



Statement of corporate intent

2019 - 2020



Creating more affordable
and sustainable communities

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Statement of Corporate Intent

Organisation: Landcom
Period: Commencing 1 July 2019

This Statement of Corporate Intent has been agreed between:



Peter Roberts
Acting Chair
Landcom
on behalf of the Board

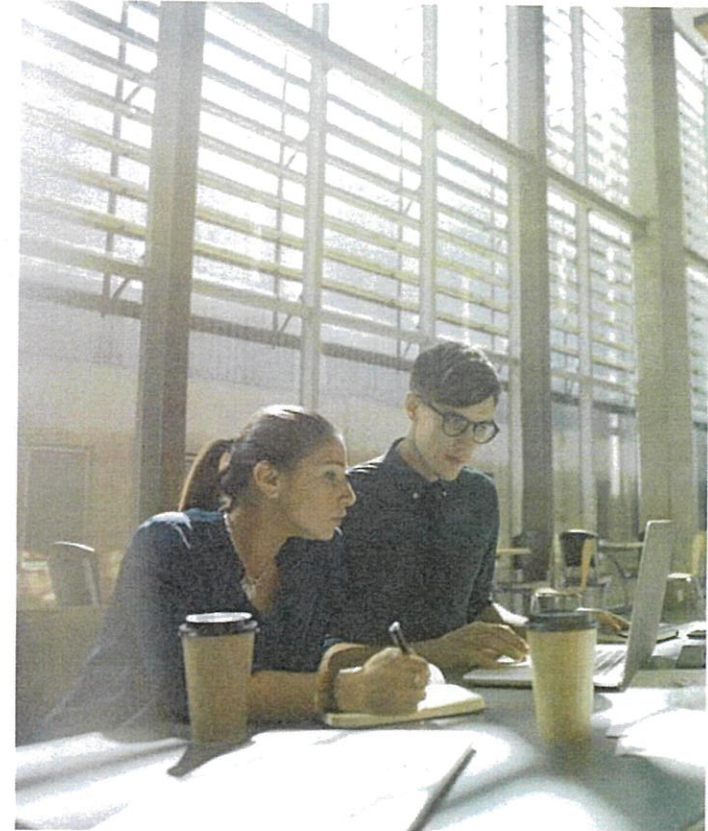


First Voting Shareholder
The Hon Dominic Perrottet MP
Treasurer



John Brogden AM
CEO
Landcom

Second Voting Shareholder
The Hon Damien Tudehope MLC
Minister for Finance and Small Business



Objectives

Statutory Objectives

As a State Owned Corporation we operate under the Landcom Corporation Act 2001.

Our activities are guided by the following objectives in the Act:

- a) To be a successful business and:
 - 1. to operate at least as efficiently as comparable businesses, and
 - 2. 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 we operate;
- c) To protect the environment by conducting its operations in compliance with the principles of ecologically sustainable development;
- d) To exhibit a sense of responsibility towards regional development;

- 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; and
- g) To be a responsible developer of residential, commercial and industrial land.

The first four apply to all State Owned Corporations and the final three are specific to our Corporation.

In addition, we are under Ministerial Direction from September 2017 to:

- 1. Increase the affordability, supply and diversity of housing;
- 2. Build successful partnerships in delivery; and
- 3. Demonstrate leadership in sustainable development excellence.

Business overview

Landcom is the NSW Government's **land and property development organisation**. We are a State Owned Corporation working with government, private and not-for-profit sectors to deliver **exemplary housing projects** that provide **social and economic benefits** to the people of NSW.

Landcom helps the NSW Government achieve its urban management objectives by taking a lead role in improving **the supply, diversity, accessibility and affordability of new housing**.

Our mission is to **create more affordable and sustainable communities**.

We are

the NSW government's land and property development organisation.

Our mission

is to create more affordable and sustainable communities.

Our role

is to help the NSW government achieve its urban management and housing objectives.

Business overview and strategic summary

Strategic Direction	Objectives
Housing Increase affordability, supply and diversity of new housing	<ol style="list-style-type: none"> 1. Make it easier for people to own their own home 2. Demonstrate new housing typologies to provide a greater choice of homes 3. Deliver strategic projects across NSW
Partnerships Partner with others to unlock development opportunities and improve delivery	<ol style="list-style-type: none"> 4. Unlock potential in surplus or underutilised government and other large institutional land holdings 5. Facilitate new homes and jobs through the delivery of enabling infrastructure 6. Bring multiple landholders together to unlock fragmented land
Leadership Demonstrate excellence in sustainable development and planning practice	<ol style="list-style-type: none"> 7. Deliver socially sustainable places for the people of NSW 8. Benchmark excellence in sustainable, healthy communities 9. Lead industry innovation in design excellence and inform urban policy through strategic advice



Financial summary

[\$M]	2019-20 SCI	2020-21 Forecast	2021-22 Forecast
Total Revenue	226.8	458.4	389.4
EBITDA	29.1	140.9	74.6
EBIT	26.8	137.7	71.5
Operating Profit Before Tax	38.9	140.7	68.8
Net Profit After Tax	27.2	98.5	48.2
CapEx	4.6	0.2	0.2
Forecast Dividend	200.0	200.0	33.7
Dividend Payout Ratio	736%	203%	70%

Performance target summary

Financial				Non Financial
KPI Summary				<ul style="list-style-type: none"> Over four years to March 2019 release 20,000 Home Sites – achieved March 2019. Over two years to September 2019 release 500 first home buyer – achieved Dec 2018. New projects to achieve 5–10% Affordable Housing – achieved to date. Become a leading affordable housing delivery agency by delivering our housing targets including supply, affordability, diversity and demonstration projects. Maintain or increase Staff Engagement survey results. Implement our People, Leadership and Culture Plan. WHS – target zero incidents across Landcom and all its project sites.
[\$M]	FY20 SCI	FY21 Forecast	FY22 Forecast	
Revenue	226.8	458.4	389.4	
Gross Margin	72.9	177.3	115.8	
EBIT	26.8	137.7	71.5	
Net Profit After Tax	27.2	98.5	48.2	
Return to Government - Tax	11.6	42.2	20.6	
Return to Government - Dividend	200.0	200.0	33.7	
Return to Government - Government Guarantee Fee	-	-	1.2	
Return on Equity	6%	28%	13%	
Gross Margin (new projects)	>17%	>17%	>17%	
Lots Settled	270	450	580	

Dividend Policy Agreement

Dividends for the 2019-20 financial year will be provided on the basis of set amount of \$200m as negotiated with and approved by Voting Shareholders. The Shareholders' approval of the dividend to be declared is subject to the Voting Shareholders' consideration of the Board's recommended dividend for 2019-20, prior to 30 June 2020.

SCI Representation & commitment statement

The Board of Landcom confirms that:

- a. Key Performance Indicators within the 2019-20 SCI are based on and supported by the Corporation's Business Plan;
- b. The Voting Shareholders will be provided with financial and other information, including information on major capital expenditure projects, on a quarterly basis to assess the performance against commitments in this SCI and to assess the value of the Shareholders' investment in the business;
- c. Asset maintenance policies and processes are adequate and appropriate to manage and control risks associated with physical assets;
- d. All known 'key risks' and 'major emerging contingent liabilities' which could materially impact the current and future results of Landcom for the coming year have been disclosed;
- e. Internal audit and risk management practices are consistent with standards recommended for Australian Securities Exchange (ASX) listed companies and, where appropriate, has applied any additional requirements that are set out in TPP15-03 Internal Audit and Risk Management Policy for the NSW Policy Sector; and
- f. The Chief Executive Officer has an employment contract and performance agreement. The employment contract is appraised annually with the next appraisal scheduled for 30 August 2019. The contract expires on 6 May 2022.

SCI Representation & commitment statement

- Landcom adheres to Commercial Policy Framework policies, as listed in State Owned Corporations: Applicable TPPs under the Commercial Policy Framework.
- Landcom complies with NSW Treasury accounting circulars and policies applicable for SOCs, as listed in the State Owned Corporations Mandatory Accounting Policies – NSW Treasury Circulars and Treasury Policy Papers.
- Landcom agrees to provide information during the year to Treasury, as the representative of the Voting Shareholders, as specified in the State Owned Corporation Reporting Obligation Requirements.
- Landcom has agreed to comply with the requirements of Premier’s Memoranda M2012-04 Application of NSW Public Sector Wages Policy 2011 to State Owned Corporations and further guidance contained in the Treasurer’s January 2015 letter.



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