



Thursday 31 March 2011

Regulation Benchmarking Study: Planning, Zoning and Development Assessments
Productivity Commission
GPO Box 1428 Canberra City
ACT 2601

Productivity Commission Submission

Performance Benchmarking of Australian Business Regulation: Planning, Zoning and Development Assessments

Thank you for the opportunity to make a submission to the Commission on the above study. Landcom commends the report as a platform for the future. However, we wish to draw your attention to some errors in the way certain data has been analysed and presented.

Chapter 4 Figure 4.4 (page 134) 'Case study comparison: GLO v private sector' purports to show Landcom's lot production against inventory, compared with that of VicUrban and Peet Limited. This comparison is not valid. An analysis of the 2009-2010 year published results for Landcom and Peet illustrates the problem.

The Landcom analysis is based on 1,885 dwelling equivalents sold in 2009-10 against an inventory balance of \$498M. In the same period the report uses data from Peet indicating approximately 2,560 lots sold against an inventory of \$418M.

This comparison does not take into account a number of factors and results in erroneous conclusions because:

- The basis on which the lot numbers are measured are not the same. Peets approximately 2560 lots include Own Developments (590), Joint Ventures (240) and Syndicated (1730) Lots. Landcoms dwelling equivalents (1885) are predominately from its Own Developments plus some Managed Projects.
- The Inventory balances used reflect only the Own Developments lots for both parties.

(Note: Syndicated lots are unlikely to have any material amounts on Peets Balance Sheet.)

The comparison used in figure 4.4 should therefore only contain those projects that have lots that are Own Developments compared with the appropriate Inventory Balance.





For 2009-2010 this would mean:

- Peet sold 590 lots from Own Developments with an Inventory balance of \$418M.
- Landcom sold approximately 1500 dwelling equivalents with an inventory balance of \$498M.

This type of change is relevant across the whole 5 year period.

Having regard to the above Landcom submits that all comparisons of Inventory balances to Lot holdings and Land Banks should be reviewed for accuracy and relevance and conclusions be modified appropriately.

Yours sincerely

Greg South
Chief Operating Officer

