policy - Internal audit - External audit	GRI Index
4.7		Process for determining the qualifications and expertise of the members of the Board of Directors	Board of Directors	C	Board members are jointly appointed by the Shareholder Ministers and have skills in Landcom's core operational areas. Landcom's sustainability indicators are endorsed by the Board prior to the indicators being adopted by the Portfolio Minister.	10 GRI Index
4.8		Mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation	Statutory requirements - Charter and function Statutory requirements - Code of conduct	C		76 81-83
4.9		Procedures of the highest governance body for overseeing relevant risks and opportunities, and adherence or compliance with standards, codes of conduct, and principles.	Statutory requirements	C		76-89

Legend: **C** = Conformance **PC** = Partial Conformance **NR** = Not Reported **NA** = Not Applicable

4. Governance, Commitments, and Engagement *(continued)*						
Profile Disclosure		**Description**	**Reference**	**Report Status**	**Comments**	**Page Number**
4.12		Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organisation subscribes or endorses.	About us How we operate Governance structure Five-year performance Statutory requirements	C	BASIX (Building Sustainable Index) NaTHERS, Solar Cities program AS/NZS ISO 14001:2004, GRI, NABERS AS/NZS 4360:2004	6 7 9 34-73 76-89 GRI Index
4.14		List of stakeholder groups engaged by the organisation	Stakeholder engagement	C		13
4.16		Approaches to stakeholder engagement	Stakeholder engagement Sustainability report - Introduction Five-year performance	C		13 32-33 34-73
4.17		Key topics and concerns raised through stakeholder engagement and how these have been addressed.	Stakeholder engagement Sustainability report - Introduction Five-year performance	C	Landcom's sustainability indicators were updated in response to stakeholder engagement in early 2009. Feedback on the revised indicators was generally positive with the majority (80%) attracting no comment. Of those that attracted comment, stakeholders said that about half (10% of all indicators) were potentially open to interpretation. In response, we were more specific in how we described the scope of the indicator. Stakeholders said that the remaining 10% of indicators did not necessarily reflect best practice. In response, we revised these indicator targets to reflect Landcom's leadership position.	13 32-33 34-73

Economic Performance Indicators						
Performance Indicator		**Description**	**Reference**	**Report Status**	**Comments**	**Page Number**
EC1	Core	Direct economic value generated and distributed	Five-year performance review - Economic Financial statements	C		73 92-145
EC3	Core	Coverage of the organisation's defined benefit plan obligations	Financial statements	C		92-145

Legend: **C** = Conformance **PC** = Partial Conformance **NR** = Not Reported **NA** = Not Applicable

Economic Performance Indicators *(continued)*						
Performance Indicator		**Description**	**Reference**	**Report Status**	**Comments**	**Page Number**
EC8	**Core**	Development and impact of infrastructure investments and services provided	The impacts of our activites Our biggest challenges Five-year performance - Environmental sustainability Five-year performance - Social sustainability	C		24-29 30-31 37-55 56-58

Environmental Performance Indicators						
Performance Indicator		**Description**	**Reference**	**Report Status**	**Comments**	**Page Number**
EN1	**Core**	Materials used by weight or volume	Five-year performance - Corporate - Environmental sustainability	C	Paper products and marketing materials are monitored and reported in Landcom's Annual report.	65-68 GRI Index
EN2	**Core**	Percentage of materials used that are recycled input materials	Five-year performance summary - Environmental sustainability - Waste	C	Products reused through civil works at Landcom projects and reported in Landcom's Annual Report.	54-55 GRI Index
EN3	**Core**	Direct energy consumption by primary energy source	Five-year performance - Environmental sustainability - Energy and Greenhouse Gas Emissions	C	Direct energy consumption from Landcom fleet vehicle fuel consumption (Scope 1 emissions) was 572 GJ.	41-44 GRI Index
EN4	**Core**	Indirect energy consumption by primary source	Corporate results - Energy and Greenhouse Gas Emissions	C		68
EN11	**Core**	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Five-year performance - Environmental sustainability - Biodiversity and Native Vegetation Management	C		45-47
EN12	**Core**	Significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	Five-year performance - Environmental sustainability - Biodiversity and Native Vegetation Management	C		45-47

Legend: **C** = Conformance **PC** = Partial Conformance **NR** = Not Reported **NA** = Not Applicable

Global Reporting Initiative
CONTINUED

Environmental Performance Indicators *(continued)*						
Performance Indicator		**Description**	**Reference**	**Report Status**	**Comments**	**Page Number**
EN16	**Core**	Total direct and indirect greenhouse gas emissions by weight	Five-year performance - Corporate - Energy and Greenhouse Gas Emission	C		68 GRI Index
EN21	**Core**	Total water discharge by quality and destination	Five-year performance - Environmental sustainability - Urban water cycle management	PC	The quantity of water discharged is presented as a percentage.	37-40
EN22	**Core**	Total weight of waste by type and disposal method	Five-year performance summary - Environmental sustainability - Waste Five-year performance summary - Environmental sustainability - Corporate results	PC		54-55 65-68
EN26	**Core**	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	Five-year performance - Environmental sustainability	C		37-55

Social Performance Indicators: Labour Practices and Decent Work						
Performance Indicator		**Description**	**Reference**	**Report Status**	**Comments**	**Page Number**
LA1	**Core**	Total workforce by employment type, employment contract, and region	Statutory requirements - Total staff	C		86
LA2	**Core**	Total number and rate of employee turnover by age group, gender, and region		C	- Turnover for all Landcom staff was 9% - Turnover by age group: 35-39yrs - 19%, 40-44yrs - 14%, 45-49yrs - 6%, 50-54yrs - 7%, 55-59yrs - 6%, 60-64 yrs - 17%, 65+ yrs - 50% - Turnover for female staff was 14% and for male staff 5% - Turnover by region: Parramatta - 10%, Campbelltown - 14%	GRI Index
LA4	**Core**	Percentage of employees covered by collective bargaining agreements		C	20% of staff were members of the Public Service Association and 100% of staff were under the NSW Government Award.	GRI Index
LA7	**Core**	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region	Statutory requirements - OHS	PC	Number of injuries disclosed.	79 GRI Index

Legend: **C** = Conformance **PC** = Partial Conformance **NR** = Not Reported **NA** = Not Applicable

Social Performance Indicators: Labour Practices and Decent Work *(continued)*						
Performance Indicator		**Description**	**Reference**	**Report Status**	**Comments**	**Page Number**
LA10	Core	Average hours of training per year per employee by employee category	Five-year performance summary - Social sustainability	PC	Landcom discusses the range of training opportunities provided, however hours of training per employee are not disclosed.	69-71 GRI Index
LA13	Core	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity	Statutory requirements - EEO Statutory requirements - Total staff	C		82 86

Social Performance Indicators: Human Rights						
Performance Indicator		**Description**	**Reference**	**Report Status**	**Comments**	**Page Number**
HR4	Core	Total number of incidents of discrimination and actions taken		C	Nil incidents in the reporting period.	GRI Index

Social Performance Indicators: Society						
Performance Indicator		**Description**	**Reference**	**Report Status**	**Comments**	**Page Number**
SO1	Core	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting	The impacts of our activites Our biggest challenges Five-year performance - Social sustainability	C		24-29 30-31 56-58

Social Performance Indicators: Product Responsibility						
Performance Indicator		**Description**	**Reference**	**Report Status**	**Comments**	**Page Number**
PR3	Core	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements		NA	This indicator is not relevant to Landcom as it relates to product and service information.	
PR6	Core	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship		C	Landcom complies with the Fair Trading Act 1987 (NSW) and the Trade Practices Act 1974.	GRI Index

Legend: **C** = Conformance **PC** = Partial Conformance **NR** = Not Reported **NA** = Not Applicable

Glossary

Australian Building Greenhouse Rating (ABGR)

Commercial building energy and greenhouse rating tool. This has now been incorporated under NABERS for Offices – Energy and is referred to as NABERS Energy ratings.
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 neutral

Under the National Carbon Offset Standard, carbon neutral is where net carbon equivalent greenhouse gas emissions associated with an organisation's activities are zero through the acquisition and retirement of carbon offsets that meet additionality criteria. www.climatechange.gov.au/government/initiatives/~/media/publications/carbon-accounting/revised-NCOS-standard-pdf.ashx

CO_2 (Carbon dioxide)

A colourless, odourless, non-poisonous gas that is a normal part of our atmosphere. Carbon dioxide is a product of fossil fuel combustion. It is the most significant greenhouse gas because it is released in vast quantities, mainly as a result of burning fossil fuels such as coal, oil and gas.

CO_2e (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 CO_2 emissions which would have the same effect.

Conservation Management Plans (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. (Ibid.)

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. (Ibid.)

EMP

Environmental Management Plan.

Environmental Management System (EMS)

An Environmental Management System (EMS) is a tool for managing the risks and impacts of an organisation's activities on the environment. It provides a structured approach to planning and implementing environment protection measures. AS/NZS ISO 14001: 2004 is the standard for Environmental Management Systems that an organisation's EMS is certified against.

Global Reporting Initiative (GRI)

The Global Reporting Initiative is a network-based organisation that has pioneered the development of the world's most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. This framework sets out the principles and indicators that organisations can use to measure and report their economic, environmental, and social performance.
www.globalreporting.org

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 (H_2O), carbon dioxide (CO_2), nitrous oxide (N_2O), methane (CH_4) and ozone (O_3) 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

Landcom Guidelines

Set of seven design and planning guides (on built form, universal housing, streets, street trees, open space, community centres and public art) to assist Landcom's development managers, partners and other stakeholders to create sustainable neighbourhoods. 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)

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 between $54,000 and $81,000 per year in 2009/2010.

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* 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.

Glossary

Stream Erosion Index (SEI)

The SEI has been defined by the NSW Growth Centre Commission as the post-development duration of flows greater that then "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

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 (TSS)

Total suspended solids 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.

Universal Housing

Universal Housing is designed to accommodate different levels of mobility (as described in Landcom's Universal Housing Guidelines).

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. 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

kWh = Kilowatt hour

sqm = Square metre

tCO_2e = Tonnes carbon dioxide equivalent

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Corporate directory

Landcom's head office is open from Monday to Friday between the hours of 8:00 am and 6:00 pm (except Public Holidays).

Landcom's other offices at Campbelltown, Newcastle, Zetland and Little Bay are open between the hours of 9:00 am and 5:00 pm.

Landcom Sales Offices are generally open from 10:00 am to 5:00 pm, 7 days a week.

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