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N31326

Our Ref: LE/01571

27 September 2004

The Regional Director
Australian Competition and Consumer Commission
GPO Box 3648
SYDNEY NSW 2001

Dear Sir/Madam

Landcom and Stockland: Exclusive Dealing Notification

Please find enclosed Exclusive Dealing Notification and application fee of \$1,000.00.

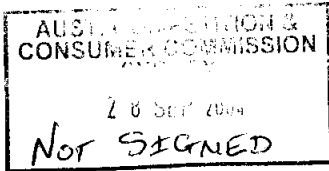
Please contact Frances Wilmore on 9841 9619 if you require any further information.

Yours sincerely

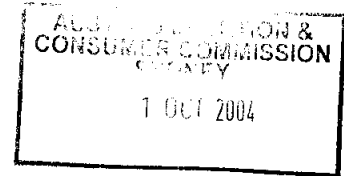
Manager Legal Services
Frances Wilmore

Encls





FORM G



COMMONWEALTH OF AUSTRALIA
Trade Practices Act 1974 – Subsection 93(1)

**EXCLUSIVE DEALING:
NOTIFICATION**

To the Australian Competition and Consumer Commission:

Notice is hereby given, in accordance with subsection 93(1) of the *Trade Practices Act* 1974, of particulars of conduct or of proposed conduct of a kind referred to in subsection 47(2), (3), (4), (5), (6) or (7), or paragraph 47(8) (a), (b), or (c) or 9(a), (b), (c) or (d), of that Act in which the person giving notice engages or proposes to engage.

1. (a) **Name of person giving notice:**

Landcom ABN 79 268 260 688

(b) **Short description of business carried on by that person:**

Developing residential property in Campbelltown, New South Wales (“**Macarthur Development**”). The Macarthur Development involves the development of residential housing estates and the marketing of house and land packages for residential purposes.

(c) **Address in Australia for service of documents on that person:**

C/- Landcom
Level 2
330 Church Street
Parramatta NSW 2150

Attention: Frances Wilmore
Phone: (02) 9841 8600
Fax: (02) 9841 8688

2. (a) **Description of the goods or services in relation to the supply or acquisition of which this notice relates:**

Landcom owns approximately 54 hectares of land in Campbelltown, New South Wales (see Appendix 1 for title particulars) (“**Development Land**”). Landcom and Stockland have entered into an agreement whereby Landcom has authorised Stockland on its behalf to develop the Development Land as residential housing estates known as ‘Macarthur Gardens’ and market on Landcom’s behalf residential lots within such housing estates (“**Macarthur Development**”).

Campbelltown City Council approved a masterplan for the Development Land in December, 2003, which establishes the broad subdivision layout and development concepts. It is intended that the masterplan will form the site specific Development Control Plan once formally prepared and adopted by Council in that format.

The Development Land will be subdivided into residential lots in a staged development process over a period of approximately six (6) years. A total of approximately 900 dwellings are proposed comprising a mix of apartments and attached and detached dwellings. Approximately 460 residential allotments will be created.

Landcom proposes to market the majority (392 or 85%) of the residential lots as house and land packages. Stockland's offers to sell the residential lots on behalf of Landcom will also involve the purchaser agreeing to enter into a separate contract for the construction of residential improvements on the land with one of Landcom's three (3) pre-selected partner builders ("**Partner Builders**").

The remaining 15% (69 lots) will be marketed either as completed homes built on behalf of Landcom or vacant lots where the purchaser is able to design and build a home to their own specifications.

(b) Description of the conduct or proposed conduct:

After the Development Land has been subdivided into residential lots, Stockland will market around 392 of the residential lots on behalf of Landcom to purchasers as house and land packages. Landcom is not involved in the construction of houses on these residential lots that are sold to purchasers.

Stockland proposes to market house and land packages to purchasers on behalf of Landcom at prices which are generally lower than in circumstances where a prospective purchaser seeks to make independent arrangements for the purchase of an equivalent block of land and the engagement of a builder to construct equivalent improvements.

When a purchaser enters into a contract for sale with Landcom to acquire a residential lot, the purchaser will be required to enter into a second, collateral, contract with a Partner Builder for the construction of a house on the residential lot. It will be a condition of the contract of sale that the purchaser enters into the construction contract ("**Construction Contract**").

The contract for sale will stipulate that the builder with whom the purchaser must enter into the Construction Contract will be one of three (3) Partner Builders pre-selected by Landcom on the basis of experience, standard of workmanship and the capability of their designs to meet the complexities of building on smaller lots.

The Partner Builders that have been selected by Landcom are as follows:

- 1) Cosmopolitan Developments Pty Limited - ABN 71 076 666 601;
- 2) Masterton Homes Pty Limited - ABN 52 002 873 047; and
- 3) Rawson Homes Pty Limited – ACN 053 733 841.

The Partner Builders have been selected by Landcom against the following criteria:

strong professional integrity;
strong balance sheet enabling them to carry out the required building works;
substantial evidence of building quality homes;
evidence that a number of houses can be started on time and completed in the required construction time frame;
experience in building innovative housing products using contemporary design elements;
sound understanding of best practice residential design principles;
strong understanding of energy efficient and sustainable design principles and evidence that these principles have been incorporated into current designs.

Other builders may be appointed in the future who also meet this criteria.

Lots available for house and land packages will generally be of 7.5m, 10m or 13m wide frontage (referred to by Landcom as 'Designer Lots'). Each Partner Builder will be required to prepare a suite of designs, pre-approved by Landcom, suitable for the three allotment types.

As a condition of the contract for sale of the residential lots, the purchasers will be required to enter into a Construction Contract with one of the three Partner Builders to build a house from the range of pre-approved designs prepared specifically for the size/frontage of that residential lot. This requirement is intended to provide purchasers with certainty that the residential lots are not developed in an architectural style that is incongruous with the prevailing architectural style of the estate, and to ensure that dwelling design respects sound design principles.

For 10m and 13m allotments, purchasers will be able to assess the range of designs offered by the Partner Builders for the frontage of the allotment and then select their preferred dwelling design/Partner Builder. The total number of 7.5m wide allotments will be evenly distributed between the three Partner Builders to facilitate concurrent design/construction of adjoining allotments. By having a pre-determined range of designs on offer, economies of scale can be generated by each Partner Builder with the benefit of potential cost reductions to end consumers.

There is a possibility, which is not admitted by Landcom, that the proposed conduct contravenes or will contravene sections 47(6) and 47(7) of the *Trade Practices Act 1974*.

Reasons why the benefit to the public from the proposed conduct will outweigh any detriment to the public from the proposed conduct:

Landcom considers that the proposed conduct will benefit the public because it will enable Landcom to offer house and land packages for sale at prices that Landcom considers are lower than where a purchaser makes arrangements to purchase a completed house and land package. Also, the purchaser has the choice of house and finish they require which meets the standard and style of the precinct being developed.

Landcom considers that the requirement that purchasers select from a range of pre-approved designs suited to land size (and consequently appoint one of three Partner Builders) is beneficial to consumers for a number of reasons.

Each Partner Builder should be assured a reasonable volume of work. This in turn will enable each builder to generate considerable economies of scale particularly in relation to the purchase of building supplies and supply of labour so that these cost benefits may be passed onto the purchaser. Therefore, Landcom anticipates that consumers would ultimately benefit from the proposed conduct due to more affordable house and land packages. Each Partner Builder will be competing against other Partner Builders for business, therefore, the house prices will necessarily be competitive. The purchaser has a free choice to select any of the Partner Builders.

Since Partner Builders will have a degree of assurance of receiving a reasonable volume of building work, the establishment of a display dwelling(s) at the Partner Builder's own expense on the Development Land becomes a feasible exercise. Some nine (9) dwellings are proposed to be constructed in a display village, showcasing some of the designs available from the Partner Builders for the three allotment types. This will benefit purchasers significantly, affording the purchaser with the opportunity to consider and appraise on-ground building designs/products that they may be purchasing under the Construction Contract before they actually commit to the purchase.

Purchasers will also be able to select and acquire land which it knows will be suitable for particular house designs. Since Partner Builders will have pre-designed houses for the three varying lot types, there is no need for radical design amendments to be made to ensure appropriate design outcomes for the lot being purchased. Rather, the block of land will be matched with a minimum of 3 designs from each of the Partner Builders (i.e., 9 designs in total) and marketed as a house and land package. Therefore the cost of modifying a particular design to suit a particular block of land in terms of time and money are avoided by the purchaser.

In addition, purchasers will receive some certainty on the quality and architectural design of the street and estate in which they are buying. Purchasers will have some certainty that neighbouring residential lots will

not be developed in an architectural style that is inconsistent with the prevailing architectural style of the estate. Moreover, the initial design approval process will ensure that dwellings are appropriate for the size of the allotments, thereby improving the quality of residential development.

Should a purchaser wish to purchase vacant land without entering into a contract with one of the Partner Builders, there will be a limited number of lots allocated within the Macarthur Development for this purpose.

The proposed conduct will not result in public detriment as there is another large and vigorous competitor for the supply of house and land packages, vacant land and residential building services in close vicinity to the Development Land. Park Central is situated approximately 2 km from the subject site and will offer over 450 residential dwellings.

Should prospective purchasers not be satisfied with the range of dwelling designs pre-approved for lots in the Macarthur Development, there is the opportunity for surrounding developments to be considered that may offer an alternative method of delivering house and land packages.

3. (a) Class or classes of persons to which the conduct relates:

Members of the public who acquire a residential lot in the Macarthur Development.

(b) Number of those persons:

(i) **At present time:** Nil

(ii) **Estimated within the next year:** 70

(c) Where number of persons stated in item 3(b)(i) is less than 50, their names and addresses,

Not applicable

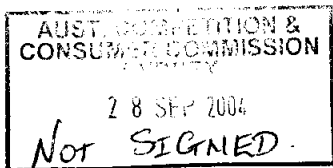
4. Name and address of person authorised by person giving this Notice to provide additional information in relation to this Notice.

C/- Landcom
Level 2
330 Church Street
Parramatta NSW 2150

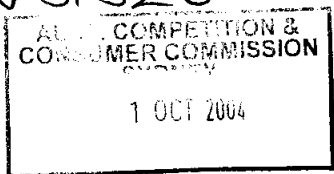
Attention: Frances Wilmore
Phone: (02) 9841 8600
Fax: (02) 9841 8688

Dated

Signed on behalf of the person giving this notice



N31326



[Handwritten Signature]

.....
(Signature)

FRANKS CLAIR WILMONK

.....
(Full Name)

MANAGER LEGAL

.....
(Description)

APPENDIX 1 – TITLE PARTICULARS

LOT	DEPOSITED PLAN
13	Unregistered Plan
500	817216
2	Unregistered Plan
3	Unregistered Plan
8	Unregistered Plan
15	Unregistered Plan
17	Unregistered Plan
19	Unregistered Plan
4	800736
9	251007
1	815438
Gilchrist Road (unformed paper road) and proposed Lot 9	Unregistered Plan
231	259217
253	259216
41	259152
Part Lot 2250 (Golf Course Land)	814159
4056	858739