


Annual Report 2022



Creating more affordable
and sustainable communities



In the spirit of reconciliation,
Landcom respectfully acknowledges
the Traditional Custodians of Country
throughout Australia and recognises
and respects their continuing cultural
heritage, beliefs and connection to
land, sea and community. We pay
our respects to their Elders past,
present and emerging. Country across
Australia always was and always will be
traditional Aboriginal land.

'Our Journey' by Danielle Mate

Creating more affordable and sustainable communities



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Letter to Shareholder Ministers

30 October 2022

The Hon Matthew Kean MP
Treasurer and Minister for Energy

The Hon Damien Tudehope MLC
Minister for Finance and Minister for Employee Relations

Parliament House
Sydney NSW 2000

Dear Treasurer and Minister

We are pleased to submit to you the Annual Report for Landcom for the year ended 30 June 2022 for presentation to the Parliament of New South Wales.

The report details the performance, operations and financial results of Landcom and has been prepared in accordance with section 24A of the *State Owned Corporations Act 1989 (NSW)*, the *Annual Reports (Statutory Bodies) Act 1984 (NSW)* and the applicable provisions of the *Government Sector Finance Act 2018 (NSW)*

Yours sincerely

Peter Roberts
Chair

John Barbeler
Director

Chair and CEO's reviews

Peter Roberts

Chair



Alexander Wendler

Chief Executive Officer



Chair's review

During the 2022 financial year Landcom continued to successfully deliver a sustainable housing supply and diversity for the people of NSW while celebrating its 45th year and demonstrating its essential and ongoing role in delivering on the Government's urban management objectives.

Throughout the year the Board and Executive worked closely together to navigate the ongoing complex and changing landscape, and we are proud that Landcom has continued to build its project pipeline and provided new opportunities for community, government and industry including our innovative affordable housing demonstration projects.

We have maintained our financial results while delivering on our broader objectives with sales revenue this year of \$162 million and net profit after tax of \$20 million. \$22 million has been returned to the NSW Government in income tax equivalents and dividends declared, and land sales have delivered an estimated \$7 million in stamp duty.

This year our projects supplied 1,242 homesites to the market. While this is less than in previous years, our robust project pipeline supports increased production over coming years. The homesites supplied this year have been delivered directly or enabled through partnerships with developers, government and private landowners aligned with our quality, affordability and sustainability aims.

We support increased housing affordability by innovating through our delivery models and housing diversity and typologies. In doing this, Landcom creates new jobs and provides social and economic benefit for the people of NSW.

Partnering with Community Housing Providers, Local Aboriginal Land Councils and Local Councils is enhancing our capacity to deliver more affordable and sustainable communities across the Six-cities Region covering the Harbour City, Central River City, Central Coast City, Lower Hunter and Greater Newcastle City and Western Parkland City, as well as across Regional NSW where housing pressures are increasingly apparent.

This year we have updated our Housing Policy for all new projects. These important projects will deliver a minimum 5% Affordable Housing for rent managed or owned by Community Housing Providers, and this along with other affordable housing products will make up at least 10% of the total dwellings. This means more long term rental housing for key workers and those whose income cannot meet the cost of housing. New projects will also include a minimum of 15% diverse housing to provide more homes for all kinds of families and households.

We are also looking ahead to people's future needs. Our leadership decision to adopt the Livable Housing Australia guidelines targeting a minimum of 30% of our medium and high density housing will support people's needs as they change and help people with disabilities.

Landcom continues to be a leader in sustainability. This year in the GRESB Real Estate Assessment, Landcom was recognised in the top three most sustainable residential development organisations in Oceania, and ranked within the top 9% globally. This is an outstanding achievement that results from a concerted effort to continually challenge our approach to be more sustainable.

With uncertainties about future economic and market conditions, Landcom is aware of its vital role in supporting activity in the property industry during difficult economic times, creating more affordable and sustainable communities, and supporting job retention and creation across the sector and broader community.

The Board has been particularly pleased with how staff have continued to support corporate culture over the year. Our serious commitment to business continuity continues to be effective in supporting a focused workforce that has responded in a resilient way to the ongoing pandemic. Landcom has maintained a stable operational environment throughout the year.

I would like to thank former Chair and former CEO John Brogden for his significant positive contribution to Landcom over the past decade. I also welcome our new CEO Alexander Wendler who is passionate about Landcom building on its mission to create more affordable and sustainable communities and making a bigger difference in the years ahead.

As Chair, I thank my fellow directors Trent Alston, John Barbeler, Pamela Hanrahan, Susan MacDonald and Selina Short, and CEO Alexander Wendler and all our staff for their commitment and resilience in delivering for Landcom and the people of NSW.



Peter Roberts
Chair



Edmondson Park

Chief Executive Officer's review

As a State Owned Corporation, Landcom needs to be continually renewing its social and political licence by staying relevant and making a difference for the people of NSW. Our task is clear – we need to meet the housing affordability pressures across our state, while maintaining our commitment to environmental and social sustainability.

In August 2022 we received a new Statement of Priorities from the Minister for Planning that reinforces Landcom's current activities and points us towards expanding into regional NSW, with more ambitious targets for affordable housing in regional projects.

Business as usual won't address our challenges. Together with existing and new partners we need to find ways and means to make a bigger difference. The work of my predecessor, John Brogden, in building the pipeline of projects and partnerships has put Landcom in an excellent position to step up and do more in coming years to deliver on its Strategic Directions of Housing, Partnerships and Leadership. We will challenge ourselves on how we can play a bigger role in enabling private and public sector investment in affordable and diverse housing. We will challenge ourselves to look at new delivery structures and partnerships to unlock possibilities. And we will do this while we continue to show leadership in sustainability and maintain our profitability. This broad and inspirational endeavour requires us to work together with industry, government and not-for-profit partners and I am looking forward to working together with all our stakeholders and partners.

Affordability

Landcom is focused on supporting the Government's priority to improve housing affordability across the State and deliver the local infrastructure to help new communities grow and thrive. Our commitment to achieving greater housing affordability across NSW has been further enhanced this year with the establishment of our dedicated Affordable Housing Business Unit. In collaboration with a range of partners, the unit is adopting innovative approaches to achieving affordable housing through not only diverse typologies but also new tenure, finance and partnership models. The growing need for affordable housing across regional NSW has accelerated our presence in the regions with partnerships now active in the Northern Rivers Region. Landcom's updated Housing Policy, in which we have committed to delivering a minimum of 10% affordable housing and a minimum of 15% diverse housing in all new projects, is a step in the right direction. Our new priorities challenge us to deliver at least 20% affordable housing across the portfolio of regional projects by 2025, with a goal of 30% in regional NSW beyond that date, subject to market conditions. We must continue to challenge ourselves and our partners to do more and make a bigger impact on housing affordability.

Partnerships

I would like to acknowledge and thank all our partners. Our partners are critical to Landcom's approach, and we value our relationships with stakeholders across State and Federal Government, Local Councils, industry, the not-for-profit sector and the communities that we work with. Our projects are delivered directly or enabled through partnerships with developers, landowners, Local Councils and other parties like Community Housing Providers and Local Aboriginal Land Councils, and project home builders aligned with our quality, affordability and sustainability aims. This is how we leverage our efforts and investment to unlock more development opportunities and improve delivery. Through these partnerships, our next generation of projects will boost the supply of sustainable, diverse and affordable housing in communities across Greater Sydney and regional NSW. I look forward to continuing to get to know all our partners and working with them.

Environmental sustainability

Sustainability is at the heart of everything we do. 2022 marks the halfway point in the delivery of our 10 year Sustainable Places Strategy. We are extremely proud of what we have achieved over the last five years, including:

- 100% of new projects achieving targets for urban heat island reduction, water sensitive urban design, climate resilience and renewable energy targets
- Landcom being certified as a Carbon Neutral Organisation under the Climate Active Carbon Neutral Standard, with emission offsets now sourced from 100% nature-based Australian Carbon Credit Units, and
- our alignment with international frameworks and global best practice, including adopting the recommendations of the Taskforce of Climate-Related Financial Disclosures, adopting a Human Rights Statement and launching our Reflect Reconciliation Action Plan.

As we look to the remaining five years of our Strategy there is a significant body of work for us to do. In our work to protect and enhance the environmental sustainability of our communities and beyond, we are particularly focused on identifying and implementing a pathway to achieve our leadership goal to enable carbon neutral, zero waste, water positive and net positive ecological outcomes by 2028.



Social sustainability

Over the last five years, we have released 1,607 affordable dwellings, including 279 Affordable Rental Housing releases, 2,557 diverse homes and 1,528 homes that will be designed to universal design principles. Our focus on social sustainability will continue to be on addressing affordability challenges across NSW and identifying innovative ways to increase the equity and inclusivity of our communities.

Our commitment to enable healthy and inclusive places brings our focus to how well a place delivers quality of life to its communities and the resilience of these communities, taking into account the needs of people today, and the needs of future generations. In FY22 we continued to implement our framework for community development, directly targeting increased participation, connection and engagement with our residents. We also continued to focus on leveraging established partnerships with organisations specialising in health, wellbeing and education to deliver impactful and measurable initiatives.

Housing diversity

Housing diversity has never been more important. Communities with diverse housing types including medium-density housing maximise social outcomes and meet the changing needs of our customers. With COVID-19 we are working and living differently. Landcom is responding with demonstration of universal housing products to support multi-generational households as well as diverse housing types to better reflect the evolving housing needs of our diverse community. Engagement with current and future communities continues to be essential to inform our planning. At North Wilton we are engaging with diverse stakeholders including Aboriginal custodians, council and community members, face to face and online to build their interests and needs into our approach. We are embracing the

changing approach to work and looking at how we more effectively add social benefit and community value through our urban design, construction and placemaking initiatives. This people centric approach offers tangible community value particularly when our society is under the pressure of COVID-19, housing affordability and climate change events.

Closer to home

I genuinely appreciate the warm welcome I have received at Landcom and recognise the commitment of our highly skilled and experienced staff to embrace change and demonstrate resilience and flexibility during this transition period. Already I have experienced the values-based culture within Landcom, and the passionate drive of our staff to make a difference. Finalising our Reflect Reconciliation Action Plan has been a special highlight. I am uplifted to see the level of authentic engagement and commitment from staff to our new approach to working with Traditional owners and with Country. I am also excited to see the contribution of our enthusiastic graduates as they rotate through teams at Landcom. Landcom's role and relevance have never been more critical. Our new Statement of Priorities means more opportunities for partnerships; doing things differently and trying new approaches to make a bigger difference in affordable housing. I'd like to thank the Board for their leadership and oversight of Landcom throughout the year. I would also like to thank our wonderful staff for their commitment and dedication.

Alexander Wendler
Chief Executive Officer

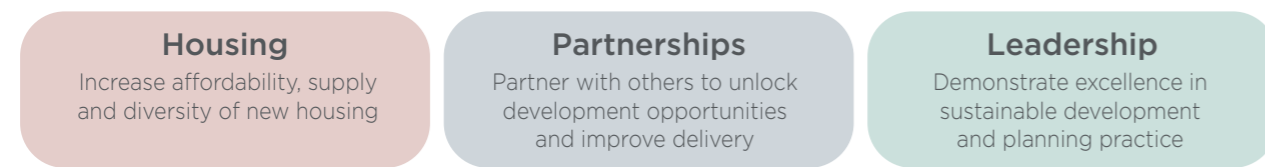
Our organisation

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

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

Our mission is to create more affordable and sustainable communities.

We are guided by three Strategic Directions:



Our principal objectives and function

Landcom's leadership intent is to create more affordable and sustainable communities. We act as a master developer, developer and builder where appropriate to achieve outcomes for our stakeholders. This includes partnerships with NSW Government departments and external commercial entities to maximise our impact for the benefit of NSW communities.

Under the *Landcom Corporation Act 2001*, Landcom has seven principal objectives:

- to be a successful business and, to this end:
 - to operate at least as efficiently as any comparable businesses, and
 - to maximise the net worth of the State's investment in it
- to exhibit a sense of social responsibility by having regard to the interests of the community in which it operates
- 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*
- to exhibit a sense of responsibility towards regional development and decentralisation in the way in which it operates
- to undertake, or assist the Government in undertaking, strategic or complex urban development projects
- to assist the Government in achieving its urban management objectives, and
- to be a responsible developer of residential, commercial and industrial land.

Under the *Landcom Corporation Act 2001*, Landcom has the following principal functions:

- to undertake and participate in residential, commercial, industrial and mixed development projects
- to provide advice and services related to urban development, on a commercial basis, to government agencies and others, and the following additional functions
- to provide facilities or services that are ancillary or incidental to its principal functions, and
- to conduct any business or provide any service (whether or not related to its principal functions) that it considers will further its objectives.

What Landcom is here to achieve

Our mission is to create more affordable and sustainable communities



How our people make it happen

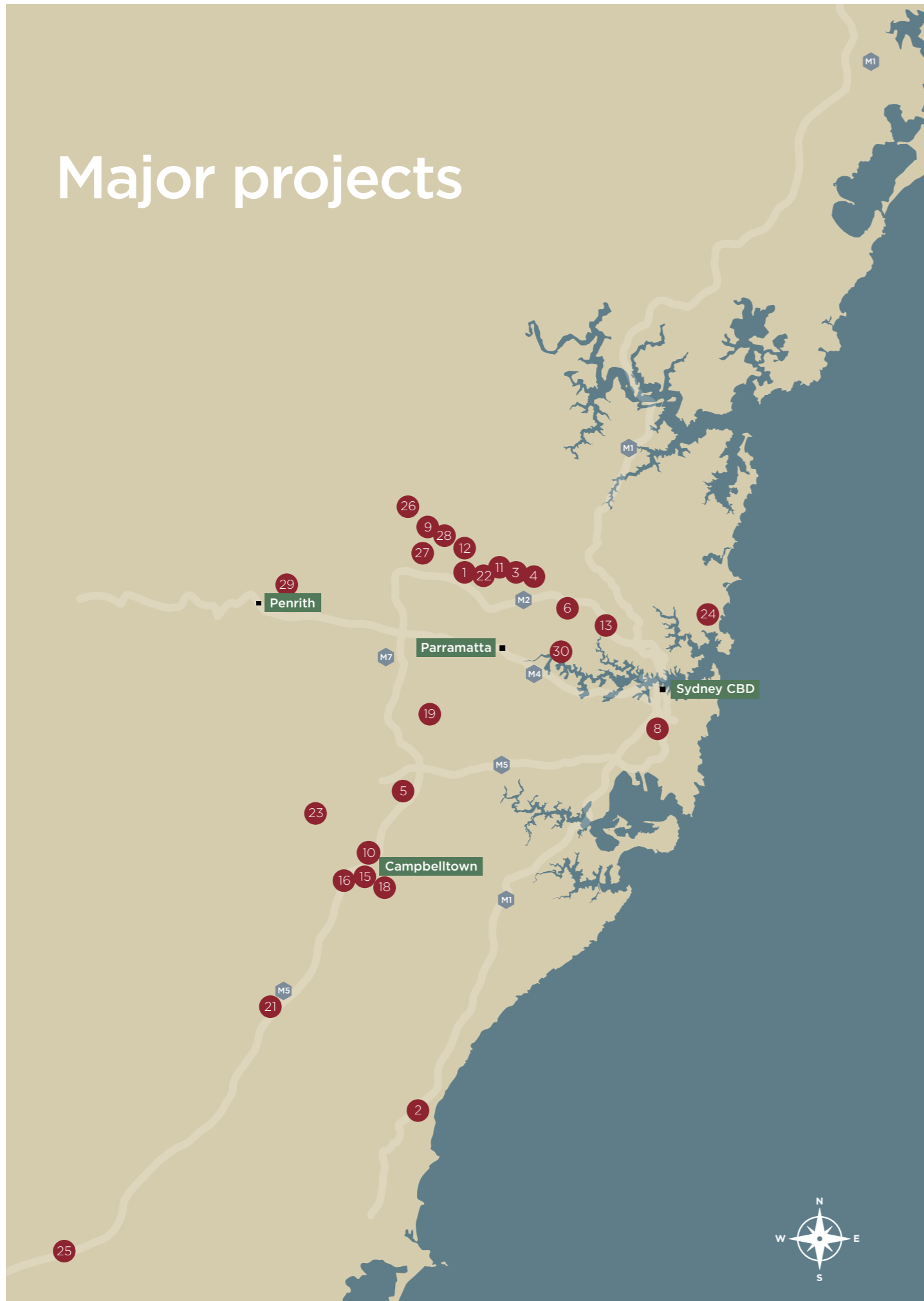
Our Values



Our Code of Conduct

Act with honesty and integrity in everything we do.
Build relationships, treating all others with respect and dignity.
Ensure the safety and wellbeing of yourself and others.
Respect confidentiality and use information appropriately.
Use and manage public resources economically and efficiently.
Hold each other accountable to the Code of Conduct.

Major projects



FY22 economic and financial highlights



Lachlan's Line, Macquarie Park

\$22.30

million returned to NSW Government
(FY22 income tax equivalents and dividend declared)

\$20.13

million net profit after tax

\$10.82

million dividend paid
(in relation to 2021)

\$161.51

million sales revenue

1,242

new homesites

Landcom is a proud
Carbon Neutral Organisation,
certified under the Climate Active Carbon Neutral Standard*

* Certified by Climate Active, under the Carbon Neutral Standard. For more information refer to our Sustainability Report.

GRESB Real Estate Assessment ranked in the
top three most sustainable residential development organisations in Oceania,
and within the top **9%** globally

Transparent sustainability reporting under
Global Reporting Initiative Standard (GRI)

Internal risk audit approach conforms to International Professional Practice Framework and Internal Audit Standards of the Institute of Internal Auditors

Awards and recognition

In FY22 Landcom received recognition and awards across broad categories:

Lachlan's Line Christopher Cassaniti Bridge

The Architecture Community - World Design Awards 2021

World Architecture and Design Award Winner

Lachlan's Line Christopher Cassaniti Bridge

Built Design Awards 2021

Architectural Design Award

(Bridges & Public Infrastructure) Winner

Lachlan's Line Christopher Cassaniti Bridge

Coating+ 2021 Structure Awards

The William Johnson Award for Industrial

Coatings 2021 Winner

Oran Park Town

Urban Development Institute of Australia (NSW) Awards for Excellence 2021

UDIA NSW Masterplanned Communities Finalist

Lachlan's Line

Urban Development Institute of Australia (NSW) Awards for Excellence 2021

UDIA NSW Social & Community Infrastructure Finalist

Lachlan's Line Christopher Cassaniti Bridge

The Institution of Surveyors NSW and the Association of Consulting Surveyors NSW Excellence in Surveying and Spatial Information Awards 2021

NSW Excellence in Surveying and Spatial Information for Extra Dimension and Innovation Winner

Portman on the Park, Green Square town centre

Urban Development Institute of Australia (NSW) Awards for Excellence 2021

UDIA NSW Award for Excellence in Marketing Winner

Delprat Garden, Newcastle

Australian Institute of Landscape Architects NSW Awards 2022

NSW Landscape Architecture Award for Land Management Winner

Lachlan's Line Urban Clock Tower

Australian Signs & Graphics Association National Signs & Graphics Awards 2022

National Silver Award for Fabrication & National Gold Award for Illumination

Christopher Cassaniti Bridge, Lachlan's Line, Macquarie Park




Our performance – delivering our Strategic Directions


Highlights of this year's achievements


Despite the ongoing challenges of the COVID-19 pandemic this year, we continued to deliver on our Strategic Directions to create more affordable and sustainable communities across NSW, through partnerships and leadership.

This year we have seen an evolution in our projects through new and strengthened relationships and partnerships with Local Councils, Local Aboriginal Land Councils and Community Housing Providers particularly across regional NSW. These relationships have been supported by our association with industry bodies. With our bespoke approach, the budding projects evolving through these relationships each reflect the specific objectives of the partners involved as well as celebrating the aligned values.

We are guided by our Strategic Directions:

 **Housing:** Increasing affordability, supply and diversity of new housing

 **Partnership:** Partner with others to unlock development opportunities and improve delivery, and

 **Leadership:** Demonstrate excellence in sustainable development and planning practice.

Landcom met most of its financial and non-financial performance targets set out in the Statement of Corporate Intent for FY22 and detailed on page 116.

Delivering quality housing and communities

This year our projects supplied 1,242 new homesites to the market through partnerships with other developers and landowners aligned with our quality, affordability and sustainability objectives. The smaller yield, compared with past years, reflects the tightening of our portfolio during 2015-2018. Since 2018, Landcom has been actively expanding its portfolio and pipeline of projects to increase our homesite yield in coming years.

Of the new homesites released in FY22, 223 were sold or will be sold to retail buyers at a price that is affordable to households earning a moderate income and 24 will be Affordable Rental Housing. An estimated 13 will be diverse housing and 248 will embody Universal Design principles.

Our updated Housing Policy commenced in FY22. The Policy sets more ambitious targets for affordable, diverse and universal-designed housing for new projects.

The key projects that contributed to the housing supply this year are:

- **Macarthur Heights** (Campbelltown LGA) - This important partnership with Western Sydney University is nearing completion with 960 homesites delivered.
- **Lachlan's Line** (Ryde LGA) - Precinct planning and infrastructure construction at Lachlan's Line has unlocked sites for other developers to build housing and additional local community facilities. Planning continues on the Lachlan's Line Affordable Housing project that will deliver around 95 Affordable Housing units for key workers delivered through Link Wentworth, a Community Housing Provider (CHP).
- **Hillcroft** (Claymore) and **Newbrook** (Airds) (Campbelltown LGA) - We have been working with NSW Land and Housing Corporation to create diverse communities where:
 - o social housing blends in with private and affordable housing, and
 - o residents have access to transport, improved community facilities and quality parklands.

Our construction team also delivered social housing and apartments at Bonnyrigg and Airds on behalf of our partners, NSW Land and Housing Corporation.

- **Queenscliff** (Northern Beaches LGA) - We are planning for the adaptive reuse of the former Queenscliff Community Health Centre into a small, low-scale development with affordable housing, in an area where we identified that many local women aged 55 and over are in housing stress and at risk of homelessness due to family breakdown, underemployment and a lack of superannuation. Adaptive reuse of the existing building offers significant sustainability benefits. This project will be delivered in partnership with CHP Link Wentworth Housing.



Social housing, Bonnyrigg



Landcom and Byron Shire Council working together to deliver affordable housing
 L-R: Liz Collyer, Landcom, Nicole Woodrow, Landcom, Mayor Michael Lyon, Mark Arnold, General Manager, Matthew Beggs, Landcom, Deputy Mayor Sarah Ndiaye, and Director Sustainable Environment & Economy Shannon Burt.



Partnering with Link Wentworth
 L-R: Andrew McNulty, CEO Link Wentworth, Mike Allen, Chair Link Wentworth, John Brogden, former CEO Landcom

Enabling community benefit

Community benefit is brought to life by our dedicated placemaking and construction teams. Our focus on placemaking, community development and delivering quality community infrastructure seeds community relationships and enables a sustainable community culture within our communities.

Our placemaking team extended placemaking and activation at Tallawong to Cherrybrook in Sydney's northwest to engage and welcome new communities to these growing areas.

Partnering with others

Partnerships with State and Federal government, the development industry, Local Councils, landowners and other parties like Community Housing Providers, Local Aboriginal Land Councils and project home builders, underpin our work to provide quality housing and communities for the people of NSW.

Our projects are delivered directly or enabled through partnerships with parties aligned with our quality, affordability and sustainability aims. This is how we leverage our efforts and investment to unlock more development opportunities and improve delivery.

Our Partnerships & Business Development team continues to focus on pathways to partnering on a new pipeline of partnership-based projects, including new affordable and diverse housing projects across regional NSW where housing affordability pressures are pronounced.

COVID-19 has prompted unprecedented movement of people this year. North Coast flooding and climate events have exacerbated already significant housing pressures. These factors have influenced our new push across regional NSW to stimulate housing supply including affordable housing, and work with landowners like Local Councils and Local Aboriginal Land Councils to deliver housing that meets the needs of their communities.

Our new partnerships include:

- Biraban Local Aboriginal Land Council
- Darkinjung Aboriginal Land Council
- Deerubbin Aboriginal Land Council
- Link Wentworth Housing (Community Housing Provider)
- TAFE NSW
- Department of Communities and Justice NSW
- National Housing Finance and Investment Corporation, and
- Byron Shire Council

Through these partnerships, our next generation of projects will boost the supply of sustainable, diverse and affordable housing in communities across Greater Sydney and regional NSW.

Demonstrating leadership

We challenge ourselves to show leadership and innovate in what we do and how we do it. Partnering is part of that leadership approach; learning together and leveraging knowledge and experience.

Collaboration, research and evaluation also inform our policy initiatives in sustainability and housing and enhance our capabilities to apply a strategic and holistic approach to complex problem solving and delivery.

Our Sustainable Places Strategy has now guided our sustainability ambitions for five years for:

- Climate Resilient Places
- Healthy & Inclusive Places
- Productive Places
- Accountable & Collaborative Places.

Over this period, the key sustainability initiatives and outcomes include:

- six projects this year receiving or committing to 5 and 6 Star, Green Star Ratings
- once again, being certified as a Carbon Neutral Organisation, under the Climate Active Carbon Neutral Standard
- a commitment that from FY22 all communities where Landcom is the master developer will be delivered as all-electric, meaning no gas reticulation, and
- the launch of a new approach to research, which will leverage partners from across government, industry, and academia to deliver innovative solutions for our projects and industry.

To read more about our sustainability achievements throughout FY22, see Landcom's FY22 Sustainability Report.

The Landcom Way

Housing case studies



Market Context

Landcom's retail land lots sales have been exceptionally strong for all of FY22 due to low supply in the market and very high demand driven by low interest rates and incentives from both State and Federal Governments as part of the COVID-19 stimulus response. All of Landcom's retail releases were significantly oversubscribed during the year which resulted in the introduction of an online ballot system to ensure the fair distribution of homesites to our customers. The demand from our retail customers was not reduced by the need to move to an online and later a pre-booked sales approach as we responded to the changing COVID-19 impacts.

The wholesale market for unit sites was slower to recover with a major sale at the Metro Epping site seeing subdued pricing. Improvements in this market were seen during the year with significant competition for smaller development sites and major sales at Thornton and Edmondson Park later in the year.

Our concerted effort to increase our project pipeline is showing results as it continues to grow. Two new development sites were acquired during FY22. We purchased the former Bulli Hospital from NSW Health and entered a delivery agreement with Transport for NSW on a site at Wentworth Point. In addition, two new projects at Guntawong Road at Schofields and Rooty Hill were added to an existing agreement with the Office of Strategic Lands. Together these projects may deliver 1,627 dwellings over future years.

The major unit development site sales undertaken during the FY22 year were at:

- Edmondson Park-Precinct 9
- Epping Sydney Metro site
- Lachlan's Line, and
- Thornton.

FY23 will see us focusing on increasing our pipeline with projects in Sydney's southwest, west and northwest, and across the Six Cities region including Newcastle, Central Coast and Wollongong and with a renewed focus on supporting housing affordability, supply and diversity in regional areas.

Our actions to build production, secure project pipelines, leverage public investment in infrastructure and unlock sites through partnerships will support the development and construction industry and jobs, bring social and economic benefits, and help to take the pressure off housing affordability by increasing supply and diversity. Our partnerships support our delivery of the government's urban management objectives whilst returning funds to the people of NSW.

Dwelling value changes Greater Sydney and Regional NSW 2011-2022



45 year celebrations wrap up

On 8 November 2021, we celebrated our 45 Year milestone with an online event. A total of 303 people tuned in including 101 stakeholders from industry and government.

We discussed housing supply, affordability and diversity, sustainability, and partnerships, polled our audience on their industry perceptions and reflected on the importance of Landcom's role to government and the sector.

We also heard messages of support from industry, government and partner stakeholders including Davina

Rooney, CEO Green Building Council of Australia; Susan Lloyd-Hurwitz, CEO and Managing Director, Mirvac; Andrew McNulty, CEO Link Wentworth; and Ashley Williams, CEO, Biraban Local Aboriginal Land Council. Former Planning Minister Craig Knowles and former Managing Director of Landcom Sean O'Toole also supported the event.

Landcom's actions over 45 years are reflected in a significant legacy of exemplar projects. We celebrated 18 of our favourite award-winning exemplar projects and these are highlighted on Landcom's website.



Celebrating our 100,000th homesite customers

We are proud to share another special milestone in Landcom's history – the sale of our 100,000th homesite in late 2021.

We celebrated along with Ashraf and Syeda, our 100,000th homesite customers who purchased land in Stage 4 of Newbrook, Landcom's Airs development.

Ashraf and Syeda are very proud about purchasing at Newbrook where they are planning to build their

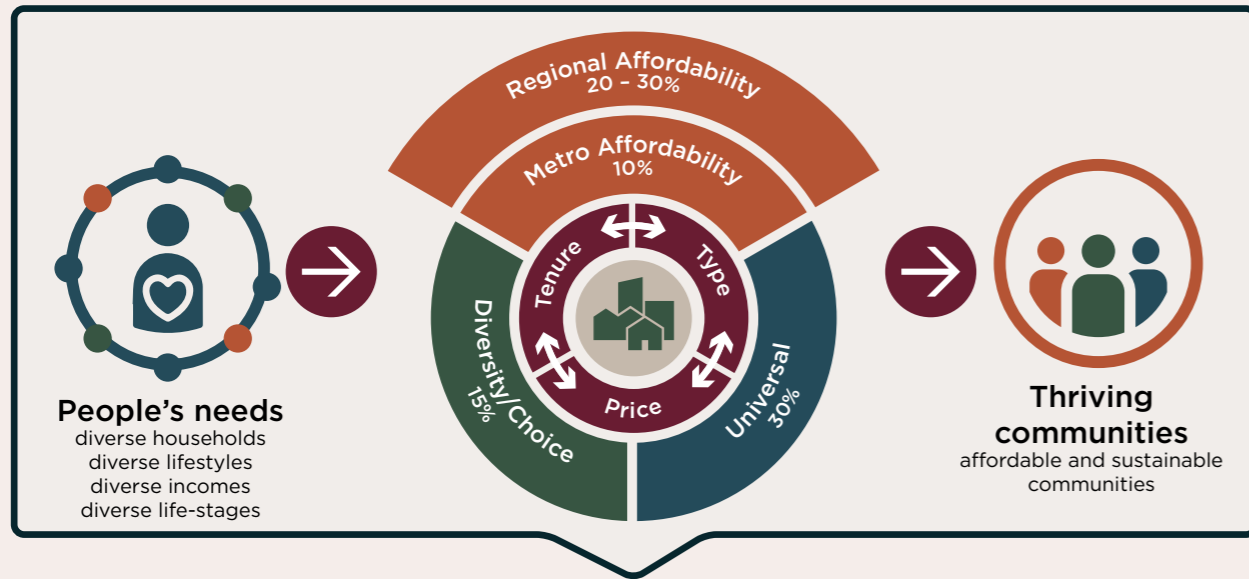
dream home and become part of this affordable and sustainable Landcom community.

"I am looking forward to walking to the shopping mall, the pond and playing fields and sharing my dream home with lots of friends and relatives", said Ashraf.

"Landcom's online sales approach worked very well for me and the procedure was very smooth", said Ashraf.



Housing



Delivering Quality Places

Demonstrate

Advocacy and advice

Housing Policy and our commitment to housing affordability

We updated our Housing Policy in July 2021. Our Housing Policy describes how we will contribute to NSW's housing needs with focus on affordability, choice, quality, universal design through demonstration, advocacy and advice. We track and report our progress in delivering diverse, affordable and resilient housing in our Sustainability Report.

Our updated Housing Policy applies to all new projects. These important projects will include delivery of:

- a minimum 5% affordable housing for rent managed or owned by Community Housing Providers and this along with other affordable housing products will make up at least 10% of the total dwellings. This means more long term rental housing for key workers and those whose income cannot meet the cost of housing
- a minimum of 15% diverse housing to provide a choice of different housing types within each community that meet people's preferences and needs in terms of size and built form, financial model and/or tenure or occupancy arrangements
- a minimum of 30% universal housing to provide more homes that support people ageing in place and all kinds of families, and people with disabilities.

Our housing leadership is demonstrated in our projects.

At our Queenscliff project in North Manly, we are demonstrating adaptive reuse of a former community health facility into affordable housing. Partnering with Community Housing Provider Link Wentworth Housing, the project will deliver 37 dwellings comprising studios, one and two bedroom dwellings with almost one third of these dwellings targeting women over 55 who are at risk of being homeless.

At Lachlan's Line Lot 117, we are delivering affordable housing in a different way. Partnering with Community Housing Provider Link Wentworth Housing, the project will deliver 100% affordable housing in a building of 95 apartments.

Minimum **10%** affordable housing including

Minimum **5%** Affordable Housing for rent (CHP)

Minimum **15%** diverse housing

Minimum **30%** universal housing (medium and high density)



Housing

Gives you more room for:

- people using prams, crutches, walkers and wheelchairs
- families with small children
- moving furniture, bikes, surfboards
- changing needs over your lifetime
- people with different access needs



Allows you to:

- move around more easily
- meet your household's changing needs
- have multi-generational families living together
- move in and out without damage
- grow and age in your own home

Universal housing

Homes with universal design features support the changing needs of households including multi-generational families living together, families with small children, people ageing in their own home, and people with different access needs.

We are working with our partner project home builders including Eden Brae Homes, Firststyle Homes and Wisdom Homes to include universal housing options in their range and building resources to support awareness with our customers.

Landcom is committed to influencing the design of detached, townhouse and apartment housing so that over time a greater proportion of new homes will include universal design features and meet or exceed Livable Housing Australia's Silver Level certification.

More universal housing will mean more diverse and inclusive communities, which will mean stronger and healthier communities.



Housing



Demonstration projects and partnerships

Our demonstration projects and partnerships are developed and delivered with organisations where there is an alignment of values.

This alignment is fundamental to delivering more affordable housing.

We partner with developers, Community Housing Providers, Local Councils, and Local Aboriginal Land Councils to:

- disrupt business as usual, innovate and demonstrate
- optimise housing supply
- ensure that our housing meets the needs of the residents, the investors and property managers.

Our Partnerships & Business Development team continues to build a new pipeline of partnership-based projects, including new affordable and diverse housing projects across Regional NSW where housing affordability pressures are pronounced.

The Landcom Way Leadership case studies



Demonstrating Western Sydney Street Design Guidelines

Landcom is committed to quality places and good design. Streets are an integral part of the places we create. In years past we have published industry leading design guidelines, including the Landcom Street Tree Design Guidelines and Street Design Guidelines.

Streets are important for getting around, social interactions, commuting, urban ecology, kids playing and water cycle management. They can play an important part in mitigating urban heat impacts and improving the amenity of a neighbourhood, greening our city and creating great public places.

The Western Sydney Street Design Guidelines seek to apply uniform design standards that:

- encourage social interaction
- create environments that are safe, comfortable and inclusive for all users
- offer continuous canopy
- encourage integrated Water Sensitive Urban Design
- are safe for cycling
- have carriageway widths that maximise space for different uses and users, and
- ensure future transport solutions maximise celebration of place.

During FY22 we have been reviewing the guidelines to understand how Landcom could apply them to meet our Sustainable Places Strategy and Green Star Communities aspirations and identify any gaps.

We have identified opportunities to demonstrate the new guidelines. At our Austral and Guntawong Road, Schofields projects we propose to demonstrate the guidelines by demonstrating a street network with shared zones, laneways, linear parks, local streets with water sensitive urban design verges, increased street canopy to ensure reduction in urban heat impact, zones for street seating, play spaces and traffic calming and dedicated parking and cycle lanes.



Schofields

Indicative artist impression subject to change and subject to approvals



Leadership



Launch of Homegrown newsletter

In November 2021 we launched Homegrown, our online newsletter to share updates and the key learnings and insights of our research, policies and projects with our partners in government, industry and the not-for-profit sector.

Each newsletter addresses different themes like partnerships and sustainability, and identifies upcoming partnering and development opportunities.

Our Edition 2 in May 2022 unpacked the foundations of our sustainability approach and our Sustainable Places Strategy, and highlighted our work with partners to research and deliver climate resilient communities and create healthy and inclusive places.



Leadership



The North Wilton precinct – the future of communities

Over the next 25 years Landcom will work to deliver an affordable, sustainable and resilient precinct at North Wilton comprising around 5,600 homes including 10% affordable housing.

The North Wilton precinct of 871ha includes approximately 360ha of Environmental Conservation Area and around 52ha of high-quality open space – offering us a perfect canvas to demonstrate the delivery of our sustainability ambitions.

Our project aims to achieve a 6 Star Green Star Communities rating, certified by the Green Building Council of Australia. This means that the community is designed to enhance liveability, demonstrate excellence in the built form, enable local employment opportunities, promote improved biodiversity, water and waste outcomes, with fully electrified homes using renewable energy.

Engaging with the local community is part of our approach. When the local Community Reference Group at North Wilton told us they wanted to hear more about infrastructure planning and delivery we initiated a combined development infrastructure update letter-box drop in collaboration with all the developers and council.

During COVID-19 we embraced online and in-person visioning to explore ideas and opportunities with the community. Wilton locals told us what they liked about Wilton and what they wanted us to deliver. This feedback is helping us to refine the project vision and inform our planning. Future and ongoing engagement with the local community, including the local Aboriginal community and Local Council officers will also inform our plans at North Wilton.



Leadership



Sustainable Places Strategy - 5th year of our 10 year strategy

Over the past five years we have implemented a significant work program to progressively enhance the performance of our projects and provided clear leadership to government and industry on sustainability.

We are very proud of our achievements. This year Landcom was again recognised as a global sustainability leader, ranked in the top three in Oceania in the GRESB Real Estate Assessment.

We are still certified as a Carbon Neutral Organisation under the Climate Active Carbon Neutral Standard this year - a significant status for us.

Over the next five years we're particularly focused on identifying and implementing a pathway to achieve our goal to enable carbon neutral, zero waste, water positive and net positive ecological outcomes by 2028.



Leadership



Creating a resilient future – research to enable carbon neutral communities

To ensure our communities both mitigate and adapt to the impacts of a changing climate we have set ourselves the stretch goal of enabling carbon neutral, water positive, zero waste and net positive ecological outcomes by 2028.

Alignment between the decreasing cost of climate resilient technologies, increasing support among Australians for action on climate change, and growing consumer preferences for greener development offers new opportunity.

Our challenge is to find climate resilient solutions which are commercially feasible, resonate with consumers and can be delivered at scale across our communities.

In line with our Sustainable Places Strategy ambitions, the amenity, size and staging of our North Wilton project offers an important opportunity to explore the potential

for 100% renewable energy to enable carbon neutrality and, importantly, learn as we go.

This year we initiated our Smart Energy Precincts Program to enable this at North Wilton and to create a 100% renewably powered, all-electric, smart energy precinct.

Key objectives being addressed are:

- overcoming barriers to energy sharing in Torrens Titled communities
- infrastructure delivery and ownership solutions that do not encumber the community, and
- solutions that are scalable and replicable.

At every opportunity we will share our learnings with government and industry.



Leadership

Advocacy in action

Landcom provides advocacy and advice across government and industry on issues of property development, urban planning, sustainability and housing.

Since June 2021, Landcom has provided advice to the NSW Government on draft policies and reforms, including the:

- Design and Place State Environmental Planning Policy
- Housing State Environmental Planning Policy
- infrastructure contributions system
- Wilton Complying Development Code
- Hunter Regional Plan
- Central Coast Regional Plan
- Regional Housing Taskforce findings and Recommendations Report, and
- new approach to rezoning.

Landcom is also a member of government and industry working groups and committees, such as:

- Common Planning Assumptions
- Economic & Employment Sub-Group
- Population and Dwelling Technical Sub-Group
- Evidence and Insights Executive Steering Committee
- Complying Development Expert Panel, and
- Community Housing Industry Council.

Landcom also participates on the Department of Planning and Environment Housing Strategy Directors Working Group.

Our ability to provide advice based on commercial delivery experience supports better government policy decisions.



Leadership

Creating high quality public spaces and increased tree canopy

The pillars of Climate Resilient Places and Healthy & Inclusive Places in our sustainability strategy have a direct impact on public open and green spaces in our projects. For example, Landcom uses the Green Star 'Open Space' standard as a benchmark for communities in relation to walkable access to green open space and diverse amenities. Landcom also adopts targets to reduce urban heat island effect across our communities, which helps to build resilience and mitigate extreme heat impacts. Canopy cover in private and open spaces is one of several reduction measures. Landcom consistently meets this target across all communities we design and deliver.

In 2021, Landcom's Macarthur Gardens North project attained a 5 Star Green Star rating from the Green Building Council of Australia demonstrating our commitment to sustainable, environmentally sound and healthier developments. Some of the design features that contributed to the Green Star rating were the planned increase in tree canopy coverage, with over 56% coverage achieved (which exceeds the rating requirements). The project will also include design features such as the enhancement of an existing creek line, which will restore the creek and provide over 60% of the total site area as open space reserve along the riparian corridor. These measures not only enhance liveability but also contribute to reducing urban heat island effect.

The Landcom Way

Partnership case studies



L-R Front row: Norm Smith, Biraban Working Group member, Edward Smith, Chair Biraban Local Aboriginal Land Council, Anne Andrews, Deputy Chair Biraban LALC, Ashley Williams, CEO Biraban LALC
 L-R Back row: Xander Ryrie, Landcom Development Manager, Nicole Woodrow, Landcom Development Director, John Brogden, former Landcom CEO.

Who we partner with

From all tiers of government, the property industry, the not-for-profit sector and peak organisations, we are all part of the conversation and all have something to contribute to delivering more sustainable and affordable housing.

Some of our valued partners include:

- Community Housing Providers
- Federal Government including National Housing Finance and Investment Corporation (NHFIC)
- Local Aboriginal Land Councils
- Local Councils
- not-for-profit sector
- other developers, and
- State Government agencies



'Our Journey' by Danielle Mate

Our cultural awareness journey

To develop our Reflect Reconciliation Action Plan (RAP) Landcom has been on yarning circles of reflection and learning about Aboriginal culture this year. Throughout 2021 Yarning Circles facilitated by Indigenous consultants Murawin and attended by Landcom staff provided the opportunity to evaluate what steps we can take towards reconciliation and encouraged us to reflect on:

- healing and restoration
- understanding Country and place
- regenerative design - an intercultural approach, and
- building capacity for effective engagement and collaboration.

Our Reflect RAP approach was guided by a group of staff champions, called the Reflect RAP Collaborative, and was developed in accordance with Reconciliation

Australia's RAP Framework, covering the Four Pillars of Reconciliation: Respect, Relationships, Opportunities and Governance.

We commissioned an artwork from Danielle Mate, a descendant of the Murrawari and Euahlayi people, to visually represent our reconciliation journey to date. Through a collaborative process Danielle incorporated staff reflections on reconciliation into the artwork.

Our journey so far has helped us to better understand connection to Country, and to inform our practices to recognise and respect Aboriginal people, culture and connection in ways that will contribute to reconciliation.

We are proud to finalise our Reflect RAP in FY22. Our journey of awareness and action continues.



Partnership



L-R: Blake Cansdale, COO Darkinjung Local Aboriginal Land Council, Xander Ryrie, Landcom Development Manager, Matthew Beggs, Landcom EGM, Nicole Woodrow, Landcom Development Director and Barry Duncan, Chairperson of Darkinjung Local Aboriginal Land Council.

Our journey with the Traditional Custodians of Country

This year we have continued to build our relationships with Local Aboriginal Land Councils (LALCs).

We are working with LALCs to identify and deliver social and economic outcomes for them and their communities through the development of suitable lands within their ownership portfolio.

This year our staff participated in facilitated learning, cultural competency training and yarning circles to progress our Reflect Reconciliation Action Plan. We have embraced Acknowledgement of Country in our practices; we are reviewing our approach to the procurement of Aboriginal suppliers and are building trusting relationships with the LALC's to support aligned values and outcomes for Aboriginal communities in Sydney and across Regional NSW.

Our relationships with Aboriginal communities continue to grow and this year we have reached agreements to work in partnership with communities in three LALC areas across metropolitan Sydney and regional NSW.

The terms of reference that we build together with our partners to form our Memoranda of Understanding are unique and form the foundations of our relationship, our work and our shared values with those stakeholders.

Working with Traditional Custodians

There is a significant alignment in the purpose, vision and aspirations of Local Aboriginal Land Councils and Landcom.

In late 2021 Landcom and Biraban LALC formalised our plans to work in partnership with the signing of a Memorandum of Understanding. Biraban LALC represents the Traditional Custodians of more than 1,200ha of land within the Lake Macquarie Local Government Area. The objectives of the partnership include working together to deliver increased housing affordability, supply and diversity in the interest of the community and promote developments which are ecologically sensitive, culturally aware and sustainable and provide opportunities for future generations. Honouring the aspirations of Elders past and present, projects will include the delivery of homes for rent and ownership for the Biraban community, leaving a legacy of secure housing.

Through our Memorandum of Understanding with Members of Darkinjung LALC formalised in FY22, we are exploring development opportunities on their lands around the Central Coast region to achieve affordable housing outcomes in this community.

With Deerubbin LALC we are working together at Lawson in the Blue Mountains to deliver housing for the community in this ecologically sensitive area as part of our Memorandum of Understanding to explore development opportunities on Deerubbin LALC lands.



Partnership



Government working together across regional NSW

Landcom is working across all tiers of government to address many of the issues impacting the supply of affordable housing in regional NSW. Communities across regional NSW who were already experiencing housing pressures, are now faced with further pressures due to an increase in internal migration numbers into the regions resulting from COVID-19 and significant climate events that have reduced housing stock.

We are working with Local Councils in several regions to identify council assets that can be better utilised through partnerships with Community Housing

Providers to enable more affordable housing for their communities. We are inviting Local Councils to leverage our development expertise where needed, to generate new housing solutions.

Our partnership with National Housing Finance and Investment Corporation (NHFIC) enables Landcom, Community Housing Providers, Local Aboriginal Land Councils and Local Councils to access concessional finance, infrastructure finance and development opportunities to deliver more affordable housing in the regions.



Partnership



Macarthur Heights

Partnering across government

Landcom works across Federal, State and Local Government to unlock development opportunities and improve the delivery of affordable housing.

Landcom can leverage additional benefit through our capacity to advise government and other partners on planning and development solutions for urban management. We build relationships to connect the dots to bring finance, land, community and development expertise together and make things happen.

Partnerships with Local Councils enable us to connect directly with local communities and understand their unique needs. This means that together we can develop bespoke approaches to address local needs. Our partnership with Byron Shire Council supports joint investigation into opportunities to deliver affordable housing on council land as well as our participation in community conversations like the local Housing Forum.

Our Memorandum of Understanding with National Housing Finance and Investment Corporation (NHFIC) formalises our commitment to collaborate to identify and unlock housing pilot projects across NSW, with focus on fast-tracking supply, creating opportunities for affordable housing and facilitating fund applications.

Landcom partners with Department of Communities and Justice where aligned values inform our work with the Community Housing sector for the delivery of affordable housing.

Sydney Metro and Landcom are working together on the long-term planning and development of the Sydney Metro Northwest Stations from Tallawong to Epping. This collaboration will provide diverse housing, retail and commercial spaces, public spaces and community facilities in inspiring and unique places close to transport. While the planning continues, our placemaking team continue to bring art and colour to the sites through hoarding artworks and community activities.

Our longstanding partnership with Western Sydney University at our beautiful Macarthur Heights project is coming to a close with all 960 homesites sold.

We are working with Transport for NSW at Wentworth Point to support multiple uses with focus on planning and delivery of a future public reserve and sports field.

We believe everyone deserves a place to call home and align our business with those partners who share the same values.



Partnership



Bonnyrigg Community Centre

Partnering with Land and Housing Corporation

Our longstanding partnership with Land and Housing Corporation (LAHC) has delivered hundreds of refurbished houses, homesites and community facilities across projects in Airds, Claymore and Bonnyrigg. In FY22 our construction team delivered a 22 apartment building for LAHC clients and a community centre at Newbrook at Airds, and is currently building a new community centre at Bonnyrigg.

Our work to rejuvenate communities at Airds and Claymore in partnership with LAHC is supporting diverse

and sustainable communities. The social benefits of the integration of affordable housing, social housing, new and rejuvenated services and community infrastructure, placemaking and community development programs are reinforced by our continuing independent research.

This holistic and purposeful planning and delivery across infrastructure, bricks and mortar and community is achieving a positive and sustainable legacy.



Partnership



Alexander Wendler speaking at the UDIA Winter Luncheon

Partnering across industry

Membership and sponsorship of peak industry organisations is a key conduit for Landcom to share our role to advise, advocate and deliver outcomes with our partners in industry and for our staff to participate in industry committees, network and learn. We sponsor events across five industry organisations including Urban Development Institute of NSW (UDIA NSW), Local Government NSW (LGNSW), Community Housing Industry Association (CHIA), Property Council of Australia (PCA) and Committee for Economic Development of Australia (CEDA), as well as specific aligned events addressing issues related to western Sydney and regional NSW.

Our projects are delivered directly or enabled through partnerships with developers and landowners aligned with our quality, affordability and sustainability aims. This is how we leverage our efforts and investment to unlock more development opportunities and improve delivery.

We draw on our partnerships and look at innovative ways to bolster our economic and financial roles in a way that brings more homes to market and stimulates the economy.



Partnership



Live Life get Active at Tallawong Pocket Park

Partnering for placemaking and public art

Places which develop in response to an identified local character and agreed desired future character are likely to be more sustainable to contribute to good quality of life and attract investment.*

Landcom and Sydney Metro are working together on the long-term planning and development of government-owned developable land surrounding the stations on the Metro North West Line. The program, called Sydney Metro Northwest Places, focuses on creating diverse, well-designed places for current and future communities to live, work, shop and play.

As part of our partnership with Sydney Metro, this year Landcom has completed a Placemaking Framework that outlines our placemaking approach for the Sydney Metro Northwest Places program and guides Landcom, Sydney Metro and our development partners.

The placemaking program strives to create a sense of community and belonging as these places evolve, using both temporary and more permanent anchors to encourage people's connections to place and people.

Landcom partners with not-for-profit organisations, artists, and the community to deliver placemaking.

Our placemaking partnerships and initiatives included:

- creative connections: in our Kellyville Precinct, Glenwood High School worked with The Story Factory and local Aboriginal Elders to explore past, present and future perspectives of place
- creative hoardings across the Sydney Metro Northwest places involving artists Maddison Gibbs, Ian Mutch, Nadia Hernández, Bradley Eastman, Tania Barahanos, Alexandra Byrne and Leanne Watson
- Live Life Get Active: free fitness workshops held at Tallawong Pocket Park promoting healthy lifestyles

and developed to reduce preventable disease within communities

- The Mobile Library pop-up and Baby Rhyme Time at Tallawong Pocket Park with storytime for toddlers delivered by Blacktown City Libraries
- Christmas engagement: The Northwest Pole colouring competition for children 12-years-old and under, and
- #NorthwestFaces: a webspace for sharing stories about why locals love Northwest Sydney.

Our placemaking approach is proving sustainable, a key objective in ensuring ongoing placemaking outcomes for our communities. For example, the Tallawong Pocket Park placemaking program Life Live Get Active, Blacktown City Council's mobile library and Baby Rhyme Time have successfully transitioned to our development partner, Deicorp and now runs from the Deicorp display suite.

As part of our partnership with Sydney Metro, this year Landcom also completed Public Art Guidelines so that we can deliver public art that builds the unique story of each place, encourage social connections and bring life to public spaces. Our vision is to enable artworks that are contemporary, memorable, bold and innovative in order to inspire, invigorate and announce these precincts as places for people to live, connect and grow.

While COVID-19 impacted our delivery of placemaking activities onsite, we continue our planning for more activities in the future to bring people together, make people and places safer and healthier and support a sense of community and connection to place.

* (source: Department of Planning, Industry and Environment (2019) Local Character and Place Guideline)



Partnership



A local Elder performs a traditional smoking ceremony to kick off the Red Room Poetry 'Poem Forest' workshop.

Supporting climate action and cultural learning through poetry

Our new partnership with Red Room Poetry is supporting their 'Poem Forest' program.

Poetry workshops started in May at the Australian Botanic Gardens with local schools including Eagle Vale High School and Robert Townson Public School.

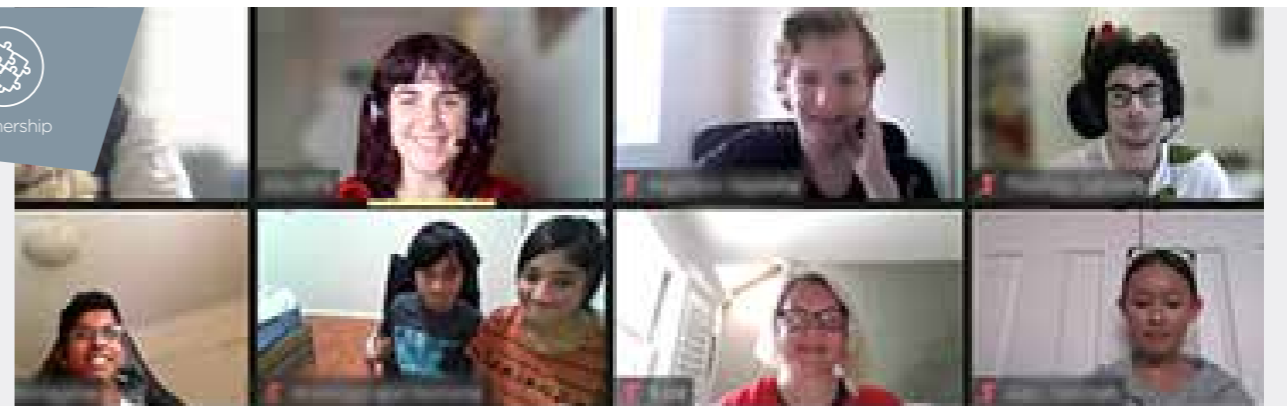
This partnership aligns with our 'Healthy & Inclusive Places' and 'Climate Resilient Places' sustainability objectives, aiming to support children to connect to culture and climate through being immersed in nature and learning about poetry.

The workshops started with a traditional smoking ceremony and discussion on culture and caring for Country with local Elders, poets, artists and musicians including Aunty Verna Barker and Lyndsay Urquhart. Students then listened to poetry in language while developing their own poetry, and learnt about traditional bush foods and how to propagate plants, before touring the new National Herbarium.

Feedback from students has been really positive. One student said, "it made me see a whole new side of nature and I've seen why Aboriginal people truly wanted to protect it".



Partnership



Community and stakeholder engagement in action

The community and other stakeholders were invited to help shape the design of a new neighbourhood park in the Hills Showground Precinct, including collaborative workshops with The Hills Shire Council.

We engaged with local Aboriginal community representatives, including Muru Mittigar and the Dharug Strategic Management Group, to consider the principles of resilience, culture and identity. The feedback we received influenced the suggested layout, materials and plantings.

Between August and October 2021, we invited the community to provide feedback on the initial park design.

The online consultation page, which included the concept designs, artist impressions, a survey and post-it wall, was visited 2,065 times. We explored community views on five park themes which cover a range of activities – play and movement, relaxation, nature, discovery, creativity and facilities and services.

Feedback about the initial design was overwhelmingly positive. We received 433 responses and 33 community members participated in the online design workshops. Further engagement with teenagers and select groups is proposed prior to the design being finalised to involve these groups in designing spaces suitable for younger people.



Partnership

Holistic communications approach to address community interest in infrastructure

In response to feedback about local community interest in planned infrastructure to support growth in the Wilton Growth Area, we worked proactively with other major landowners and Wollondilly Shire Council to produce and distribute a printed development update with information about the timing and delivery of planned

road upgrades in the area. The update is the first in an intended series of updates to keep the community informed about development being planned and constructed by different parties to address the needs of current and future residents.



Partnership



Engaging communities to plan tomorrow's communities at North Wilton

In early 2022 we invited community input to help us shape a shared vision to guide our planning for North Wilton. Over summer we issued a series of social media posts to start the conversation about the future of North Wilton seeking responses to the following questions:

- What are the features of a community that people love to live in?
- What does the good life look like in North Wilton in the future?
- What are the must-have features of a climate-ready neighbourhood today and in the future?

We then held two workshops in April 2022, including an online and a in-person event in Wilton to understand community hopes for North Wilton, views on what makes North Wilton distinct, what would make it highly liveable and loveable, and thoughts on a draft vision.

This 25 year project that will deliver some 5,600 homes is being planned to deliver ambitious sustainability outcomes including enabling carbon neutral with no gas, and a goal to achieve world leading 6 State Green Star Communities accreditation as well as 10% affordable housing and 20% diverse housing.



Partnership



Empowering informed community feedback on plans for growth in the Mid North Coast

On 5 June 2022 around 190 local residents attended a community information session we hosted in North Tuncurry during the six-week statutory exhibition

of our planning proposal to rezone approximately 615ha in North Tuncurry for new homes, employment opportunities, community open space, and conservation.



Partnership

Feedback informs our partnerships

As part of Landcom's commitment to building stronger working relationships, we invited ORIMA Research to ask our stakeholders for feedback about their experience and expectations of working with us. We heard from nearly 100 stakeholders working across government and industry.

Pleasingly, the results are mostly positive and our performance and working relationships are generally seen to be strong. Views on our performance are consistent with what we heard in 2018 when we undertook similar research and our key relationship attributes have all improved over this time.

Since 2018, stakeholders have developed a more nuanced understanding of our role and have more varied expectations of us. Generally, they expect us to take a leadership role to coordinate strategic and complex projects, showcase sustainable design innovation and address affordable housing.

What we heard

Generally, stakeholders said we're performing well and that our performance in areas that are most important is strong.

Industry and local government stakeholders rated our performance more strongly than state government stakeholders.

Industry stakeholders told us we're an effective interface for them with government.

Some state government stakeholders said they think that we should be more involved in housing and other policy.

How we're responding

Collaborating - Reaching out to key state agencies to discuss our role in whole-of-government policy processes and how they see us adding more value in terms of housing affordability, sustainability and design innovation.

Up-skilling - Building our internal capacity to share knowledge and showcase innovative affordable and diverse housing outcomes within the development industry.

Working together - Developing our relationship skills and embracing more coordinated approaches for working together. Our initial focus will be on strengthening our cooperation with key state agencies.

Communicating - Updating our communications to clarify our role and the social value we deliver on the ground through projects and dividends we pay to government.

Our relationships with stakeholders are key. This feedback reinforces our values-based approach to partnerships and helps us to better direct how and where we share information about our work. Our Homegrown Newsletter shares content of interest and relevance to our government, industry and other partners including what we are doing, how we are innovating and coming development opportunities.

Task Force for Climate-Related Financial Disclosures

Landcom recognises the systemic threat posed by climate change and the need for urgent mitigating action. In 2018 Landcom launched its Sustainable Places Strategy, directly aligned to the Sustainable Development Goals, Paris Agreement and 100 Resilient Cities Strategy for Sydney.

Our Strategy includes a commitment to enabling carbon neutral, water positive, zero waste and net positive ecological outcomes at our new communities by 2028.

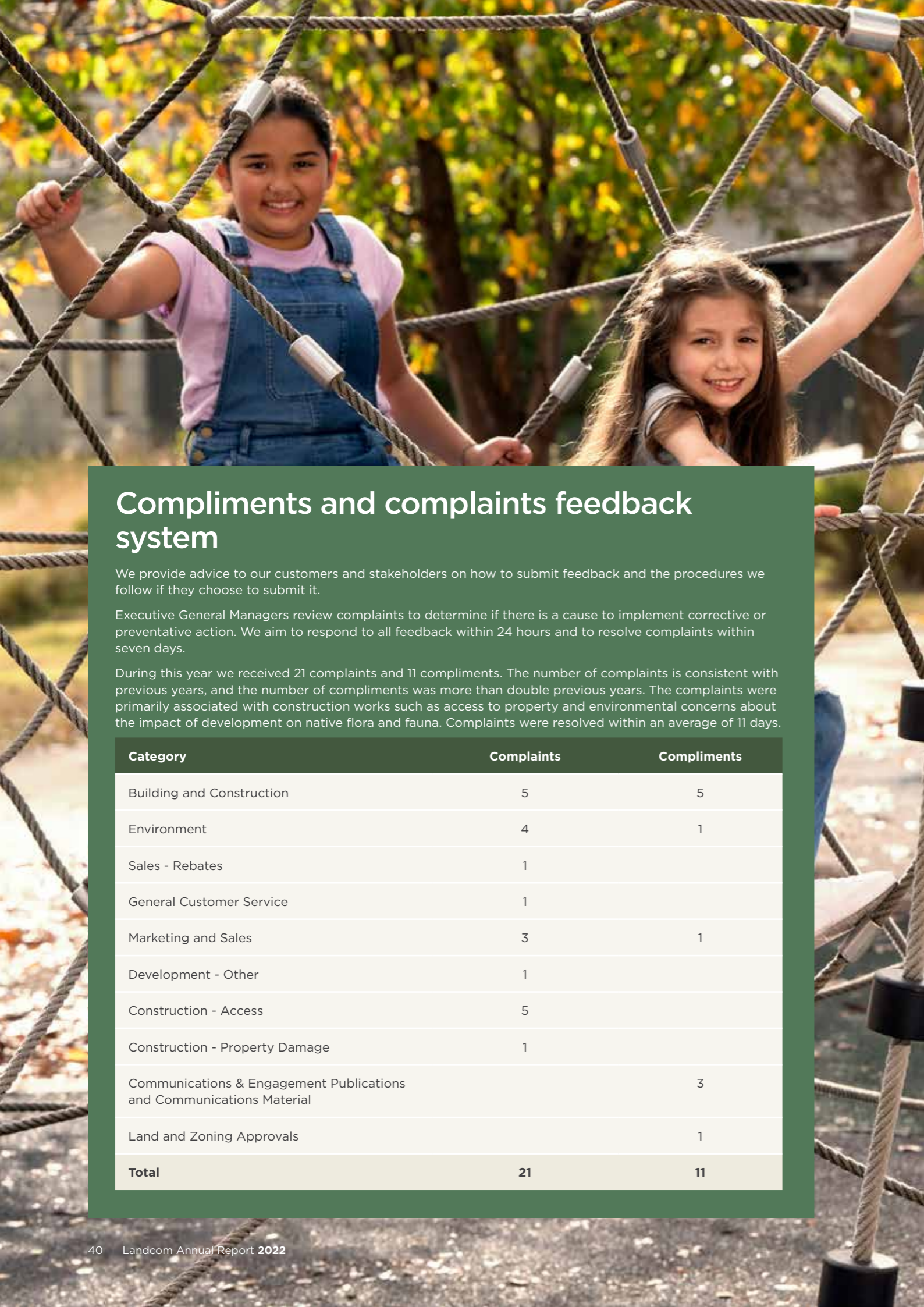
While we continue to deliver on these commitments at our assets, Landcom is also taking steps to bolster our

overall approach to mitigating the risks of climate change to our organisation. In FY20 Landcom adopted the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) and began progressively working towards full alignment. We are aligning with the TCFDs as it is leading practice, and our disclosures are presented with consideration to the interests of our stakeholders. In FY21 and FY22 we continued to mature our disclosures including undertaking scenario analysis, financial risk modelling and identifying opportunities to respond to key risks.

We recognise that there will always be space for continuous improvement and maturity when responding to climate change risks and opportunities.

| Recommended Disclosure | Status of Disclosure | Landcom Response / Action | Future Priorities / Actions |
|---|----------------------|---|---|
| Governance | | | |
| Describe the board's oversight of climate-related risks and opportunities. | Established | Landcom has a robust and established governance structure for the corporation. Our Governance Structure, p. 48. Climate-related risks and opportunities leverage this structure to facilitate a range of considerations and accountability at the highest levels of our corporation, Board of Directors and our management (Executive Committee). This includes: | Prepare a new Climate Risk Management Plan to incorporate the findings on transition risks. |
| Describe management's role in assessing and managing climate-related risks and opportunities. | | Our Board considering climate risks through reports prepared during all project acquisitions, development approval proposals or divestment strategies. | Cascade climate and resilience-related Key Performance Indicators to Senior Leaders. |
| | | Our Board and Executive Committee approving Landcom's Sustainability and Annual reports, including relevant climate-related performance and disclosures. | Continue all existing governance protocols. |
| | | Climate Risk Management Plan updates twice annually to the Audit and Risk Committee including a corporation-wide Strategic Risk around environmental sustainability. Monitoring of climate-related risks is undertaken through Landcom's Strategic and Operational Risk registers, managed between the Executive Committee, Director - Audit and Risk and Director - Sustainability & Learning. | |

| Recommended Disclosure | Status of Disclosure | Landcom Response / Action | Future Priorities / Actions |
|---|----------------------|--|---|
| Metrics and Targets | | | |
| Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process | Established | Launched in 2018, Landcom's Sustainable Places Strategy established the metrics supporting disclosure and tracking performance around climate-related risks and opportunities. These metrics were identified and crafted based on international best practice with progress against these metrics presented during routine audit and risk management meetings. For more information on the specific metrics, see the FY22 Sustainability Report for: Climate & Resilience Performance Results Energy & Emissions Performance Results Environmental Management Performance Results Waste & Materials Performance Results Water Performance Results Innovation Performance Results Case Study: Heat resilient communities | Investigate and adopt appropriate metrics for considering transition risks. |
| Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks. | Initiated | Landcom currently discloses its Scope 1, 2 and 3 organisational emissions through our CY21 Climate Active Product Disclosure Statement. Our journey is reflected in the Case Study: Climate Active Journey. Current performance and tracking against GHG emission can be found within our Energy & Emissions Performance Results, and Environmental Management Performance Results in the FY22 Sustainability Report. Early identification of related risks can be found in our Case Study: Transition Risk Scenario Analysis. | Continue to drive down Scope 1, 2 and 3 organisational emissions. Explore expanding our organisational emissions boundary to include Scope 3 emissions within our sphere of control. |
| Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets. | Established | Launched in 2018, Landcom's Sustainable Places Strategy identifies over 15 targets supporting disclosure and tracking performance around climate-related risks and opportunities. For more information on the specific targets and our performance, see the FY22 Sustainability Report for: Climate & Resilience Performance Results: Climate Change Risk and Community Resilience Climate & Resilience Performance Results: Urban Heat Island Reduction Climate & Resilience Performance Results: Biodiversity Energy & Emissions Performance Results: Greenhouse Gas Emissions Reduction Energy & Emissions Performance Results: Onsite Renewable Energy Environmental Management Performance Results: Green Star Certification Environmental Management Performance Results: NABERS Certification Environmental Management Performance Results: BASIX Certification Waste & Materials Performance Results: Waste Waste & Materials Performance Results: Materials Water Performance Results: Potable Water Reduction Innovation Performance Results: Research Investment Innovation Performance Results: Emerging Technologies | Review our targets over FY23 to determine adequacy in meeting our leadership goal and opportunities to consider adding additional targets to support our response to climate-related risks. Incorporate transition risks and opportunities into our project-level process of addressing climate-related risks including project business plans, community-specific climate and community resilience assessments and through risk specific information materials. |



Compliments and complaints feedback system

We provide advice to our customers and stakeholders on how to submit feedback and the procedures we follow if they choose to submit it.

Executive General Managers review complaints to determine if there is a cause to implement corrective or preventative action. We aim to respond to all feedback within 24 hours and to resolve complaints within seven days.

During this year we received 21 complaints and 11 compliments. The number of complaints is consistent with previous years, and the number of compliments was more than double previous years. The complaints were primarily associated with construction works such as access to property and environmental concerns about the impact of development on native flora and fauna. Complaints were resolved within an average of 11 days.

| Category | Complaints | Compliments |
|--|------------|-------------|
| Building and Construction | 5 | 5 |
| Environment | 4 | 1 |
| Sales - Rebates | 1 | |
| General Customer Service | 1 | |
| Marketing and Sales | 3 | 1 |
| Development - Other | 1 | |
| Construction - Access | 5 | |
| Construction - Property Damage | 1 | |
| Communications & Engagement Publications and Communications Material | | 3 |
| Land and Zoning Approvals | | 1 |
| Total | 21 | 11 |

Multicultural policies and services program

Multicultural priorities

Landcom recognises and values the different linguistic, religious and ancestral backgrounds of all the people in NSW.

We follow the principles set out by Multicultural NSW in the Multicultural Policies and Services Program to identify and address opportunities to meet the needs of these communities in our day-to-day operations through the focus areas of service delivery, planning, leadership and engagement. A summary of Landcom's Program is provided below.

Landcom's multicultural strategies form part of our Diversity & Inclusion Plan and address our internal and external stakeholders, including our staff, our retail purchasers and our work with development industry stakeholders across our community engagement initiatives, sales and marketing programs and community development programs and partnerships.

| Focus | Activities, initiatives & outcomes |
|---|---|
| 1. Service delivery | Ensuring that people from culturally diverse backgrounds receive services that meet their needs |
| Mainstream services deliver for everyone | <ul style="list-style-type: none"> We have a Translation and Interpretation Service (TIS) procedure and maintain a TIS account. We prepare stakeholder communications and engagement strategies for all projects which include stakeholder identification and assessment to identify the needs and interests of communities in project areas. When required we consult with Local Councils and other stakeholders like migrant resource centres to inform our understanding of community needs. Our framework for engaging stakeholders, Join In, outlines principles that underpin our engagement approach. With culturally and linguistically diverse communities we aim for our engagement to be inclusive and to focus on engaging people with different needs and interests and proactively make it easy for people to participate. |
| Targeted programs to fill gaps | <ul style="list-style-type: none"> We have a preferred supplier for translation and interpreter services, a TIS account and a list of bilingual staff who can provide translation support for face-to-face meetings when required. Procurement practices support economic participation of Aboriginal suppliers. |
| People from culturally diverse backgrounds are aware of NSW Government services, programs and functions | <ul style="list-style-type: none"> TIS contact information is provided on all Landcom project communications materials and marketing and promotional materials including webpages. Translation services are offered in all Landcom Sales Offices. |
| 2. Planning | Using evidence-driven planning to plan more inclusive services and policies |
| Strong plans to deliver services | <ul style="list-style-type: none"> Marketing strategies are culturally appropriate. We subscribe to a demographic service to inform communications and engagement planning. Community development activities are tailored to local communities. |
| Evidence-driven planning | <ul style="list-style-type: none"> We undertake a regular Healthy & Inclusive Places survey designed to engage people of all backgrounds to inform the way we deliver community development programs and initiatives that are meaningful and impactful. |

| Focus | Activities, initiatives & outcomes |
|-------|------------------------------------|
|-------|------------------------------------|

| | |
|---------------|---|
| 3. Leadership | Ensuring that our leaders value and support diversity |
|---------------|---|

| | |
|---|--|
| Demonstrated leadership in culturally inclusive practices | <ul style="list-style-type: none"> Landcom offers its customers TIS services. Landcom has taken a proactive approach towards educating and supporting its staff in undertaking cultural competency. We have done this through our partnership with Evolve and Murawin, where we have provided our staff with yarning circles and First Nations Cultural Competency Training through an all-staff webinar and e-learning. Landcom continues to prioritise diversity and inclusion, with an updated Diversity & Inclusion Policy in September 2021 and refreshed Diversity & Inclusion Action Plan in January 2022, which outline our commitment to building a more diverse and inclusive workplace. The Action Plan drives inclusive practices, reduces workplace biases and provides a strong focus on training and development, celebration, and supporting our staff in alignment with our Diversity & Inclusion Policy. Landcom applies merit-based staff selection and recruitment practices and we review interview panels to promote gender balance. |
|---|--|

| | |
|--|---|
| Increased recognition of the value of cultural diversity | <p>Landcom is committed to diversity and inclusion. Our learning plan includes comprehensive staff training on First Nations Cultural Awareness, Custodians of Culture, Respect in the Workplace, Unconscious Bias, Workplace Bullying prevention, Discrimination & EEO, Building & Managing teams, Building Stakeholder Relationships and Diversity & Inclusion in the Workplace.</p> <p>The Discrimination & Harassment Policy was updated to include a requirement for positive race relations to be maintained:</p> <ul style="list-style-type: none"> Landcom takes care to ensure that our images/ photos represent our diverse customer base. Landcom has a Style Guide to support employees in ensuring that corporate language is inclusive and consistent. This is also reflected in the language used in our templates and policies. Landcom also seeks to build internal cultural diversity, celebrating Harmony Day, sharing staff stories, recipes and culturally significant events. This allows our staff to feel included, even in a distributed working environment. |
|--|---|



| Focus | Activities, initiatives & outcomes |
|-------|------------------------------------|
|-------|------------------------------------|

| | |
|---------------|---|
| 4. Engagement | Our effective processes for engaging people from culturally diverse backgrounds to inform service and policy design and provide mechanisms for feedback |
|---------------|---|

| | |
|--|---|
| Collaboration with diverse communities | <ul style="list-style-type: none"> We endeavour to understand the demographic profile and needs of our communities using our Community Insights tool subscription, checking with Local Councils and Healthy & Inclusive Places survey results. We apply this insight to our services planning and delivery. We review the demographic profile of communities in our project areas to identify whether communications material needs to be translated. On our Schofields project we are translating construction news in Hindi, Maltese, Punjabi and Tagalog. Linked to our Reflect Reconciliation Action Plan, staff have participated in cultural awareness training which is helping to support our engagement with Local Aboriginal Land Councils and Aboriginal communities on multiple projects and initiatives. Through our annual Healthy & Inclusive Places survey we seek to understand residents' cultural affiliations and how they prefer to connect with one another and their surrounding community. This directly informs our approach to community development. |
|--|---|

In our Macarthur Heights project many residents have a South Asian background. We have supported the Macarthur Heights Residents Group in various initiatives including the Diwali festival and more recently the Holi festival (Festival of Colours), which they ran at the same time as their annual general meeting to bolster attendance.



| | |
|--|--|
| Understanding the needs of people from diverse backgrounds | <ul style="list-style-type: none"> Project communications materials and webpages have links to TIS to provide translation support. Regular Style Guide updates to reflect contemporary approaches to cultural awareness. |
|--|--|

Health, safety and environment

In FY22 we reinforced our commitment to health, safety and environment (HSE) by reviewing the HSE Policy and Framework that means:

- we aim to eliminate incidents and injuries, both mental and physical, across all our operations and sites because we want our people to return home safely, and
- we encourage our people to live happy, healthy lives, with healthy bodies and minds and in healthy places.

Our commitment to protecting and enhancing the natural and built environment recognises that a successful future for our business is dependent on the sustainability of the environments, communities and economies in which we operate.

We ensure that our HSE Policy remains effective and fit for purpose for the sectors and markets in which we operate and positively influences HSE outcomes in everything we do.

In FY22 Landcom responded to the COVID-19 pandemic in these ways:

- all Landcom offices including sales offices remained closed until December 2021. After the brief successful return to work in February 2021, all staff returned to working from home from June 2021 to February 2022
- we established COVIDSafe protocols and communicated updates to all Staff on a weekly basis to ensure compliance with the NSW Public Health Orders
- our technology infrastructure was further enhanced to enable a seamless transition for operational systems. Our cyber security infrastructure was also strengthened
- we conducted wellbeing check-ins and surveys with all staff while working remotely to identify and assist staff who may be struggling with remote working and pandemic stress. Every employee was contacted for a conversation about wellbeing by our Employee Assistance Program provider, Life Street
- we enhanced our internal communications rhythm, increasing the frequency of CEO and leadership team updates and virtual staff town hall events
- we offered information sessions to all staff including workplace COVID-19 safety sessions and vaccine efficacy
- staff completed risk assessments for work from home transitions, COVID-19 Vaccination Policy and returning to the workplace
- in December 2021 we implemented our COVID-19 Vaccination Policy after consultation with all staff
- all staff returned to a hybrid working environment working two days per week from the office from 28 February 2022, and
- our COVID-19 risk rating continues to ensure all staff are aware of Landcom's COVID-19 response.

Covid-19 Current Status: Green

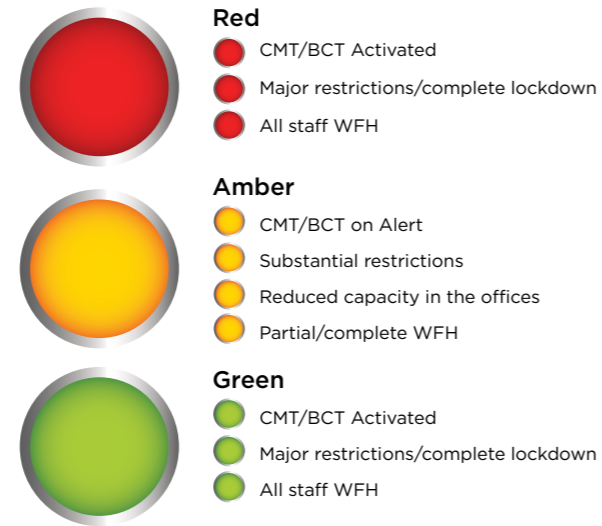


Figure 1 - Landcom COVID-19 risk rating for staff

Health Safety & Environment Management Systems

Our Internal Audit team audited projects that commenced after 1 July 2021 against the integrated Health, Safety & Environment Management System (HSEMS) aligned to ISO 45001 (Occupational Health and Safety) and ISO 14001 (Environmental Management). The integrated HSEMS commenced from July 2022. No major non-compliances were noted. One minor non-compliance was noted and closed.

The integrated HSEMS considers the internal organisational activities that have the capacity to affect the purpose of the HSEMS, and the external stakeholders and environmental conditions that exist within our operations.

Psychological Hazard Risk Assessment

As required by the Work Health Safety Act 2011 and Code of Practice, a Psychological Hazard Risk Assessment was completed in consultation with the Executive Committee and presented to all staff. It was open for staff consultation on the staff intranet until 7 April 2022.

Key findings from the Psychological Hazard Risk Assessment:

- Landcom has various systems and processes in place that are effective controls to mitigate psychosocial hazards identified. Refer Figure 2, and
- additional training needs have been identified for People Managers and senior leaders to better manage interpersonal relationships.

Figure 2 - Current effective controls for Psychosocial Hazards



Incident Statistics

The Lost Time Injury Frequency Rate (LTIFR) for Employees is zero.

The LTIFR for Contractors is zero.

The LTIFR average for contractors involved in all our active construction projects is well below the industry average.

safety concerns so that we can act to mitigate these concerns and prevent incidents.

Our approach is the more site inspections and safety observations carried out, the fewer incidents. Unsafe and safe behaviours are identified during site inspections and safety observations help ensure timely mitigation of any risks identified.

The Lead Indicators table at Figure 3, shows how many site inspections, toolbox talks, safety observations, environmental observations and unsafe observations we carried out to support a safe environment at our projects in FY22.

Lead Safety Indicators

Landcom measures lead indicators to demonstrate our commitment to Health, Safety & Environment. We proactively track safety performance to help us identify

Lead Indicators

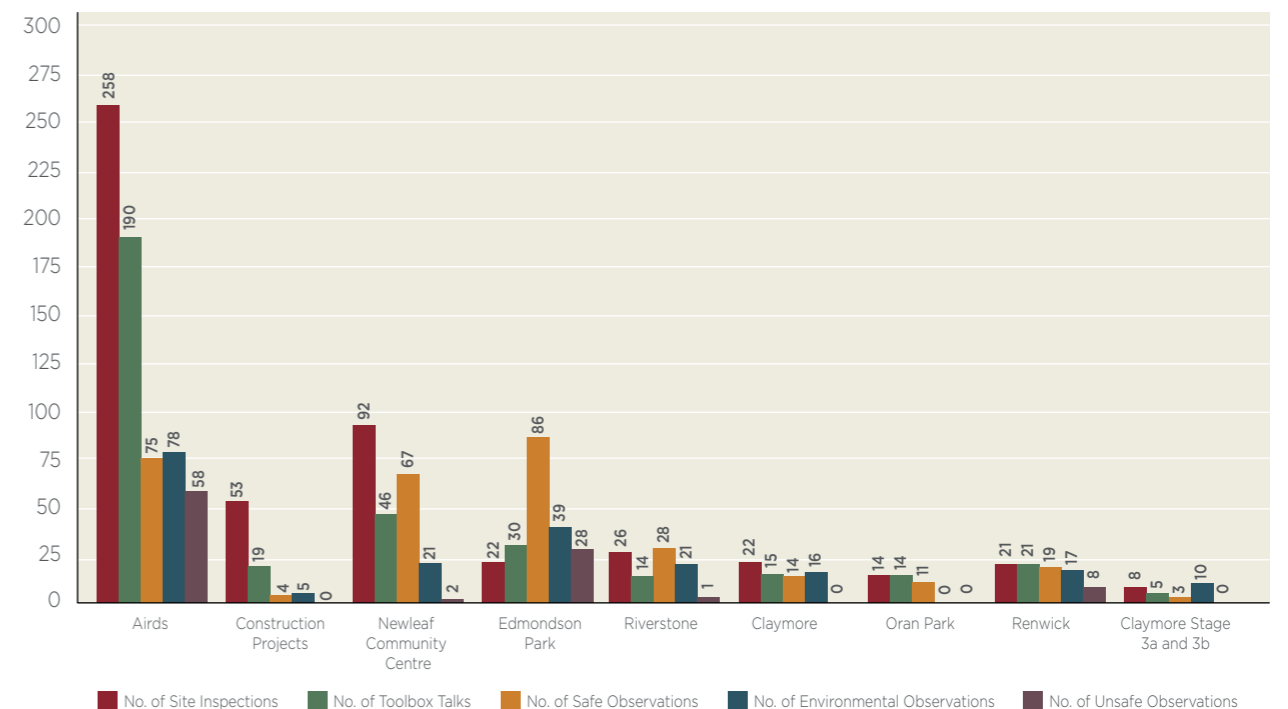


Figure 3 - Lead Safety Indicators in FY22

Safe Return to the Office

Landcom's approach to Safe Return to the Office was centred around:

- health and safety
- finance and operations, and
- staff preference

Risk assessments, consultation and planning were undertaken to understand our HSE impact, financial and operational impact. These were also balanced with staff preference.

Throughout the COVID-19 pandemic, eight surveys were conducted to ascertain staff wellbeing, productivity, ease of using technology and system enhancements, staff expectation of office cleanliness, hygiene, vaccine acceptance, and ways of working.

Having 100% of staff vaccinated was deemed to be Landcom's most effective control against COVID-19. The COVID-19 Vaccination Policy was implemented in December 2021. All staff were expected to be fully vaccinated by 1 February 2022. Voluntary return for vaccinated staff commenced in December 2021.

The Return to the Office risk assessment was reviewed after the December 2021 outbreak and the move to hybrid working was rescheduled to 28 February 2022.

Based on the risk assessment to ensure staff return to the office in manageable numbers and in accordance with staff preference, the office was reopened five days per week. All staff were required to work from the office for a minimum of two days per week (hybrid return to work). COVIDSafe office requirements such as sanitation stations, workstation realignment to ensure 1.5m social distancing and meeting room etiquette was implemented.

Prior to staff returning to the office, a vaccination self-attestation procedure was established. All staff were required to complete a COVIDSafe Induction to familiarise with the new COVIDSafe requirements in the office and confirm their COVID-19 vaccination status prior to returning to the office. All new staff of Landcom must also confirm their vaccination status prior to working with us.

Return to hybrid working from a COVIDSafe office commenced 28 February 2022.

Wellbeing and our approach to maintaining a safe workplace

With staff working from home from June 2021 to February 2022 we continually monitored and adapted our approach to staff wellbeing.

Landcom supported its staff with additional initiatives over and above the existing wellbeing programs of Employee Assistance Program, wellness sessions, influenza vaccination program and wellbeing communication channels.

These additional wellness initiatives include:

- a central information hub established for all pandemic-related communications, remote work instructions and resources, and information to support their mental health and wellbeing
- specific programs to assist people managers to create resilient teams
- increased frequency of CEO and Leadership Team updates plus virtual all staff events
- workplace COVID-19 safety sessions with information about managing the pandemic in our workplace environments
- quarterly wellbeing check-ins with all staff to identify and assist staff who may be struggling. We engaged our Employee Assistance Program provider to speak to every staff member and provide tailored support where needed
- webinars and workshops about digital wellbeing and team bonding, including:
 - o Digital wellbeing
 - o Wear it Purple day, and
 - o Mental Fitness for young adults
- two wellbeing days were made available to all staff at the peak of lockdown to enable staff to recharge and relax.

To recognise SafeWork NSW Mental Health Month in October 2021, speakers addressed staff on various health, safety and wellbeing topics over the course of a week.

The Employee Assistance Program remained available to all staff and their immediate family members for those seeking confidential counselling support.

Landcom's COVID-19 Vaccination Policy was released in December 2021, outlining Landcom's COVID-19 vaccination and reporting requirements to provide a safe workplace for staff and ensure business continuity.

Shaping our year ahead

On 18 August 2022 Landcom received a new Statement of Priorities from the Minister for Planning, to expand our operations to address the affordability pressures in metropolitan and regional centres in NSW. These priorities include:

1. continue Landcom's work to increase the supply of diverse and affordable housing, as well as continue to meet its existing target of 10 per cent of affordable housing in metropolitan NSW
2. expand the focus of Landcom's business to regional NSW and build a portfolio of projects in regional NSW by mid-2024
3. raise the target of affordable housing, including rental and freehold sale, to at least 20% across Landcom's portfolio of regional projects by 2025, with a goal of 30% in regional NSW beyond that date, subject to market conditions
4. provide reasonable assistance, wherever commercially practicable, to the NSW Land and Housing Corporation with respect to the delivery of regional housing projects, and
5. partner with NSW Government development corporations and agencies, on a commercial basis, to deliver additional housing supply and improve housing affordability.

Our task is clear. The problem we must address is the housing affordability pressures in metropolitan and regional centres in NSW.

COVID-19, the changes in how and where we work, the move to the regions, increased housing affordability and supply pressures; these changes along with what we are hearing from our customers in respect of focus on cost of living, diversity, sustainability, future tech, localness, experience and wellbeing, are all shaping our work.

Values-based partnership for regions

Landcom's new Statement of Priorities challenges us to expand the focus of Landcom's business to regional NSW.

Landcom is working across all tiers of government to address many of the issues affecting the supply of affordable housing in regional NSW. Communities across regional NSW that were already experiencing housing pressures, are now faced with further pressures due to an increase in internal migration into the regions resulting from COVID-19 and significant climate events that have reduced housing stock.

We are working with Local Councils in several regions including Lismore and Byron to identify council assets that can be better utilised through partnerships with Community Housing Providers to enable more affordable housing for their communities. We are inviting Local Councils to leverage our development expertise where needed, to generate new housing solutions.

Our partnership with National Housing Finance and Investment Corporation (NHFIC) enables Landcom, Community Housing Providers, Local Aboriginal Land Councils and Local Councils to access concessional finance, infrastructure finance and development opportunities to deliver more affordable housing in the regions.

In the months ahead we will reach out to stakeholders across regional NSW to start a conversation and work with local stakeholders to deliver more affordable housing.

Leadership ambition guides our future

Our leadership in sustainability is demonstrated through the impact of our Sustainable Places Strategy. Now in its fifth year, our Sustainable Places Strategy is underpinned by goals for:

- Climate Resilient Places to enable carbon neutral, water positive, zero waste and net positive ecological outcomes by 2028
- Healthy & Inclusive Places to enhance Landcom's international status for delivering world class liveable places, founded on equity, affordability and inclusion by 2036
- Productive Places to contribute to the global innovation economy by enabling over 30,000 new jobs by 2036, and
- Accountable & Collaborative Places to drive accountability and performance along our value chain.

We are well on our way towards these goals with new projects like North Wilton and others providing opportunity to showcase the latest in sustainability initiatives. Our sustainability performance is detailed in our FY22 Sustainability Report.

We are always challenging ourselves to do better. Our longer-term objectives of leadership in housing, design, climate and community resilience will be demonstrated as we develop our growing pipeline of projects. Our updated Housing Policy with increased targets for affordable, diverse and universal housing will shape our project planning and we will look for opportunities to have more impact where possible.

Doing what we do best

Our new Statement of Priorities has our focus clearly directed at housing affordability and expanding our operations into the regions. Our business continues to innovate and deliver through partnerships and across projects throughout NSW.

More specifically, FY23 promises a productive year, including:

- North Wilton consultation and planning
- extending placemaking and activation at Tallawong to Bella Vista to welcome new community to these growing areas
- completing rezoning of land at Norwest and Cherrybrook
- progressing the release of key development sites along Sydney Metro Northwest Places
- gaining approval and commencing park and road infrastructure at Hills Showground
- continuing to deliver homesites at Airds and Claymore
- divesting development sites at Edmondson Park
- progressing Fennell Bay planning applications
- progressing planning and Biodiversity Conservation applications for North Tuncurry
- releasing the Renwick commercial site to market and completing the Silo Park
- completing Riverstone on behalf of owners, and
- commencing civil construction at Schofields.

Our performance – people

Our governance structure

NSW Government

Shareholder Ministers

The Hon Matthew Kean MP
Treasurer and Minister for Energy
The Hon Damien Tudehope MLC
Minister for Finance and Minister
for Employee Relations

Portfolio Minister

The Hon Anthony Roberts MP
Minister for Planning and
Minister for Homes

Board of Directors

Responsible for the performance and commercial success of Landcom
and for overseeing management of Landcom in the best interests of Stakeholders

Audit & Risk Management Committee

Oversees appropriate financial and
risk management frameworks

People & Culture Committee

Oversees people strategies
and Board composition, renewal and
succession planning

Chief Executive Officer

Responsible for day-to-day operations, including the implementation
of our Strategic Directions

Executive Committee

Responsible for managing Landcom's operations and delivering
on our Strategic Directions

Our approach towards building capability and talent

At Landcom we value the passion and dedication of our staff. It is these characteristics that inform our approach to build staff capability and drive our staff to enthusiastically deliver at the highest level.

To attract, develop and retain talented and capable people we continually work to maintain a positive and productive workplace and improve our employee experience.

Current initiatives include:

- organisation-wide Learning Plan
- introduction of Capability Framework
- participation in the Public Service Commission's NSW Government Graduate Program
- developing our Leaders, and
- our Diversity & Inclusion Action Plan

Improvements are ongoing. A review of our talent attraction, recruitment and onboarding practices has focused our efforts on process improvement and candidate experience.

Organisation Learning Plan

We are delivering several programs to address the talent and succession needs of the corporation. The Organisational Learning Plan was launched in November 2021. It offers over 50 separate learning and development opportunities for our staff and is designed to grow project capabilities as well as improve soft skills.

The Learning Plan includes:

- digital and e-learning courses for personal development, leadership skills and compliance training
- facilitated training workshops including feasibility analysis, presentation skills, relationships frameworks, emotional intelligence, negotiation, personal brand, challenging conversations and access to Urban Development Institute of Australia courses
- targeted support based on individual staff performance development plans
- support for selected individuals to complete further education studies including Masters degrees, undergraduate programs and accreditation programs, and
- training to meet our compliance obligations across work health, safety and environment, conduct, fraud and corruption, cyber security, procurement, anti-discrimination and bullying, diversity and inclusion, contract and records management and updates on relevant legislation.

FY22 Average hours of training per employee

| Total average hours of training per employee | 24.24 hours |
|--|-------------|
| Average hours of training by gender | |
| Female | 25.43 hours |
| Male | 22.88 hours |
| Average hours of training by contract type* | |
| Award staff | 27.72 hours |
| Non-Award Contract staff | 15.85 hours |

*There are two contract types used for employees of Landcom - one for those who are covered under the Landcom Award (Award staff) and one for those who are not (Non-Award Contract staff). The Landcom Award does not apply to senior managers above level 8 salary point 23, other than clauses 38 to 53 inclusive, which deal with various leave entitlements. Senior managers are engaged on Non-Award Contracts.

Capability Framework

This year we launched Landcom's Capability Framework. The Framework defines the core leadership and technical capabilities needed to successfully deliver our Strategic Directions. The Framework will inform our workforce plan, talent investment and capability pathways. The Framework will create a clear pathway for our staff to expand their skills and knowledge and understand career development opportunities.

Graduates are part of our future

Our focus on growing our talent extends to how we attract and retain our graduates. We participate in the award-winning NSW Government Graduate Program run by the Public Service Commission. This enables us to support a strong pipeline of future talent for Landcom, the property industry and the government sector. Our graduates are allocated dedicated projects which allow them to deepen their skills and receive regular, targeted mentorship.

We are proud to have supported our successful graduates into permanent roles at Landcom beyond their graduate rotations.

Developing our Leaders: Lead to Inspire

Our Senior Leaders at Landcom is instrumental in delivering our Strategic Directions. Providing our Senior Leaders with critical interpersonal skills enables them to deepen their impact at Landcom, help lead and inspire their teams and improve relationships with our stakeholders.

Our Lead to Inspire program was launched in March 2022 and involves 40 of our Senior Leaders. This program continues until August 2022 and combines face-to-face learning, coaching, digital engagement and wellbeing assessments to offer a holistic learning experience.

The four critical skills in focus for our Lead to Inspire program are:

- growth mindset
- leading change and resilience
- courageous communications, and
- decisiveness and judgement.

People Matter Employee Survey: A position of cultural strength

The NSW People Matter Employee Survey is an engagement initiative coordinated by the Public Service Commission in collaboration with all public sector departments and agencies. This annual survey was open from 23 August to 17 September 2021.

The survey provided an important opportunity for almost 400,000 people to have a say about their workplace and to help make the public sector a better place to work. Landcom participated in the People Matter Employee Survey in 2021 and achieved a 100% response rate.

The survey measures employee experience under four domains including:

- purpose and direction
- work environment
- enabling practices, and
- leadership.

Landcom's overall engagement result was 78%, 11 percentage points higher than the overall NSW Public Sector and two percentage points higher than our 2020 result.

These results reflect our continued focus on our people.

Our focus is now on the delivery of action plans across the corporation. Each division has identified action plans, and our Landcom-wide action plan identifies three key priorities addressing our staff's views:

1. Continue to provide more opportunities to share information and lessons learnt and celebrate successes with each other
2. Continue the implementation of transparency and improvement to key processes in Procurement & Recruitment, and
3. Provide more opportunities for employee development.

Values and culture

We continue to focus deeply on our values and culture at Landcom.

Our staff recognise their peers in our annual recognition awards. The awards recognise staff identified as living our values and positively contributing to the Landcom culture.

Our policies and Code of Conduct reflect our values and behavioural expectations. Our Code of Conduct was updated in June 2022. All staff were expected to attest to the Code of Conduct as part of their ongoing obligations to Landcom, with 100% of staff not on extended leave attesting to the Code.

The Code applies to all staff and operates on six guiding principles that inform every decision and action taken:

- act with honesty and integrity in everything we do
- build relationships, treating all others with respect and dignity
- ensure the safety and wellbeing of yourself and others
- respect confidentiality and use information appropriately
- use and manage public resources economically and efficiently, and
- hold each other accountable to the Code of Conduct.

Diversity and Inclusion at Landcom

Despite the disruption of extended lockdown and the pandemic, Landcom continued to champion its Diversity & Inclusion Plan with three key focus areas:

- create an environment that values diversity and inclusion
- attract, retain, and develop more staff from diverse backgrounds, and
- reduce bias and embed diverse and inclusive practices in how we work.

We launched Cultural Competency Training for all staff, achieving 50% gender representation on our Board and practices to drive inclusion during recruitment.

We recognised and celebrated Harmony Day, International Women's Day and Mardi Gras with intranet stories and presentations to bring positive attention to workplace diversity and inclusion. The yarning circles organised during our year-long process towards creating a Reflect Reconciliation Action Plan were also an important learning experience to support diversity and inclusion.

Our achievements through our Diversity & Inclusion Plan include:

- a gender pay review conducted by Mercer (Australia) Pty Ltd in July 2021 resulted in one-off salary adjustments to some non-award contracts to help ensure greater pay parity
- female Board members shared their personal experiences in our 'break the bias' International Women's Day event at an all-staff event
- fifteen high-performing Landcom women participated in our third Women Leading @ Landcom program in a four-month program to focus on confidence, presence and leadership impact
- 'Landcom Stories', a program designed to share awareness of cultural backgrounds, career journeys and personal experiences of Landcom staff, and
- deepening our Reflect Reconciliation Action Plan commitments including First Nations Cultural Competency training for all staff.

90% and **88%**

of our staff said that they are proud to work for Landcom

stated that Landcom is a great place to work.

Workforce diversity performance

| Workforce diversity group | Benchmark | FY22 | FY21 | FY20 ⁱ |
|---|-----------|-------|-------|-------------------|
| Women | 50.0% | 52.6% | 53.5% | 53.0% |
| Aboriginal and/or Torres Strait Islander People | 3.3% | 0.6% | 0.6% | 0.6% |
| People whose first language spoken as a child was not English | 23.2% | 32.6% | 29.6% | 30.2% |
| People with a disability | 5.6% | 10.3% | 8.2% | 4.9% |
| People with a disability, requiring work-related adjustments | n/a | 1.1% | 0.0% | 0.6% |

ⁱ The FY20 figures reported in the FY20 Annual Report were slightly different to those reported here. This is due to the delay of the NSW Public Service Commission Workforce Profile Collection data caused by COVID-19 pandemic. The FY20 figures shown here are updated based on FY20 Public Service Commission data.

Diversity of employees

There are two contracts types used for employees of Landcom, one for those who are covered under the Landcom Award (Award staff) and one for those who are not (Non-Award Contract staff). The Landcom Award does not apply to senior managers above level 8 salary point 23, other than clauses 38 to 53 inclusive, which deal with various leave entitlements. Senior managers are engaged on Non-Award Contracts.

| Staff numbers by employment type | Female | Male | Total |
|----------------------------------|--------|------|-------|
| Full Time | 79 | 82 | 161 |
| Part Time | 13 | 1 | 14 |
| Total | 92 | 83 | 175 |

| Staff numbers by contract type | Female | Male | Total |
|--------------------------------|--------|------|-------|
| Award staff | 72 | 58 | 130 |
| Non-Award Contract staff | 20 | 25 | 45 |
| Total | 92 | 83 | 175 |

| Award staff breakdown | Female | Male | Total |
|-----------------------|--------|------|-------|
| Permanent | 64 | 53 | 117 |
| Fixed Term | 8 | 5 | 13 |
| Total | 72 | 58 | 130 |

| Non-Award Contract staff breakdown | Female | Male | Total |
|------------------------------------|--------|------|-------|
| Permanent | 18 | 23 | 41 |
| Fixed Term | 2 | 2 | 4 |
| Total | 20 | 25 | 45 |

Ratio of basic salary and remuneration of female to male

| | Ratio |
|---------------------------|-------|
| Award staff | 94.9% |
| Non- Award Contract staff | 93.5% |

Parental leave

Total number of employees eligible for parental leave in accordance with the Landcom Award.

| Gender | Entitled | Not entitled |
|--------|----------|--------------|
| Female | 84 | 8 |
| Male | 74 | 9 |
| Total | 158 | 17 |

Total number of employees who took parental leave during the reporting period, including the CEO discretion to approve beyond the bounds of the Landcom Award.

| Gender | Leave taken |
|--------|-------------|
| Female | 17 |
| Male | 5 |
| Total | 22 |

Total number of employees who returned to work, continued on parental leave or left prior to returning from parental leave.

| Gender | Returned to work | Still on parental leave | Left during or within 12 months from return from parental leave |
|--------|------------------|-------------------------|---|
| Female | 9 | 6 | 2 |
| Male | 4 | 1 | - |
| Total | 13 | 7 | 2 |

Percentage of staff who left during or within 12 months of return from parental leave.

| Gender | Eligible to return | Left during or within 12 months of return from parental leave | % Left during or within 12 months of return from parental leave |
|--------|--------------------|---|---|
| Female | 11 | 2 | 18.2% |
| Male | 4 | - | 0.0% |
| Total | 15 | 2 | 13.3% |

Location of employees (at last pay FY22)

| Location | Female | Male | Total |
|------------|--------|------|-------|
| Parramatta | 91 | 80 | 171 |
| Other | 1 | 3 | 4 |

Employee turnover and new starters by gender and age group

| Age Group | Gender | Staff as at 30 June 2022 | New starters | Leavers |
|-------------|--------|--------------------------|--------------|---------|
| <30 years | Female | 8 | 4 | 3 |
| | Male | 11 | 5 | - |
| | Total | 19 | 9 | 3 |
| 30-50 years | Female | 66 | 12 | 14 |
| | Male | 53 | 13 | 11 |
| | Total | 119 | 25 | 25 |
| > 50 years | Female | 18 | 2 | 1 |
| | Male | 19 | 2 | 5 |
| | Total | 37 | 4 | 6 |
| All | Female | 92 | 18 | 18 |
| | Male | 83 | 20 | 16 |
| | Total | 175 | 38 | 34 |
| | | | 21.7% | 19.4% |

All new employees are based in Parramatta.



Board of Directors



Peter Roberts

Chair - Independent Non-executive Director

- Appointed to the Board in April 2018
- Appointed as Chair in April 2021

Committee Appointments:

- Member of the People & Culture Committee

Peter has more than 30 years' experience in real estate, funds management, finance, accounting and tax in the public and private sectors.

He is Managing Director of PcRoberts Consulting services, a Director of KU Children's Services, Chair of its Audit Committee and member of its People and Remuneration Committee, and an independent Director of Fairglens Farms Pty Ltd.

Formerly Chief Financial Officer for the National Housing Finance and Investment Corporation, his previous roles include: Interim Chief Financial Officer at UrbanGrowth NSW, Chief Financial and Operations Officer of Barangaroo Delivery Authority, Chief Financial Officer at Charter Hall Group, Dexu Property Group, Colonial First State Property, and Fund Manager with Stockland Unlisted Property Funds and Lend Lease Real Estate Investments.

Peter holds a Bachelor of Finance and Administration from the University of New England (UNE), is a Fellow of the Institute of Chartered Accountants (CAANZ), a member of the Australian Institute of Company Directors (AICD) and a Graduate Diploma in Applied Finance Investment (Securities Institute of Australia).



Professor Pamela Hanrahan

Deputy Chair - Independent Non-executive Director

- Appointed to the Board in October 2018.
- Appointed as Deputy Chair in March 2022.

Committee Appointments:

- Chair of the People & Culture Committee
- Member of the Audit & Risk Management Committee

Professor Hanrahan is a lawyer and legal academic who specialises in corporate law, financial services and investments regulation and corporate governance. She is a faculty member of the University of New South Wales Business School and has over 15 years' experience as a lawyer in private practice and four years as a senior regulator in Australian Commonwealth and State Government agencies.

Professor Hanrahan was the Registrar of Community Housing for NSW from 2013-2015. In this role she was instrumental in leading the successful launch of the National Regulatory System for Community Housing, working with Community Housing Providers (CHPs) in NSW and nationally to enhance their capacity to provide quality outcomes for residents and to build the confidence of funders, financiers and the community in the sector.

Pamela holds a Bachelor of Arts (with Honours) and Bachelor of Laws (with Honours) from The University of Melbourne, a Master of Laws (with Honours) from Case Western Reserve University and Doctor of Juridical Science from The University of Melbourne.



Trent Alston

Independent Non-executive Director

- Appointed to the Board in August 2021.

Committee Appointments:

- Member of the People & Culture Committee

Trent Alston has spent over 30 years in the real estate industry with wide ranging past experience in construction, project management, development, corporate real estate, investment management and running funds management businesses. During this time he was Head of Real Estate at Challenger, General Manager Wholesale Funds at Colonial First State Global Asset Management and held a range of roles at Lendlease.

Trent is also a Non-Executive Director for Abacus Property Group and Chair of its People Performance & Culture Committee, a Non-Executive Director for Stone and Chalk Limited and a principal at Kokusai Business Advisory and he provides strategic advice to a range of clients on real estate business strategy and funds management.

Trent holds a Bachelor of Building (Hons) from UNSW, a Graduate Management Qualification from AGSM and an Advanced Management Program (Insead) and is a Graduate of the AICD.



John Barbeler

Independent Non-executive Director

- Appointed to the Board in March 2018.

Committee Appointments:

- Chair of Audit & Risk Management Committee

John has held Chief Financial Officer and business leadership positions in both the public and private sector and for the Sydney Organising Committee for the Olympic Games (SOCOG).

From 2010 to 2015 John was the CFO at the Federal Department of Health. Prior to that he was CFO/ Director of Corporate Services at the City of Sydney and General Manager, Finance at SOCOG and he has held CFO and business enabling executive roles with major global private sector organisations including PepsiCo, BTR and CSR.

John is a member of the Audit, Risk and Improvement Committee (ARIC) for Penrith City and Snowy Monaro Regional Councils. He is a former ARIC member for Cumberland City Council, a former Director for Alzheimer's Australia ACT Ltd and a former member of NSW Electoral Commission Audit Committee.

John is a FCPA and holds a Bachelor of Commerce (Honours) from the University of Queensland.



Susan MacDonald

Independent Non-executive Director

- Appointed to the Board in August 2021.

Committee Appointments:

- Member of the Audit & Risk Management Committee

Susan has over 30 years of domestic and international experience in property investment management, primarily in the retail sector, including asset, development and funds management. She has extensive experience in people management, organisational culture, strategy development and stakeholder engagement.

Susan has held senior and executive positions with Mirvac, Lend Lease, AMP Capital and Galileo Funds Management, and is the past Joint Deputy Chair, Shopping Centre Council of Australia. Susan holds a Bachelor of Arts (UNSW), is a Graduate of the Australian Institute of Company Directors (GAICD), a Member of Chief Executive Women and a Global Trustee of Urban Land Institute (ULI).

Susan is an Independent Director of Cbus Property, a Non-Executive Director of QIC, a Non-Executive Director of Waypoint REIT and a Strategic Advisor to Mainbrace Constructions.



Selina Short

Independent Non-executive Director

- Appointed to the Board in December 2021.

Committee Appointments:

- Member of the People & Culture Committee

As EY's Managing Partner, Real Estate & Construction in Oceania, Selina is a vocal champion of placemaking and its role fuelling economic prosperity, liveability and sustainability.

Selina is a member of EY's Oceania Executive Leadership Team with managerial responsibility for real estate, energy and resources. She also leads EY's knowledge alliance with Massachusetts Institute of Technology's Real Estate Innovation Lab.

As a member of the Building 4.0 CRC Industry Advisory Committee, Selina is helping to support the creation of a new industry-wide building ecosystem.

Selina is a foundation member of the Property Council's National Cities Roundtable and a member of the Property Champions of Change, a group comprising 24 of the largest companies in Australia's property industry.

Selina holds a Master of Commerce, a Bachelor of Economics and a Diploma of Education and has completed the University of Cambridge course Business and Climate Change: Towards Net Zero.

Landcom Executive

Christalla Michael

Executive General Manager,
People, Culture & Safety

Chris Clark

Company Secretary

Scott Gregg

Executive General Manager,
Projects

Tasha Burrell

Executive General Manager, Projects

Matthew Beggs

Executive General Manager,
Partnerships & Business
Development

Anna Petersen

Executive General Manager,
Communications & Policy

Robert Dodd

Executive General Manager,
Finance & Commercial

Sandra Lee

Executive General Manager,
Legal & Compliance

Alexander Wendler

Chief Executive Officer



Landcom Executive

Alexander Wendler

Chief Executive Officer

Alexander was appointed Landcom CEO in May 2022.

Alex is an established leader in the infrastructure and property development industry, both in the private and public sectors.

Since joining the NSW Government in 2016 he has been responsible for building new capabilities and working closely with the private sector to leverage its financing capabilities, expertise and innovation for public outcomes.

As Chief Development Officer at Transport for NSW, Alex led development activities across all transport modes as well as the property development and urban renewal portfolio, including Central Precinct Renewal. Prior to this, Alex's responsibilities included leading the successful sale of a 51% equity stake in toll road network WestConnex and leading the Government in its successful negotiations on the Sydney Metro Martin Place unsolicited proposal.

Over his career Alex has provided leadership across major commercial and infrastructure transactions including public private partnerships, capital structuring, financing transactions and mergers and acquisitions in Australia, Europe, Asia and the USA.

Before joining the NSW Government, Alex spent ten years at Macquarie Capital, where he was a Managing Director in Sydney and London. Alex started his career in the corporate finance team at Deutsche Bank.

Alex holds an Executive Master of Public Administration (MPA) from Hertie School of Governance, Berlin, and a Master in Economics and Business Administration from Ruhr-Universitaet Bochum, Germany.

Matthew Beggs

Executive General Manager, Partnerships & Business Development

Matthew has over 30 years' experience in the property and development industry, with experience in the planning and delivery of large development projects, major property transactions, business development and relationship management.

Matthew joined Landcom in 2002 as part of the Business Development Team before moving into Urban Development in 2005 where he worked on the One Minto and Oran Park Town projects. He was appointed General Manager Development Retail in 2014 (Landcom trading as UrbanGrowth NSW), Head of Western Sydney Projects portfolio in 2015, Head of Projects in 2017 and Executive General Manager, Projects in 2018, prior to his current position as Executive General Manager, Partnerships & Business Development.

Prior to working at Landcom, Matthew was with the Department of Defence for six years, managing rezoning, preparation and disposal of major Defence sites in Sydney. He also spent seven years with Australian Property Group consulting to Australian Government clients for planning approvals, sales, leasing and acquisitions.

Matthew holds a Graduate Diploma in Urban Estate Management (GradDipUEstM) and a Masters of Project Management (MPM) from the University of Technology, Sydney.

Tasha Burrell

Executive General Manager, Projects

Tasha oversees a portfolio of the organisation's development projects. Tasha is a property development professional with over 28 years' experience in residential and commercial property development and funds management in Sydney, with extensive experience in implementing large-scale urban renewal, housing and infrastructure projects. She has an in-depth understanding of the development industry and the Sydney property market.

Tasha joined Landcom in 2009 as part of the Urban Renewal Team and has led numerous projects including Green Square Town Centre, Edmondson Park Town Centre and Thornton at Penrith. She was appointed Development Director in 2013 and Program Director, Western Sydney in 2015. She was appointed Executive General Manager, Projects in April 2019.

Over her career, Tasha has held senior roles in both the private and public sectors. Early in her career Tasha was a Project and Design Architect for a number of leading architectural firms and has held leadership positions at St. Hilliers Property involving residential, commercial and industrial projects and at UrbanGrowth NSW on major renewal projects. Tasha places great importance on the people and relationships that make projects happen and believes this is the key to successful business outcomes.

Tasha is a Board Director at the Women's Housing Company, a not-for-profit Community Housing Provider.

Tasha holds a Bachelor of Architecture (BArch) (Hons) and a Bachelor of Arts (BA) from the University of Technology Sydney and is a Graduate of the John Grill Executive Leadership in Major Projects program from the University of Sydney.

Robert Dodd

Executive General Manager, Finance & Commercial

Robert was appointed Executive General Manager, Finance & Commercial in May 2018, with this role incorporating the previous Chief Financial Officer position. His areas of responsibility include finance, legal and IT, as well as commercial operations. Robert has 40 years' experience, the majority within the development and construction sectors of the property industry in Australia. He has extensive experience in both the residential, commercial and retail sectors, as well as in acquisitions and disposals.

Prior to working at Landcom, Robert was the Chief Financial Officer for Leighton Properties (Aus), Lend Lease Construction Division (ANZ), Meriton (Aus) and Built (Aus). He has also worked in senior management positions with Toll Logistics, operating in the Asia Pacific region.

Robert holds a Bachelor of Commerce (BComm) from the University of New South Wales, is a Certified Public Accountant (CPA) and is a Member of Australian Institute of Company Directors (MAICD).

Scott Gregg

Executive General Manager, Projects

Scott Gregg joined Landcom in 2015 to lead the Sydney Metro Northwest Places Program. A key focus of this role included the negotiation and establishment of Landcom's role as master developer of the government lands adjoining eight new station precincts as part of Sydney Metro Northwest Places.

Scott has over 35 years' experience in the property industry private and public sectors and has a track record of initiating and delivering large and complex mixed-use developments.

Scott was on the executive of City of Parramatta Council for five years and has held Director level positions at Place Leaders Asia Pacific, NSW Land and Housing Corporation, University of Western Sydney and the Toga Group.

Scott has been responsible for substantial project portfolios and has led many high-profile projects including Parramatta Square, Darwin City Waterfront, and the Jones Bay Wharf Redevelopment.

Scott holds a Bachelor of Architecture degree (BArch) from University of Technology Sydney and is a Foundation Fellow of the Australian Institute of Company Directors (FAICD).

Sandra Lee

Executive General Manager, Legal & Compliance

Sandra is Landcom's chief legal and compliance adviser and also oversees the company secretariat, risk and internal audit functions.

Sandra joined Landcom as Senior Manager, Legal, where she was responsible for managing the legal function for Landcom's Western Sydney Projects Portfolio. In April 2018, Sandra was appointed the General Counsel of Landcom overseeing the legal and governance functions for the organisation. She was appointed Executive General Manager, Legal & Compliance in April 2019.

Sandra has over 20 years' legal advisory, compliance and transactional experience across multiple real estate sectors, specialising in complex, structured transactions, including joint ventures, acquisitions, disposals and complex leasing. Sandra has worked in private legal practice in various top tier law firms in Sydney, including Allens. Sandra has also worked as Senior Legal Counsel for the Goodman Group.

Sandra holds a Bachelor of Commerce (Accounting) (BComm) and Bachelor of Laws (LLB) from the University of New South Wales.

Christalla Michael

Executive General Manager, People, Culture & Safety

Christalla was appointed Executive General Manager, People, Safety & Culture in February 2020 to drive the people strategy and oversee all employee lifecycle activities including talent attraction and management, organisational development, employee relations, performance, reward, recognition & benefits, payroll and work, health and safety. Christalla brings with her nearly 20 years' experience as a people and culture professional within Australia and overseas, working in both public and private sector organisations across various industries including aviation, banking, telecommunications and local government.

Prior to joining Landcom, Christalla held various executive and management positions with City of Parramatta Council, Commonwealth Bank, MTN Cyprus and Qantas.

Christalla holds a Diploma in Human Resource Management (Dip of HRM) from TAFENSW, a Graduate Certificate in Management (GradCertMgt), a Graduate Diploma in Management (GradDipMgt) and a Master of Business Administration (MBA) from the University of Western Sydney.

Landcom Executive

Anna Petersen

Executive General Manager, Communications & Policy

Anna is a specialist in stakeholder engagement and communications, sustainable urban planning and design, and urban strategy, with 30 years' experience in the urban planning and development industry.

Anna has been an Executive General Manager at Landcom since May 2018, currently leading the Communications & Policy Division. In this role she oversees the corporate marketing, communications, engagement, sustainability, learning, policy and strategy functions of the organisation. She joined Landcom in 2002 as a Senior Development Manager and then led our social sustainability practice, looking at the links between urban planning and design, and community wellbeing. Anna later held senior roles with Landcom in strategy, policy, communications and engagement.

Before Landcom, Anna held roles in project management with South Sydney Development Corporation, private consulting including with HASSELL and HBO+EMTB, and facilities management with the University of Sydney.

Anna holds a Bachelor of Science (Arch) (Bsc (Arch)), Masters of Professional Communication (MPC) and Masters of Urban and Regional Planning (MURP) from the University of Sydney, and a Certificate in Public Participation from the International Association for Public Participation (Australasia). She is also a Certified Organisational Coach (Level One, IECL).

Chris Clark

Company Secretary

Chris is primarily responsible for Landcom's corporate governance function, working closely with the Board and the broader Executive team. Chris joined Landcom as Senior Solicitor in January 2019 and was appointed Company Secretary in March 2022.

Chris has extensive experience in property development and major real estate transactions. Prior to joining Landcom, Chris was a Senior Associate at Allens.

Chris holds a Bachelor of Laws and a Bachelor of Commerce (Marketing) from the University of Adelaide.

Board of Directors Notes

Trent Alston
Independent Non-executive Director
Commenced 11 August 2021

Susan MacDonald
Independent Non-executive Director
Commenced 11 August 2021

Selina Short
Independent Non-executive Director
Commenced 1 December 2021

Executive Notes

John Brogden
Chief Executive Officer
Commenced 23 October 2017 and left position 22 April 2022

Matthew Beggs
Acting Chief Executive Officer
Commencing 22 April 2022 until 27 May 2022

Shauna Woodward
Company Secretary
On leave commencing 11 April 2022

Chris Clark
Acting Company Secretary
Commenced 20 April 2022



Hillcroft, Claymore

Executive positions

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 Board is responsible for reviewing the performance of the Chief Executive Officer against approved objectives.

The Chief Executive Officer reviews the performance of each of the Executives on a half-yearly basis, with high level findings reported verbally to the People & Culture Committee.

Staff employed, or acting, in recurrent senior executive roles represented 18.5% of total net employee related expenditure in FY22, compared with 16.8% in FY21. The 1.7 percentage point increase is due to a salary increase (capped at 2.5%) for all NSW public sector employees and a one off adjustment arising from Gender Pay Review. Staff employed, or acting, in recurrent senior executive roles represented 11.4% (FY21: 10.9%) of total gross employee related expenditure in FY22.

Executive diversity

| Band | Headcount | Role | 2022 | | 2021 | | 2020 | |
|---------------|-----------|----------------------|----------|--------------------|----------|----------|------------------|-------------------|
| | | | Female | Male | Female | Male | Female | Male |
| Band 4 | 4 | (Secretary) | 0 | (3) ⁱ | 0 | 1 | 0 | 1 |
| Band 3 | 3 | (Deputy Secretary) | 3 | (4) ⁱⁱ | 3 | 3 | 3 | (4) ^{iv} |
| Band 2 | 2 | (Executive Director) | 0 | 0 | 1 | 0 | 1 | 0 |
| Band 1 | 1 | (Director) | 1 | (1) ⁱⁱⁱ | 1 | 0 | (2) ^v | (1) ^{vi} |
| Totals | | | 4 | 8 | 5 | 4 | 6 | 6 |

- i Male substantive role holder left 22 April 2022, interim male replacement 22 April 2022 - 29 May 2022 covering vacancy, new male substantive role holder 30 May 2022
- ii Interim male replacement 22 April 2022 - 29 May 2022
- iii Interim male replacement covering female substantive holder 20 April 2022 - 31 January 2023
- iv Interim role of Executive General Manager held by two occupants
- v Interim female replacement covering female substantive holder 4 July 2019 - 20 March 2020
- vi Interim male replacement covering female substantive holder 14 January 2019 - 13 July 2019

Executive remuneration

| Band | Headcount | Role | Average ⁱ | | |
|--------|-----------|----------------------|----------------------|---------|---------|
| | | | 2022 \$ | 2021 \$ | 2020 \$ |
| Band 4 | 4 | (Secretary) | 621,666 | 615,502 | 615,502 |
| Band 3 | 3 | (Deputy Secretary) | 428,067 | 420,635 | 409,598 |
| Band 2 | 2 | (Executive Director) | - | 335,000 | 335,000 |
| Band 1 | 1 | (Director) | 248,175 | 224,037 | 224,037 |

- i Average is based on the average of all incumbents, as full time equivalents (FTE)

Board diversity and remuneration

As at the time of publication Landcom's Board comprised of six members, of which two are females over 50, one female under 50 and three males over 50.

| Board | Salary \$ | Audit & Risk Committee Management \$ | People & Culture Committee \$ | Major Projects Oversight Committee \$ | Super annuation \$ | Total \$ |
|------------------------------|-----------|--------------------------------------|-------------------------------|---------------------------------------|--------------------|----------|
| Peter Roberts (Chair) | 69,000 | - | 4,260 | Variable ^{iv} | 7,326 | 80,586 |
| John Barbeler | 39,700 | 6,400 | - | - | 4,610 | 50,710 |
| Pamela Hanrahan | 39,700 | 4,260 | 6,400 | - | 5,036 | 55,396 |
| Susan MacDonald ⁱ | 39,700 | 4,260 | - | - | 4,396 | 48,356 |
| Trent Alston ⁱⁱ | 39,700 | - | 4,260 | - | 4,396 | 48,356 |
| Selina Short ⁱⁱⁱ | 39,700 | - | 4,260 | - | 4,396 | 48,356 |

- i Commenced on 11 August 2021
- ii Commenced on 11 August 2021
- iii Commenced on 1 December 2021
- iv Only when requested and advised by Company Secretary \$2,500 + super annuation

Miscellaneous activities

Promotional activities

During FY22 our promotional activities increased awareness and encouraged public participation that informs our projects. Activities to encourage public participation included:

- social media and website updates
- digital newsletters
- advertising including print, online, outdoor and radio
- letterbox drops and direct mail, and
- engagement opportunities promoted at public and stakeholder meetings.

Promotion was also undertaken to support the sale of land, including:

- advertising campaigns
- maintaining, creating and enhancing website advertising, and
- fact sheets, information booklets and other print collateral.

Funds granted to non-government community organisations

In FY22 we updated our corporate Sponsorship, Membership & Donation Policy and annual program of activities. We made no unconditional grants, gifts or donations to organisations outside of the program.

Production cost of Annual Report

The FY22 Annual Report total cost of production is estimated at approximately \$12,000.

Consultancies

We spent \$261,000 in the reporting period on consultants.

These engagements assisted us in decision-making mainly for our corporate strategy, affordable housing and diversity strategy and human resourcing strategy. This figure excludes project-related consultancies.

Overseas visits

During the reporting period there was no overseas travel.

Managing a successful business

Risk management

We adopt an integrated approach to the process and practice of risk management. Our Enterprise Risk Management Framework is consistent with the Australian/New Zealand Risk Management Standard AS/NZS ISO 31000:2018 and our risk management practices are integrated into our business processes and operations.

Our Enterprise Risk Management Framework aims to provide clarity on our appetite and limits for business risk, raise risk awareness throughout the organisation and provide the framework, policies and guidelines required to successfully manage the risks inherent in our business.

To ensure our risk management processes continue to work effectively and create value, we:

- promote a culture of risk management throughout the organisation from the Board, CEO, Executive Committee and all staff
- continuously enhance the integration of risk management within our business processes
- assign risk management responsibilities within the organisation, and
- review our Enterprise Risk Management Framework annually to continually improve our decision-making and business processes and ensure they provide clear, consistent methodology, reporting and auditing tools.

Management and reporting of risks in key areas of the business are continuously performed throughout the year, and include:

- strategic and operational risks
- projects risks
- health, safety and environment risks, and
- fraud and corruption prevention.

Our Enterprise Risk Management Framework also provides for appropriate processes to govern, review and audit our risks. These include:

- regular risk reviews by the Audit & Risk Management Committee of the Board
- regular risk workshops held with the CEO and the Executive Committee to monitor and update risks
- a risk-based internal audit program that assesses our treatment of risks, and
- comprehensive risk reporting at all levels of the business.

The Board's Audit & Risk Management Committee consists of non-executive Directors and is attended by management representatives as well as independent advisers and observers. The Committee regularly considers risk matters arising from internal and external audits as well as independent assessments of performance against key risk management systems such as the Legal Compliance Framework, Health, Safety & Environment Management System, Fraud Control Framework and others.

Crisis management and business continuity

Our Crisis Management and Business Continuity Strategy, which comprises a Crisis Management Plan and Business Recovery Plan, is designed to minimise adverse impacts on our staff, stakeholders and business operations in the event of a major incident or crisis. It identifies critical business processes and scenarios that could disrupt our business and outlines steps to stabilise and restore business processes in the event of a business disruption.

Both plans are tested and reviewed on an annual basis to ensure that we have the resources and capability to respond to any event that could disrupt or threaten our business.

We activated our Crisis Management and Business Continuity Strategy in April 2020 in response to the COVID-19 pandemic with an initial response to relocate most of our staff to work from home. Since then Landcom has followed a recovery process and we continue to follow our COVID-19 Safe Workplace Plan and NSW Public Health Orders.

Insurance

The NSW Treasury Managed Fund provides the majority of our insurance cover. This fund is based on the principles of self-insurance and prioritises the implementation of sound risk management practice.

The self-insurance scheme is administered by Insurance and Care NSW (icare), with claims processing for motor vehicle, property/public liability and director/officer liability provided by Gallagher Basset, and workers compensation claims processing provided by Allianz Australia.

We completed our FY22-23 Renewal Declarations for the Treasury Managed Fund in September 2021 and all policies have been renewed for the current policy period.





INDEPENDENT AUDITOR'S REPORT

Landcom

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of Landcom (the Corporation), which comprise the Directors' Declaration, the Statement of Comprehensive Income for the year ended 30 June 2022, the Statement of Financial Position as at 30 June 2022, the Statement of Changes in Equity and the Statement of Cash Flows, for the year then ended, notes comprising a summary of significant accounting policies, and other explanatory information.

In my opinion, the financial statements:

- have been prepared in accordance with Australian Accounting Standards and the applicable financial reporting requirements of the *Government Sector Finance Act 2018* (GSF Act), the *Government Sector Finance Regulation 2018* (GSF Regulation) and the Treasurer's Directions
- presents fairly the Corporation's financial position, financial performance and cash flows

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

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of the Corporation in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants (including Independence Standards)' (APES 110).

I have fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles 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
- precluding the Auditor-General from providing non-audit services.

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial statements for the year ended 30 June 2022. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, I do not provide a separate opinion on these matters.

Cyber attestation statement

Risk management informs our approach to technology security and governance. Landcom holds ISO 27001:2013 Information Security Management System certification and was re-certified in May 2022. To mitigate the growing risk of a cyber incident we have developed our Cyber Security Strategy to align with NSW Cyber Security Policy, which is focused around National Institute of Standards and Technology and Australian Signals Directorate Essential 8.

In FY22 Landcom has implemented the following:

- conducted a self-assessment against the 25 focus areas identified by the NSW Cyber Security Policy
- established membership with the Australian Cyber Security Centre including the Joint Cyber Security Centre to stay abreast of security threats
- implemented third party and supply chain cyber security vulnerability systems, and
- Improved the observability of our technology platform to support our ability to detect and respond to security signals.

Landcom has assessed its cyber security risks and is committed to continuously improving the management of cyber security and resilience through our ICT and Cyber Security strategies. At Landcom, cyber security is addressed at an Executive level.

Legal change

In FY22 the following significant judicial decisions and legislative changes which have or will impact on areas of Landcom's business were introduced:

Goodwin Street Developers Pty atf Jesmond Unit Trust v DSD builders Pty Ltd (in liq) [2022] NSWSC 624

The NSW Supreme Court recently held that duty of care under Part 4 of the *Design and Building Practitioners Act 2020* (NSW) applies to any 'building' in NSW within the meaning of the *Environmental Planning and Assessment Act 1979* (NSW), not just class 2 buildings, buildings containing a class 2 part, and 'dwellings' within the meaning of the *Home Building Act 1989* (NSW). The decision confirms that the scope of the duty of care that a developer owes to an owner of land is much wider than many construction industry participants had anticipated when the DBP Act came into force.

Strata Plan No 84674 v Pafburn Pty Ltd [2022] NSWSC659

This recent NSW Supreme Court decision has suggested that a developer who has the ability to exercise substantive control over a builder may be found to have carried out 'construction work' within the meaning of section 37(1) of the *Design and Building Practitioners Act 2020* (NSW). A developer would therefore owe a duty of care to an owner of land, even though it may have had a passive role in the development and not actually exercised any control.

State Revenue and Fines Legislation Amendment (Miscellaneous) Act 2022 (NSW) - Expansion of existing Stamp Duty Regime

The *State Revenue and Fines Legislation Amendment (Miscellaneous) Act 2022* (NSW) which commenced on 19 May 2022 introduces measures to impose new types of dutiable transactions. While the Regulations are yet to be published to confirm how some of the dutiable transactions will be managed, the current provisions require that all options over purchase dutiable property are dutiable on grant. Duty will apply on the option fee and no credit for that duty paid will be applied on any subsequent agreement that arises as a result of the exercise of the option.

New Public Interest Disclosures (PID) Act 2022

The new *Public Interest Disclosures Act 2022* (NSW) was assented to in April 2022 and will commence in October 2023. It significantly reforms the whistle-blowing regime in New South Wales by imposing new obligations on Landcom, particularly in reporting, policy, awareness raising and training. Landcom needs to continue to comply with the current *Public Interest Disclosure Act 1994* (NSW) until the new legislation commences and will develop an action plan to ensure that Landcom is fully compliant within the required timeframe.

Environmental Planning and Assessment Regulation 2021 (NSW)

The updated *Environmental Planning and Assessment Regulation 2021* (NSW), which commenced on 1 March 2022, is designed to make the NSW planning system easier to use. There were a number of major changes from the earlier repealed regulations which impacted on Landcom, including requirements for environmental assessments under Division 5.1, Part 5 of the *Environmental Planning and Assessment Act 1979* (NSW).

Modern Slavery Act 2018 (NSW)

Amendments to the *Modern Slavery Act 2018* (NSW) were enacted in November 2021 and commenced on 1 January 2022. The amendments removed State Owned Corporations from the definition of government agency and introduced a new obligation on State Owned Corporations to make modern slavery statements under the *Modern Slavery Act 2018* (Cth), an obligation with which Landcom already complies. The main impact on Landcom is the new requirement to publish Modern Slavery information in Landcom's annual reports from Financial Year 2023.

Corporations Act

During FY22 the *Corporations Act 2001* (Cth) was amended by the *Corporations Amendment (Meetings and Documents) Act 2022* (Cth). The amendments made permanent several reforms first introduced on a temporary basis during the COVID-19 pandemic. The reforms related to the execution of documents by companies and the holding of virtual meetings.

| Key Audit Matter | How my audit addressed the matter |
|--|---|
| <p>Measurement of inventory</p> <p>At 30 June 2022, the Corporation's Statement of Financial Position reported \$480.3 million in inventories.</p> <p>The Corporation has a portfolio of long-term land development projects, classified as inventory, that are being developed for future sale.</p> <p>Inventory is measured at the lower of cost and net realisable value (NRV), which is assessed at each reporting date.</p> <p>The cost of inventory includes land acquisition costs, development costs and capitalised overhead associated with bringing the inventory to its present location and condition.</p> <p>NRV is calculated based on the estimated selling price of the inventory, less the estimated costs of completion. Where a project's NRV is lower than cost it is written down to its NRV.</p> <p>I consider this to be a key audit matter because:</p> <ul style="list-style-type: none"> inventories are financially significant to the statement of financial position the measurement of NRV requires the use of significant judgements and estimates related to future project sales and costs to complete. <p>Further information on recognition and measurement of inventories is disclosed in Note 11.</p> | <p>Key audit procedures included:</p> <ul style="list-style-type: none"> reviewed profitability forecasts for each of the projects and assessed management's review and certification of the recoverability of recognised inventories at reporting date based on the above, and my knowledge of the business, I selected a sample of projects to perform the following procedures: <ul style="list-style-type: none"> inquired of management to understand the current status of the selected project and key project risks and opportunities reviewed documentation to assess management's basis for determining the NRV of the project including the reasonableness of significant judgements and estimates made to forecast future sales and costs to complete. I did this with regard to independent market reports and evidence of sales data during the year for comparable properties in similar locations. I also reviewed current contract rates, future costs committed under contract and other agreements to support costs to complete. tested additions to the cost of inventory, on a sample basis, to ensure they qualified for capitalisation and were attributable to the relevant project compared the carrying value to the selected project's NRV to assess whether any write down was required. |
| <p>Provision for costs to complete projects</p> <p>At 30 June 2022, the Corporation's Statement of Financial Position reported \$93.1 million in provision for costs to complete projects (the provision).</p> <p>The provision captures future development costs based on the original land development schedule and estimates of other known obligations expected to be incurred when the land is ready for settlement.</p> <p>I consider this to be a key audit matter because:</p> <ul style="list-style-type: none"> the provision is financially significant to the statement of financial position the measurement of the provision requires the use of significant judgements and estimates that are subject to revision. <p>Further information on recognition and measurement of the provision for costs to complete projects is disclosed in Note 17 (iii) and a reconciliation of the movements in the balance is disclosed in Note 17 (ii).</p> | <p>Key audit procedures included:</p> <ul style="list-style-type: none"> reviewed the nature and value of the provision for costs to complete projects and any changes from the prior year to determine the reasonableness of the current year provision based on the above, and my knowledge of the business, I selected a sample of projects to perform the following procedures: <ul style="list-style-type: none"> inquired of management to understand the status of selected projects and basis for recognising a provision reviewed management's certification of the accuracy of the provision balance at reporting date reviewed documentation to assess the reasonableness of significant judgements and estimates made to calculate the project provision with regard to current contract rates, committed contract costs and other cost estimates |

| Key Audit Matter | How my audit addressed the matter |
|--|--|
| <p>Valuation of defined benefit superannuation liabilities</p> <p>At 30 June 2022, the Corporation's Statement of Financial Position reported net defined benefit superannuation liabilities totalling \$6.3 million. This liability balance is provided to the Corporation by the Administrator of the SAS Trustee, based on an independent actuarial assessment.</p> <p>I consider this to be a key audit matter because:</p> <ul style="list-style-type: none"> the defined benefit superannuation liability is financially significant to the statement of financial position the underlying liability valuation model (the model) is complex due to the significant degree of judgement required to determine key assumptions used to value the liability the value of the liability is sensitive to minor changes in valuation inputs. <p>Further information on the significant actuarial assumptions and sensitivity analysis is disclosed in Note 18.</p> | <p>Key audit procedures included:</p> <ul style="list-style-type: none"> tested movements in the provision for selected projects to assess that they were attributable to the relevant project provision reviewed the appropriateness of the rate used to index future cost estimates and discount the provision, and the mathematical accuracy of the calculation. <p>Key audit procedures included:</p> <ul style="list-style-type: none"> obtained an understanding of the processes and key controls in place supporting the: <ul style="list-style-type: none"> membership data used in the model defined benefit superannuation liability calculation assessed the completeness and accuracy of the membership data used in the model with the assistance of actuarial experts, reviewed the methodology and key assumptions for reasonableness assessed the qualifications, competence and objectivity of actuarial experts assessed the adequacy of financial statement disclosures against the requirements of applicable Australian Accounting Standards and Treasurer's Directions. |

Directors' Responsibilities for the Financial Statements

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

In preparing the financial statements, the Directors are responsible for assessing the Corporation's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at www.auasb.gov.au/auditors_responsibilities/ar6.pdf. The description forms part of my auditor's report.

The scope of my audit does not include, nor provide assurance:

- that the Corporation carried out its activities effectively, efficiently and economically
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.



Caroline Karakatsanis
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

29 August 2022
SYDNEY

Directors' Declaration

Pursuant to Section 7.6 of the *Government Sector Finance Act 2018*, we state that in the opinion of the Directors of Landcom:

(a) The financial statements:

- (i) present fairly the financial position of Landcom as at 30 June 2022 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, Australian Accounting Interpretations, the *State Owned Corporations Act 1989*, the *Government Sector Finance Act 2018*, the *Government Sector Finance Regulation 2018* and Treasurer's Directions mandated by the Treasurer.

(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 Landcom will be able to pay its debts as and when they fall due.

Signed in accordance with a resolution of the Directors:



Peter Roberts
Chair



John Barbeler
Director

26 August 2022
Sydney

Statement of Comprehensive Income

for the year ended 30 June 2022

| | Notes | 30 June 2022 \$'000 | 30 June 2021 \$'000 |
|--|--------|---------------------------|---------------------------|
| Revenue from contracts with customers | 2 | 161,508 | 161,469 |
| Cost of sales | 11(i) | (92,083) | (92,379) |
| Gross profit | | 69,425 | 69,090 |
| Other revenue | 3 | 96 | 399 |
| Finance income | 4(a) | 2,805 | 1,446 |
| Employee related expenses | 5 | (20,815) | (21,910) |
| Marketing and selling expenses | 6(a) | (3,008) | (2,237) |
| Other expenses | 6(b) | (15,897) | (17,852) |
| Depreciation and amortisation expense | 7 | (2,865) | (4,254) |
| Finance costs | 4(b) | (986) | (156) |
| Profit before income tax equivalent expense | | 28,755 | 24,526 |
| Income tax equivalent expense | 8(i) | (8,627) | (7,358) |
| Net profit for the year | | 20,128 | 17,168 |
| Other comprehensive income | | | |
| Items that will not be reclassified to profit or loss | | | |
| Superannuation actuarial gain on defined benefit plans | 18(vi) | 4,336 | 2,761 |
| Income tax equivalent expense on items that will not be reclassified to profit or loss | 8(i) | (1,301) | (827) |
| Total items that will not be reclassified to profit or loss | | 3,035 | 1,934 |
| Other comprehensive income for the year (net of income tax equivalent expense) | | 3,035 | 1,934 |
| Total comprehensive income for the year | | 23,163 | 19,102 |

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 2022

| | Notes | 30 June 2022 \$'000 | 30 June 2021 \$'000 |
|--------------------------------------|--------|---------------------------|---------------------------|
| Assets | | | |
| Current Assets | | | |
| Cash and cash equivalents | 9 | 317,936 | 228,011 |
| Trade and other receivables | 10 | 11,437 | 102,859 |
| Inventories | 11 | 190,044 | 87,383 |
| Prepayments | 12 | 7,383 | 5,395 |
| Total Current Assets | | 526,800 | 423,648 |
| Non-Current Assets | | | |
| Trade and other receivables | 10 | 9,356 | - |
| Inventories | 11 | 290,276 | 392,170 |
| Property, plant and equipment | 13 | 1,452 | 1,595 |
| Right-of-use assets | 16 | 10,218 | 4,420 |
| Intangible assets | 14 | 1,776 | 1,912 |
| Deferred tax assets | 8(ii) | 39,022 | 40,734 |
| Total Non-Current Assets | | 352,100 | 440,831 |
| TOTAL ASSETS | | 878,900 | 864,479 |
| Liabilities | | | |
| Current Liabilities | | | |
| Trade and other payables | 15 | 79,386 | 54,783 |
| Lease liabilities | 16 | 2,151 | 2,282 |
| Current tax liabilities | 8(iv) | 2,176 | 9,691 |
| Provisions | 17 | 85,604 | 89,156 |
| Total Current Liabilities | | 169,317 | 155,912 |
| Non-Current Liabilities | | | |
| Trade and other payables | 15 | 6,536 | 18,306 |
| Lease liabilities | 16 | 8,748 | 2,920 |
| Deferred tax liabilities | 8(iii) | 2,509 | 1,201 |
| Provisions | 17 | 40,362 | 44,206 |
| Total Non-Current Liabilities | | 58,155 | 66,633 |
| TOTAL LIABILITIES | | 227,472 | 222,545 |
| NET ASSETS | | 651,428 | 641,934 |
| Equity | | | |
| Contributed capital | 19 | 272,827 | 272,827 |
| Retained earnings | | 378,601 | 369,107 |
| TOTAL EQUITY | | 651,428 | 641,934 |

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 2022

| | Notes | 30 June 2022 \$'000 | 30 June 2021 \$'000 |
|--|-------|---------------------------|---------------------------|
| Cash flows from operating activities | | | |
| Receipts from customers | | 276,484 | 188,104 |
| Interest received | | 1,128 | 1,448 |
| Payments to suppliers and employees | | (159,527) | (217,088) |
| Income tax equivalent paid | | (14,423) | (953) |
| Finance costs | | (197) | (156) |
| Net cash flows from/(used in) operating activities | 20 | 103,465 | (28,645) |
| Cash flows from investing activities | | | |
| Payments for property, plant and equipment and intangibles | | (545) | (2,267) |
| Proceeds from sale of property, plant and equipment | | - | 47 |
| Net cash flows used in investing activities | | (545) | (2,220) |
| Cash flows from financing activities | | | |
| Payment of lease liabilities | | (2,177) | (2,104) |
| Dividends paid to NSW Treasury | | (10,818) | (17,200) |
| Net cash flows used in financing activities | | (12,995) | (19,304) |
| Net increase/(decrease) in cash and cash equivalents | | 89,925 | (50,169) |
| Cash and cash equivalents at the beginning of the year | | 228,011 | 278,180 |
| Cash and cash equivalents at the end of the year | 9 | 317,936 | 228,011 |

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 2022

| | Notes | Contributed capital \$'000 | Retained earnings \$'000 | Total equity \$'000 |
|---|--------|----------------------------------|--------------------------------|---------------------------|
| Balance as at 1 July 2021 | | | | |
| | | 272,827 | 369,107 | 641,934 |
| Profit for the year ended 30 June 2022 | | | | |
| | | - | 20,128 | 20,128 |
| Other comprehensive income | | | | |
| Superannuation actuarial gain on defined benefit plans | 18(vi) | - | 4,336 | 4,336 |
| Income tax relating to components of other comprehensive income | 8(i) | - | (1,301) | (1,301) |
| Total other comprehensive income | | - | 3,035 | 3,035 |
| Total comprehensive income for the year | | - | 23,163 | 23,163 |
| Transactions with owners in their capacity as owners | | | | |
| Dividends to NSW Treasury | 15 | - | (13,669) | (13,669) |
| Total transactions with owners in their capacity as owners | | - | (13,669) | (13,669) |
| Balance as at 30 June 2022 | | 272,827 | 378,601 | 651,428 |
| Balance as at 1 July 2020 | | | | |
| | | 272,827 | 360,823 | 633,650 |
| Profit for the year ended 30 June 2021 | | | | |
| | | - | 17,168 | 17,168 |
| Other comprehensive income | | | | |
| Superannuation actuarial gain on defined benefit plans | 18(vi) | - | 2,761 | 2,761 |
| Income tax relating to components of other comprehensive income | 8(i) | - | (827) | (827) |
| Total other comprehensive income | | - | 1,934 | 1,934 |
| Total comprehensive income for the year | | - | 19,102 | 19,102 |
| Transactions with owners in their capacity as owners | | | | |
| Dividends to NSW Treasury | 15 | - | (10,818) | (10,818) |
| Total transactions with owners in their capacity as owners | | - | (10,818) | (10,818) |
| Balance as at 30 June 2021 | | 272,827 | 369,107 | 641,934 |

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 2022

1 Summary of significant accounting policies

1.1 Reporting Entity

Landcom is a NSW Government statutory State Owned Corporation (the **Corporation**) established on 1 January 2002 by the *Landcom Corporation Act 2001* and is controlled by the State of New South Wales, which is the ultimate parent. The Corporation operates under the commercial disciplines of the NSW Government's Commercial Policy Framework and is a for-profit entity for financial reporting purposes.

Landcom works with the NSW Government to improve the supply, diversity and affordability of housing across the state. Landcom is focused on supporting this government priority and delivering the local infrastructure to help communities grow and thrive. Landcom unlocks surplus or underutilised government-owned sites, or large institutional land holdings, to create vibrant urban places with housing choices, community facilities, open spaces and access to sought-after services.

Landcom has a long history of building award-winning sustainable urban developments and delivering civic projects, which add economic and social value to the state of NSW. Landcom is regularly working with the NSW Government to manage strategic and complex residential projects on vacant land, and or established sites.

These financial statements for the year ended 30 June 2022 have been authorised for issue by the Landcom Board of Directors on 26 August 2022.

1.2 Basis of preparation

These general purpose financial statements have been prepared on an accrual basis in accordance with:

- the *State Owned Corporations Act 1989*
- applicable Australian Accounting Standards (which include Australian Accounting Interpretations)
- the requirements of the *Government Sector Finance Act 2018* and *Government Sector Finance Regulation 2018*, and
- mandated Treasurer's Directions issued under the *Government Sector Finance Act 2018*.

Property, plant and equipment is recognised at fair value and subsequently measured at fair value less accumulated depreciation and impairment. Inventory is measured at the lower of cost and net realisable value. Other financial statements items are prepared in accordance with the historical cost convention except where specified otherwise. Provisions expected to be settled more than 12 months after reporting date are stated at present value.

Judgements, key assumptions and estimations that management has made are disclosed in the relevant notes to the financial statements. This includes the potential impact of the economic changes and the residual effects of COVID-19 pandemic.

Where necessary, comparative information has been restated to conform to the current year's presentation and disclosures.

All amounts are rounded to the nearest one thousand dollars and expressed in Australian currency, which is also the Corporation's functional currency.

1.3 Statement of compliance

The financial statements and notes comply with Australian Accounting Standards, which include Australian Accounting Interpretations. Compliance with Australian Accounting Standards ensures that Landcom's financial statements and notes also comply with International Financial Reporting Standards (**IFRS**). The accounting policies have been consistently applied, unless stated otherwise.

1.4 Goods and Services Tax

Revenues, expenses, and assets are recognised net of the amount of goods and services tax (**GST**) except:

- 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 expense, and
- 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.

Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

1 Summary of significant accounting policies (continued)

1.5 New or revised Australian accounting standards

(i) New and amended standards adopted by the Corporation

The accounting policies applied for the year ended 30 June 2022 are consistent with those of the previous financial year. Landcom has adopted the following amendments for the first time for year ended 30 June 2022:

- AASB 2021-3 Amendments to Australian Accounting Standards – Covid-19-Related Rent Concessions beyond 30 June 2021 [AASB 16]
- AASB 2020-8 Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform – Phase 2 [AASB 4, AASB 7, AASB 9, AASB 16 & AASB 139].

The amendments listed above did not have any impact on the amounts recognised in the Corporation's financial statements.

(ii) New accounting standards and interpretations not yet adopted

Certain new accounting standards, amendments to accounting standards and interpretations have been issued but are not yet effective for the year ended 30 June 2022. They have not been early adopted by the Corporation. Based on current management assessment, these standards, amendments and interpretations are not expected to have a material impact on the Corporation in the current or future reporting periods and on foreseeable future transactions.

2 Revenue from contracts with customers

| | 30 June 2022 \$'000 | 30 June 2021 \$'000 |
|--|---------------------------|---------------------------|
| Land sales | 52,051 | 88,628 |
| Managed land sales | 97,527 | 58,657 |
| Management fees | 11,930 | 14,184 |
| | 161,508 | 161,469 |
| Timing of revenue recognition | | |
| Transferred at a point in time | 139,434 | 147,285 |
| Transferred over time | 22,074 | 14,184 |
| Revenue from contracts with customers | 161,508 | 161,469 |

Assets and liabilities related to contracts with customers are disclosed in Note 10 and Note 15 respectively. Landcom has not recognised assets for contract costs, such as commissions and legal fees on sales, to fulfil contracts. These costs are generally incurred within the same year the contracts' performance obligations are fulfilled.

(i) Recognition and measurement

Landcom derives its revenue from sale of land and management fees from development services. Landcom's sales of land are usually settled within a year or less, otherwise a recognised receivable is discounted, if significant, to account for the financing component.

Land sales

Landcom develops and sells its own land lots (land sales) to a customer. Landcom's performance obligations to a customer to deliver the land lot is completed and satisfied when the legal title and control has been transferred to the customer, typically at settlement. Revenue is then recognised and is measured at the transaction price agreed under the sale agreement.

Managed land sales

Managed land sales arise from Landcom's agreements to develop and sell land lots owned by other parties. Under most agreements, Landcom typically has one performance obligation to deliver land lot, satisfied when control of the land lot is transferred to the customer. This generally occurs on settlement at which point revenue is recognised. The revenue recognised is measured at the transaction price agreed under the agreement.

Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

2 Revenue from contracts with customers (continued)

(i) Recognition and measurement (continued)

Managed land sales (continued)

In some agreements, a series of land lots are delivered progressively to the customer as part of one performance obligation (one promise). In this case, the performance obligation is satisfied over time and revenue is recognised over time. The progress of completing the entire performance obligation is therefore determined by settlements completed. This is the best method to represent the progress and transfer of control through transfer of title at settlement. Revenue recognised is based on transaction price stipulated in the agreement. The transaction price and hence the revenue may be variable due to factors such as market conditions and contractual terms. In this case, variable revenue is recognised only when it is highly probable based on historical experience, forecast, and the prevailing economic conditions. Otherwise, the variable revenue is reduced to the amount that is highly probable, such as contractually recoverable costs. Assumptions applied in determining the highly probable revenue are revised as and when circumstances change.

Management fees

Landcom provides property development management services to the NSW State Government agencies and other parties. Landcom generates development management fees typically calculated as a fixed percentage of total project costs. The management fees are recognised over time based on project costs incurred. The related costs are recognised in the Statement of Comprehensive Income as the fees are earned.

3 Other revenue

| | 30 June 2022 \$'000 | 30 June 2021 \$'000 |
|---|---------------------------|---------------------------|
| Rental income | 1 | 184 |
| Recovery of holding costs | 49 | 119 |
| Forfeiture of reservation/exchange fees | 46 | 96 |
| | 96 | 399 |

Rental income derived from operating leases is recognised on a straight-line basis over the term of the lease. Holding costs recoverable from external parties are recognised as income when the associated expenses are incurred.

4(a) Finance income

| | 30 June 2022 \$'000 | 30 June 2021 \$'000 |
|--------------------------------------|---------------------------|---------------------------|
| Interest from bank | 1,102 | 1,395 |
| Interest from discounting provisions | 1,677 | 49 |
| Interest from late settlements | 21 | 2 |
| Other interest | 5 | - |
| | 2,805 | 1,446 |

Interest income is recognised using the effective interest rate method. Interest income is also recognised on discounting provisions and unwinding the discount.

Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

4(b) Finance costs

| | 30 June 2022 \$'000 | 30 June 2021 \$'000 |
|--|---------------------------|---------------------------|
| Interest expense from lease liabilities | 197 | 156 |
| Interest from discounting contract asset | 789 | - |
| | 986 | 156 |

Finance costs consist of interest incurred on lease liabilities and interest incurred on discounting assets & liabilities using the effective interest rate method. Interest is recognised as an expense in the year in which it is incurred.

5 Employee-related expenses

| | 30 June 2022 \$'000 | 30 June 2021 \$'000 |
|---|---------------------------|---------------------------|
| Salaries and wages | 25,663 | 25,053 |
| Termination payments | 123 | 467 |
| Superannuation - defined benefit plans | 387 | 489 |
| Superannuation - defined contribution plans | 2,587 | 2,350 |
| Long service leave | (368) | 600 |
| Annual leave | 2,115 | 2,049 |
| Payroll tax and fringe benefits tax | 1,592 | 1,499 |
| Other employee-related expenses | 880 | 754 |
| | 32,979 | 33,261 |
| Transfer of capital costs to inventories | (12,164) | (11,351) |
| | 20,815 | 21,910 |

The provision for long service leave decreased during the financial year due to an increase in the high quality corporate bond rate used to present value the provision. This resulted in a long service leave credit of \$368,000 (30 June 2021: expense of \$600,000).

(i) Recognition and measurement

All liabilities for employee benefits are fully provided for in accordance with AASB 119 Employee Benefits. Employee benefits applicable to Landcom are shown below.

Salaries and wages, paid sick leave and annual leave

Salaries and wages, paid sick leave and annual leave (including non-monetary benefits) that are due to be settled within 12 months after the end of the period in which the employee renders the service are recognised and measured at undiscounted nominal amounts. Employees are expected to avail annual leave within twelve months and as such, no present value measurement is required.

Non-vesting sick leave

Unused non-vesting sick leave and COVID-19 Pandemic special leave do not give rise to a liability.

Long service leave

Long service leave is measured at present value in accordance with AASB 119 Employee Benefits for all employees with five or more years of service. Consideration is given to certain factors based on actuarial review every three years, including expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using high quality corporate bond rates at the reporting date. The latest valuation was obtained in financial year ended 30 June 2020. A shorthand approach is adopted to update for the intervening two years. This is in accordance with Treasury Circular 21-03 Accounting for Long Service Leave and Annual Leave.

Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

5 Employee-related expenses (continued)

Superannuation – defined contribution plans

Landcom pays fixed contributions into independent entities in relation to several superannuation plans for individual employees. Landcom has no legal or constructive obligation to pay contributions in addition to its fixed contributions, which are recognised as an expense in the period that related employee services are received.

Superannuation – defined benefit plans

Under the Landcom's defined benefit superannuation plans, the amount of superannuation benefit that an employee will receive on retirement is defined by reference to the employee's length of service and final salary. Landcom makes employer contributions into the employee plans, State Superannuation Scheme (**SSS**), the State Authorities Superannuation Scheme (**SASS**) and the State Authorities Non Contributory Superannuation Scheme (**SANCS**). The legal obligation for employees' benefits remains with Landcom, even if plan assets for funding the defined benefit plan have been set aside.

Management estimates the defined benefit obligation in December and June, with the assistance of independent actuary Mercer. The estimation is based on assumptions about inflation, salary growth rate, mortality, investment returns and discount rate in form of high-quality corporate bonds.

Prepaid contributions are recognised as an asset. The defined benefit liability is the present value of the defined benefit obligation at the reporting date. The assets and liabilities are netted off in the financial statements and recognised in the Statement of Financial Position as the unfunded defined benefit obligation.

The Service cost on Landcom's defined benefit plan is included in employee benefits expense. Gains and losses resulting from remeasurements of the net defined benefit liability are included in other comprehensive income and are not reclassified to the Statement of Comprehensive Income in subsequent periods.

Termination payments

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits.

Termination benefits are recognised at the earlier of the following dates:

- (a) when Landcom can no longer withdraw the offer of those benefits, and
- (b) when Landcom recognises costs for a restructuring that is within the scope of AASB 137 Provisions, Contingent Liabilities and Contingent Assets and involves the payment of termination benefits.

In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

Payroll on-costs

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

6(a) Marketing and selling expenses

| | 30 June 2022 \$'000 | 30 June 2021 \$'000 |
|----------------------------------|---------------------------|---------------------------|
| Advertising | 2,606 | 2,160 |
| Sales contractors and commission | 377 | 52 |
| Other selling costs | 25 | 25 |
| | 3,008 | 2,237 |

Recognition and measurement for marketing and selling expenses is included below, Note 6(b)(i).

Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

6(b) Other expenses

| | 30 June 2022 \$'000 | 30 June 2021 \$'000 |
|--|---------------------------|---------------------------|
| Auditor's remuneration – audit of financial statements | 242 | 237 |
| Operating lease rental and outgoings | 356 | 409 |
| General administrative costs | 8,752 | 9,473 |
| Council rates | 351 | 579 |
| Land tax | 10,421 | 8,531 |
| Recovery of expected credit losses | - | (108) |
| Write back inventory previously written off | (499) | (69) |
| Adjustment of inventory to net realisable value | 372 | 3,179 |
| Project establishment costs | 3,609 | 1,948 |
| Intangible asset derecognised | - | 1,684 |
| Property and accommodation | 24 | 27 |
| Consultancy fees | 261 | 199 |
| Loss/(gain) on disposal of property, plant and equipment | 35 | (10) |
| | 23,924 | 26,079 |
| Transfer of capital costs to inventories | (8,027) | (8,227) |
| | 15,897 | 17,852 |

(i) Recognition and measurement

Operating expenses, marketing and selling and other expenses are expensed in the year in which they are incurred.

Transfer of capital costs to inventories

All administrative overheads are initially charged to and disclosed in the Statement of Comprehensive Income, as they are incurred. However, to the extent that those costs are attributable to the projects, they are transferred (capitalised) to inventory.

7 Depreciation and amortisation expense

| | 30 June 2022 \$'000 | 30 June 2021 \$'000 |
|------------------------|---------------------------|---------------------------|
| Right-of-use assets | 2,076 | 1,965 |
| Leasehold improvements | 36 | 12 |
| Plant and equipment | 399 | 357 |
| Intangible assets | 348 | 1,911 |
| Motor vehicles | 6 | 9 |
| | 2,865 | 4,254 |

Depreciation and amortisation policy is disclosed in Note 13 (Property, Plant and Equipment), Note 14 (Intangible assets) and Note 16 (Right-of-use assets).

Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

8 Income tax equivalent

(i) Income tax equivalent expense recognised in the Statement of Comprehensive Income

| | 30 June 2022 \$'000 | 30 June 2021 \$'000 |
|--|---------------------------|---------------------------|
| Current income tax charge | 6,908 | 10,919 |
| Origination and reversal of temporary differences | 1,719 | (3,561) |
| Income tax equivalent expense reported in the Statement of Comprehensive Income | 8,627 | 7,358 |

| | 30 June 2022 \$'000 | 30 June 2021 \$'000 |
|--|---------------------------|---------------------------|
| Deferred income tax expense/(benefit) included in income tax expense comprises: | | |
| Decrease/(increase) in deferred tax assets | 411 | (2,535) |
| Increase/(decrease) in deferred tax liabilities | 1,308 | (1,026) |
| | 1,719 | (3,561) |

Income tax expense recognised directly in equity

| | | |
|--|--------------|------------|
| Deferred income tax related to items charged or credited directly to equity: | | |
| Superannuation actuarial gain | 1,301 | 827 |
| Income tax equivalent expense reported in equity | 1,301 | 827 |

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:

| | 30 June 2022 \$'000 | 30 June 2021 \$'000 |
|---|---------------------------|---------------------------|
| Accounting profit before income tax | 28,755 | 24,526 |
| At the statutory income tax rate of 30% (2021: 30%) | 8,627 | 7,358 |
| Income tax expense reported in the Statement of Comprehensive Income | 8,627 | 7,358 |

(ii) Deferred tax assets

| | 30 June 2022 \$'000 | 30 June 2021 \$'000 |
|---|---------------------------|---------------------------|
| The balance comprises temporary differences attributable to: | | |
| Depreciation and amortisation | 287 | 471 |
| Provisions | 38,277 | 39,841 |
| Sundry | 17 | 187 |
| Right-of-use assets | 204 | 235 |
| Fair value adjustments | 237 | - |
| | 39,022 | 40,734 |
| Movements | | |
| Carrying amount at beginning of the year | 40,734 | 39,026 |
| (Charged)/credited to the Statement of Comprehensive Income | (411) | 2,535 |
| Charged to equity | (1,301) | (827) |
| Carrying amount at end of the year | 39,022 | 40,734 |

Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

8 Income tax equivalent (continued)

(iii) Deferred tax liabilities

| | 30 June 2022 \$'000 | 30 June 2021 \$'000 |
|---|---------------------------|---------------------------|
| The balance comprises temporary differences attributable to: | | |
| Fair value adjustments | 544 | 40 |
| Prepayments | 1,965 | 1,161 |
| | 2,509 | 1,201 |

Movements

| | | |
|---|--------------|--------------|
| Carrying amount at beginning of the year | 1,201 | 2,227 |
| Charged/(credited) to the Statement of Comprehensive Income | 1,308 | (1,026) |
| Carrying amount at end of the year | 2,509 | 1,201 |

(iv) Current tax asset/(liability)

| | 30 June 2022 \$'000 | 30 June 2021 \$'000 |
|--|---------------------------|---------------------------|
| Carrying amount at beginning of the year | (9,691) | 275 |
| Income tax equivalent expense | (8,627) | (7,358) |
| Movement in deferred tax asset & liabilities | 1,719 | (3,561) |
| Net tax payment | 14,423 | 953 |
| Carrying amount at end of the year | (2,176) | (9,691) |

(v) Recognition and measurement

Landcom is subject to notional taxation, income tax equivalent ("income tax"), in accordance with the *State Owned Corporation Act 1989*. From 1 July 2003, the taxation liability has been assessed according to the National Tax Equivalent Regime of the NSW Treasury, which proposes, as far as practical, the adoption of the relevant Commonwealth tax legislation as the basis for determining taxation liability. Tax effect accounting has also been adopted from 1 July 2003.

Current tax

Current tax is calculated based on 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 all temporary differences. 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.

Deferred tax assets are recognised to the extent that it is probable that sufficient future profits and taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. Future taxable profits are influenced by a variety of assumptions embedded in approved budgets and forecast for future years. A change in those assumptions could have an impact on the future profitability and may affect the recovery of deferred tax. Deferred tax assets and liability is not recognised if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences.

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 the reporting date.

Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

8 Income tax equivalent (continued)

(v) Recognition and measurement (continued)

Deferred tax (continued)

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 there is a legally enforceable right to offset current tax assets and liabilities and 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.

All deferred tax assets/liabilities are classified as non-current in the Statement of Financial Position as these are expected to be settled after more than 12 months.

Income tax

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.

9 Cash and cash equivalents

| | 30 June 2022 \$'000 | 30 June 2021 \$'000 |
|--------------------------|---------------------------|---------------------------|
| Cash at bank and on hand | 310,129 | 212,166 |
| Restricted cash | 7,807 | 15,845 |
| | 317,936 | 228,011 |

Restricted cash is the cash held on behalf of project partners.

10 Trade and other receivables

| | 30 June 2022 \$'000 | 30 June 2021 \$'000 |
|---|---------------------------|---------------------------|
| Current | | |
| Trade receivables from contracts with customers | 10,924 | 101,350 |
| Development bonds | 530 | 533 |
| Loan receivables | - | 108 |
| Interest receivable | - | 75 |
| GST receivable | - | 839 |
| Other receivables | 33 | 4 |
| | 11,487 | 102,909 |
| Less Allowance for expected credit losses | (50) | (50) |
| | 11,437 | 102,859 |
| Non-current | | |
| Contract assets | 9,356 | - |
| | 9,356 | - |

Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

10 Trade and other receivables (continued)

(i) Recognition and measurement

Trade receivables are amounts of consideration that are unconditionally due from customers for land sold or development management services performed in the ordinary course of the business. Unconditional means only the passage of time is required before payment of the consideration is due. They are generally due for settlement within 12 months and are therefore all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value.

Landcom holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. See note 21(a) and 21(b) for further information about Landcom's measurement policy for trade receivables, credit risk and impairment policies.

Interest is charged on overdue settlement monies where agreed settlement dates are not met. Sales are made on varying terms, but generally on a 28-day exchange and 21-day settlement basis.

Contract assets relate to the entity's right to consideration in exchange for goods transferred to customers/works completed, but not billed at the reporting date and still conditional on future performance of the Corporation. Contract assets are converted to trade receivables once billed.

11 Inventories

| | 30 June 2022 \$'000 | 30 June 2021 \$'000 |
|--------------------|---------------------------|---------------------------|
| Current | | |
| Work in progress | 151,215 | 69,529 |
| Developed land | 38,829 | 17,854 |
| | 190,044 | 87,383 |
| Non-current | | |
| Work in progress | 290,276 | 392,170 |
| | 290,276 | 392,170 |
| Total | 480,320 | 479,553 |

(i) Recognition and measurement

Inventories comprise undeveloped land, work in progress and developed land. Land is classified as work in progress while it is under development. Inventories are classified as current if they are expected to be settled within 12 months or otherwise classified as non-current.

Net realisable value

Inventory is valued at the lower of cost and 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 to complete and sell the land development.

In assessing and determining the net realisable value, significant judgement and assumptions are made. To support the judgements and assumptions, considerations are given to key economic conditions, major events such as COVID-19 pandemic and other factors which could influence the net realisable value. These include assumptions and estimates such as land sales rates, sales price, government policies, timing of settlements, availability of financing, general economic landscape, access to construction sites and estimated cost to complete.

Inventories are written down where the net realisable value is less than the carrying amount, assessed based on the latest forecast. When the circumstances that previously caused inventories to be written down below cost no longer exist, e.g. due to changes in economic circumstances, an amount write back is credited in the Statement of Comprehensive Income limited to the amount of the original write-down so that the new carrying amount is the lower of the cost and the revised net realisable value.

Cost of sales

Inventories are expensed as cost of sales in the Statement of Comprehensive income when the associated revenue is recognised. All costs, including those spent to date and those forecast in the future, are proportionally allocated to each lot using a reasonable basis such as revenue. The allocation of costs can change throughout the life of the project, as revenue and cost forecasts are updated to reflect market conditions.

Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

12 Prepayments

| | 30 June 2022 \$'000 | 30 June 2021 \$'000 |
|----------------|---------------------------|---------------------------|
| Current | | |
| Prepayments | 7,383 | 5,395 |
| | 7,383 | 5,395 |

(i) Recognition and measurement

Prepayments of operating expenditures are recognised on a cost basis as incurred. Prepayments are then recognised in the Statement of Comprehensive Income on a straight-line basis.

13 Property, plant and equipment

| | 30 June 2022 \$'000 | 30 June 2021 \$'000 |
|----------------------------------|---------------------------|---------------------------|
| Leasehold improvements | | |
| At gross carrying amount | 2,288 | 2,499 |
| Accumulated depreciation | (2,089) | (2,264) |
| Net carrying amount | 199 | 235 |
| Motor vehicles | | |
| At gross carrying amount | 51 | 51 |
| Accumulated depreciation | (38) | (32) |
| Net carrying amount | 13 | 19 |
| Plant and equipment | | |
| At gross carrying amount | 3,482 | 3,423 |
| Accumulated depreciation | (2,242) | (2,082) |
| Net carrying amount | 1,240 | 1,341 |
| Total net carrying amount | 1,452 | 1,595 |

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:

| 30 June 2022 | Leasehold improvements \$'000 | Motor vehicles \$'000 | Plant & equipment \$'000 | Total \$'000 |
|------------------------------|-------------------------------------|-----------------------------|--------------------------------|-----------------|
| Net carrying amount | | | | |
| Beginning of the year | 235 | 19 | 1,341 | 1,595 |
| Additions | - | - | 333 | 333 |
| Disposals | - | - | (35) | (35) |
| Depreciation expense | (36) | (6) | (399) | (441) |
| End of the year | 199 | 13 | 1,240 | 1,452 |

Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

13 Property, plant and equipment (continued)

Reconciliation (continued)

| 30 June 2021 | Leasehold improvements \$'000 | Motor vehicles \$'000 | Plant & equipment \$'000 | Total \$'000 |
|------------------------------|-------------------------------------|-----------------------------|--------------------------------|-----------------|
| Net carrying amount | | | | |
| Beginning of the year | 63 | 45 | 1,228 | 1,336 |
| Additions | 184 | - | 502 | 686 |
| Disposals | - | (17) | (20) | (37) |
| Transfers | - | - | (12) | (12) |
| Depreciation expense | (12) | (9) | (357) | (378) |
| End of the year | 235 | 19 | 1,341 | 1,595 |

(i) Recognition and measurement

Property, plant and equipment are initially measured at cost and subsequently revalued at fair value less accumulated depreciation and impairment. Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire the asset at the time of its acquisition or construction.

Cost comprises acquisition cost, including any costs directly attributable to the asset, major improvement, and any restoration costs associated with the asset. Costs are capitalised in line with the guidance provided by TPP06-6 Guidelines for Capitalisation of Expenditure on Property, Plant and Equipment.

Depreciation on all property, 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 property, plant and equipment approximates fair value. The following estimated useful lives, reviewed annually, are used in the calculation of depreciation for major items:

- Computer equipment three to four years
- Office equipment five to twenty years, and
- Motor vehicles eight years.

(ii) Impairment

The carrying values of plant and equipment are reviewed, at each reporting period, for indicators of impairment. When the carrying amount exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

(iii) Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Statement of Comprehensive Income.

Notes to and forming part of the Financial Statements for the year ended 30 June 2022

14 Intangible assets

| | 30 June 2022 \$'000 | 30 June 2021 \$'000 |
|--|---------------------------|---------------------------|
| Computer software and website | | |
| Gross carrying amount at beginning of the year | 7,816 | 13,350 |
| Additions | 212 | 1,581 |
| Transfer out to prepayment | - | (835) |
| Derecognised | - | (1,684) |
| Disposals | (735) | (4,596) |
| Carrying amount at end of the year | 7,293 | 7,816 |
| Accumulated amortisation and impairment | | |
| Carrying amount at beginning of the year | (5,904) | (8,589) |
| Disposals | 735 | 4,596 |
| Amortisation expense | (348) | (1,911) |
| Accumulated amortisation and impairment | (5,517) | (5,904) |
| Net carrying amount at end of the year | 1,776 | 1,912 |

(i) Recognition and measurement

Landcom recognises intangible assets only if it is probable that future economic benefits will flow to the entity and the cost of the asset can be measured reliably. Intangible assets are measured initially at cost. Where an asset is acquired at no or nominal cost, the cost is its fair value as at the date of acquisition.

Landcom's intangible assets comprise computer software costs (licences) and website costs. There is no active market for Landcom's intangible assets, hence the assets are subsequently measured at cost less any accumulated amortisation and impairment losses.

The useful lives of intangible assets are assessed to be finite. Intangible assets are amortised on straight-line method over a period of four to five years. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

All research costs are expensed. Development costs are only capitalised when certain criteria are met.

Costs incurred to configure or customise cloud computing software, and the ongoing fees to obtain access to the cloud provider's application software, are recognised as an expense when the services are received. In a software development contract where the cloud provider provides both the software as a service (SaaS) configuration and customisation and the SaaS access over the contract term, judgement is applied to determine if they are distinct or not distinct. Where the services are not distinct, the configuration and customisation costs are recognised as an expense when the cloud provider provides access to the software over the SaaS contract term.

(ii) Impairment

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

Notes to and forming part of the Financial Statements for the year ended 30 June 2022

15 Trade and other payables

| | 30 June 2022 \$'000 | 30 June 2021 \$'000 |
|----------------------------------|---------------------------|---------------------------|
| Current | | |
| Trade payables | 786 | 662 |
| Contract liabilities | 29,264 | 2,918 |
| Bonds held | 1,057 | 1,927 |
| Accrued expenses | 9,063 | 25,120 |
| Payables to project partners | 23,300 | 12,476 |
| Dividend payable to NSW Treasury | 13,669 | 10,818 |
| GST payable | 1,385 | - |
| Retentions | 862 | 862 |
| | 79,386 | 54,783 |
| Non-current | | |
| Contract liabilities | 6,536 | 18,306 |
| | 6,536 | 18,306 |

(i) Reconciliation of contract liabilities

| | 30 June 2022 \$'000 | 30 June 2021 \$'000 |
|--|---------------------------|---------------------------|
| Opening balance | 21,224 | 18,653 |
| Additions | 26,421 | 18,628 |
| Utilisation | (11,845) | (16,057) |
| Closing balance (current and non-current) | 35,800 | 21,224 |

\$0.2 million (30 June 2021: \$1.8 million) of contract liability utilisation arose from the contract liability balance at the beginning of the year. Non-current contract liability is \$6.5 million (30 June 2021: \$18.3 million) and is expected to be utilised from FY24.

The Shareholding Ministers have accepted and authorised the dividend recommendation for the financial year ended 30 June 2022 of \$13.7 million (30 June 2021: \$10.8 million).

Note 21 discloses information regarding liquidity risk as well as a maturity analysis for payables.

(ii) Recognition and measurement

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 cost. 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.

A contract liability is the obligation to transfer goods or services to a customer from whom a consideration has been received. A contract liability is recognised when customer pays consideration such as a deposit or an advance ahead of delivery of the service or land.

Landcom's contract liabilities comprise advances received from development project partners and monies paid by prospective buyers of land, as either holding deposits or on exchange of contracts pending settlement. Landcom recognises revenue from contract liabilities when the obligations under the agreements are fulfilled. Where revenue is expected within 12 months, the contract liabilities are reported as current.

A liability for dividends payable is recognised in the reporting period in which the dividend is declared. Dividends are regarded as declared when they are appropriately authorised and no longer at the discretion of Landcom. Landcom recognises dividends in accordance with the Capital Structure and Financial Distribution Policy for Government Businesses (TPG21-10) and Section 20S of *State Owned Corporations Act 1989*.

Notes to and forming part of the Financial Statements for the year ended 30 June 2022

16 Leases

| Amounts recognised in the statement of financial position | Note | 30 June 2022 \$'000 | 30 June 2021 \$'000 |
|---|------|---------------------------|---------------------------|
| Right of use assets - Leased buildings | | | |
| Balance at 1 July 2021 | | 4,420 | 5,977 |
| Additions | | 7,874 | 408 |
| Depreciation expense | 7 | (2,076) | (1,965) |
| Balance at 30 June 2022 | | 10,218 | 4,420 |
| Lease liabilities | | | |
| Balance at 1 July 2021 | | 5,202 | 6,898 |
| Additions | | 7,874 | 408 |
| Interest expense | 4(b) | 197 | 156 |
| Gross lease payments | | (2,374) | (2,260) |
| Balance at 30 June 2022 | | 10,899 | 5,202 |
| Depreciation - Right-of-use assets | 7 | 2,076 | 1,965 |
| Interest expense on lease liabilities | 4(b) | 197 | 156 |

Amount recognised in the Statement of Comprehensive Income for short term leases, low value leases and other lease outgoings is \$356,000 (30 June 2021: \$409,000). The maturity profile of the undiscounted lease liability is included in Note 21 Financial Instruments.

(i) Recognition and measurement

Landcom as a lessee

Landcom leases include offices, car parks and sales offices with terms ranging from one month to five years. At the commencement date of the lease, Landcom recognises lease liabilities measured at the present value of lease fixed payments, less incentives, to be made over the lease term. The lease term is the non-cancellable period of the lease, plus option periods to extend if applicable where Landcom is reasonably certain to extend, and periods after an optional termination, where Landcom is reasonably certain not to terminate. The lease payments are discounted generally using incremental borrowing rate provided by the NSW Treasury Corporation (TCorp). The incremental borrowing rate includes the government guarantee fee rate for State Owned Corporations. After initial recognition, the lease liability is increased to reflect the accretion of finance costs and reduced for the lease payments made. The finance cost is charged to the Statement of Comprehensive Income over the lease period. The carrying amount of lease liabilities is remeasured if there is a material modification or a change in the lease parameters.

Right-of-use assets are recognised at the commencement date of the lease. Right-of-use assets are initially measured at the amount of initial measurement of the lease liability, adjusted by any lease payments made at or before the commencement date and lease incentives, any initial direct costs incurred, and estimated costs of dismantling and removing the asset or restoring the site. The right-of-use assets are subsequently measured at cost. They are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

An assessment is made, at each reporting date, whether there is an indication that the right-of-use asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, an estimate of the asset's recoverable amount is obtained. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Payments for short-term leases and low value leases are recognised as expenses on a straight-line basis, instead of recognising a right-of-use asset and lease liability. Short-term leases are leases with a lease term of 12 months or less. Low value assets are assets with a fair value of \$10,000 or less.

Notes to and forming part of the Financial Statements for the year ended 30 June 2022

17 Provisions

(i) Provision balance

| Current Provisions | Note | 30 June 2022 \$'000 | 30 June 2021 \$'000 |
|---|--------|---------------------------|---------------------------|
| Employee benefits | | | |
| Provision for annual leave | | 2,224 | 2,079 |
| Provision for long service leave | | | |
| - expected to be settled within 12 months | | 249 | 307 |
| - expected to be settled after 12 months | | 2,865 | 3,536 |
| Provision for on-costs | | 599 | 582 |
| Other employee benefits | | - | 450 |
| | | 5,937 | 6,954 |
| Other provisions | | | |
| Cost to complete projects | | 60,283 | 62,195 |
| Rebates | | 1,050 | 1,673 |
| Other | | 18,334 | 18,334 |
| | 17(ii) | 79,667 | 82,202 |
| Total current provisions | | 85,604 | 89,156 |

| Non-Current Provisions | Note | 30 June 2022 \$'000 | 30 June 2021 \$'000 |
|--|--------|---------------------------|---------------------------|
| Employee benefits | | | |
| Provision for superannuation liability | 18(v) | 6,302 | 11,266 |
| Provision for long service leave | | 983 | 1,214 |
| Provision for on-costs | | 73 | 84 |
| | | 7,358 | 12,564 |
| Other provisions | | | |
| Cost to complete projects | | 32,809 | 31,167 |
| Other | | 195 | 475 |
| | 17(ii) | 33,004 | 31,642 |
| Total non-current provisions | | 40,362 | 44,206 |
| Total provisions | | 125,966 | 133,362 |

(ii) Reconciliation of other provisions

Reconciliations of the carrying amount of other provisions are set out below:

| 30 June 2022 | Rebates \$'000 | Cost to complete \$'000 | Other \$'000 | Total \$'000 |
|---|-------------------|-------------------------------|-----------------|-----------------|
| Carrying amount at beginning of the year | 1,673 | 93,362 | 18,809 | 113,844 |
| Additions | - | 15,047 | - | 15,047 |
| Reversals | (337) | - | (280) | (617) |
| Utilisation | (286) | (15,317) | - | (15,603) |
| Carrying amount at end of the year | 1,050 | 93,092 | 18,529 | 112,671 |

Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

17 Provisions (continued)

(ii) Reconciliation of other provisions (continued)

| 30 June 2021 | Rebates \$'000 | Cost to complete \$'000 | Other \$'000 | Total \$'000 |
|---|-------------------|-------------------------------|-----------------|-----------------|
| Carrying amount at beginning of the year | 1,425 | 87,078 | 16,390 | 104,893 |
| Additions | 331 | 39,316 | 2,419 | 42,066 |
| Utilisation | (83) | (33,032) | - | (33,115) |
| Carrying amount at end of the year | 1,673 | 93,362 | 18,809 | 113,844 |

(iii) Recognition and measurement

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 using the high quality corporate bond rate.

Provision for rebates is recognised when a land lot is sold. As part of conditions of the 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. This payment represents reimbursement for additional costs incurred by the purchaser in complying with the design criteria set by Landcom.

The provision to complete projects captures all unpaid development costs for sold land. It is raised as an estimate based on known costs at the time when the land is ready for settlement. If the effect of time value of money is material, provisions are discounted using high quality corporate bond rate.

Provision for other comprises makegood and other provisions. Provisions for the costs to restore (make good) leased buildings to their original condition, as required by the terms and conditions of the lease, are recognised when an obligation arises. This is either at the commencement date or as a consequence of having used the underlying asset during a particular period of the lease. The other provision relates to an estimated amount required to meet an obligation arising from an external ruling that has impacted some of Landcom's transactions.

Provisions are recognised at the best estimate of that would be required to meet the obligation. Estimates are regularly reviewed and adjusted as appropriate for new circumstances.

18 Superannuation

(i) 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.

Members receive lump sum or pension benefits on retirement, death, disablement, and withdrawal. All the Schemes are closed to new members.

The schemes in the Pooled Fund are established and governed by the following NSW legislation: *Superannuation Act 1916*, *State Authorities Superannuation Act 1987*, *State Authorities Non-Contributory Superannuation Scheme Act 1987*, and their associated regulations. The schemes in the Pooled Fund are exempt public sector superannuation schemes under the *Commonwealth Superannuation Industry (Supervision) Act 1993 (SIS)*. The SIS Legislation treats exempt public sector superannuation funds as complying funds for concessional taxation and superannuation guarantee purposes.

Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

18 Superannuation (continued)

(ii) Compliance

Under a Heads of Government agreement, the New South Wales Government undertakes to ensure that the Pooled Fund will conform with the principles of the Commonwealth's retirement incomes policy relating to preservation, vesting and reporting to members and that members' benefits are adequately protected.

The New South Wales Government prudentially monitors and audits the Pooled Fund and the Trustee Board activities in a manner consistent with the prudential controls of the SIS legislation. These provisions are in addition to other legislative obligations on the Trustee Board and internal processes that monitor the Trustee Board's adherence to the principles of the Commonwealth's retirement incomes policy.

An actuarial investigation of the Pooled Fund is performed every three years. The most recent investigation was performed as at 30 June 2021. The next actuarial investigation will be performed as at 30 June 2024.

(iii) Fund governance

The Fund's Trustee is responsible for the governance of the Fund. The Trustee has a legal obligation to act solely in the best interests of fund beneficiaries. The Trustee role is administration of the fund and payment to the beneficiaries from fund assets when required in accordance with the fund rules, management and investment of the fund assets, and compliance with other applicable regulations.

(iv) Risk exposure

There are multiple risks to which the Fund exposes the Employer. The more significant risks relating to the defined benefits are:

- investment risk - The risk that investment returns will be lower than assumed and the Employer will need to increase contributions to offset this shortfall
- longevity risk - The risk that pensioners live longer than assumed, increasing future pensions
- pension indexation risk - The risk that pensions will increase at a rate greater than assumed, increasing future pensions
- salary growth risk - The risk that wages or salaries (on which future benefit amounts for active members will be based) will rise more rapidly than assumed, increasing defined benefit amounts and thereby requiring additional employer contributions, and
- legislative risk - The risk is that legislative changes could be made which increase the cost of providing the defined benefits.

The defined benefit fund assets are invested with independent fund managers and have a diversified asset mix. The Fund has no significant concentration of investment risk or liquidity risk. There were no fund amendments, curtailments or settlements during the period.

(v) Superannuation balance

| 30 June 2022 (\$'000) | SASS | SANCS | SSS | Total |
|---|--------------|------------|---------------|---------------|
| Defined benefit obligation (accrued liability - Note 1) | 2,853 | 362 | 25,829 | 29,044 |
| Fair value of fund assets (estimated reserve) | (3,833) | (143) | (18,766) | (22,742) |
| Net liability in Statement of Financial Position | (980) | 219 | 7,063 | 6,302 |
| 30 June 2021 (\$'000) | SASS | SANCS | SSS | Total |
| Defined benefit obligation (accrued liability - Note 1) | 3,037 | 630 | 31,177 | 34,844 |
| Fair value of fund assets (estimated reserve) | (3,331) | (301) | (19,946) | (23,578) |
| Net liability in Statement of Financial Position | (294) | 329 | 11,231 | 11,266 |

Note 1: The accrued liability includes a contribution tax provision. This is calculated based on grossing up the deficit/ (surplus) less the allowance for past service expenses and insurable death and disability liabilities at a contribution tax rate of 15%.

Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

18 Superannuation (continued)

(vi) Reconciliations

| | 30 June 2022 \$'000 | 30 June 2021 \$'000 |
|--|---------------------------|---------------------------|
| Reconciliation of the net defined benefit liability | | |
| Net defined benefit liability at beginning of the year | 11,266 | 14,553 |
| Current service cost | 54 | 72 |
| Net Interest on the net defined benefit liability | 333 | 417 |
| + Total expense recognised in Statement of Comprehensive Income | 387 | 489 |
| Actual losses/(gains) on Fund assets less Interest income | 984 | (2,060) |
| Actuarial gains arising from changes in demographic assumptions | - | (332) |
| Actuarial (gains)/losses arising from changes in financial assumptions | (6,113) | 646 |
| Actuarial losses/(gains) arising from liability experience | 793 | (1,015) |
| + Gain recognised in Other Comprehensive Income | (4,336) | (2,761) |
| (-) Employer contributions | (1,015) | (1,015) |
| Net defined benefit liability at end of the year | 6,302 | 11,266 |

| | 30 June 2022 \$'000 | 30 June 2021 \$'000 |
|--|---------------------------|---------------------------|
| Reconciliation of the total defined benefit obligations | | |
| Present value of defined benefit obligations at beginning of the year | 34,844 | 35,450 |
| Current service cost | 54 | 72 |
| Interest cost | 1,047 | 1,022 |
| Contributions by participants | 44 | 65 |
| Actuarial gains arising from changes in demographic assumptions | - | (332) |
| Actuarial (gains)/losses arising from changes in financial assumptions | (6,113) | 646 |
| Actuarial losses/(gains) arising from liability experience | 793 | (1,015) |
| Benefits paid | (1,561) | (1,096) |
| Taxes, premium & expenses paid | (64) | 32 |
| Present value of defined benefit obligations at end of the year | 29,044 | 34,844 |

| | 30 June 2022 \$'000 | 30 June 2021 \$'000 |
|---|---------------------------|---------------------------|
| Reconciliation of the fair value of fund assets | | |
| Fair value of fund assets at beginning of the year | 23,578 | 20,897 |
| Interest income | 714 | 605 |
| Actual (losses)/gains on fund assets less interest income | (984) | 2,060 |
| Employer contributions | 1,015 | 1,015 |
| Contributions by participants | 44 | 65 |
| Benefits paid | (1,561) | (1,096) |
| Taxes, premiums & expenses paid | (64) | 32 |
| Fair value of fund assets at end of the year | 22,742 | 23,578 |

Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

18 Superannuation (continued)

(vii) Fair value of Pooled Fund assets

All Pooled Fund assets are invested by SAS Trustee Corporation (STC) at arm's length through independent fund managers, assets are not separately invested for each entity and it is not possible or appropriate to disaggregate and attribute fund assets to individual entities. As such, the disclosures below relate to total assets of the Pooled Fund.

| Pooled fund asset category, as at 30 June 2022 | Total (\$'m) | Level 1 (\$'m) | Level 2 (\$'m) | Level 3 (\$'m) |
|--|-----------------|-------------------|-------------------|-------------------|
| Short Term Securities | 5,041 | 1,855 | 3,186 | - |
| Australian Fixed Interest | 245 | - | 245 | - |
| International Fixed Interest | 1,440 | 5 | 1,415 | 20 |
| Australian Equities | 6,519 | 5,894 | 623 | 2 |
| International Equities | 12,174 | 12,002 | 169 | 3 |
| Property | 2,362 | - | - | 2,362 |
| Alternatives | 9,096 | - | 2,160 | 6,936 |
| Total | 36,877 | 19,756 | 7,798 | 9,323 |

| Pooled fund asset category, as at 30 June 2021 | Total (\$'m) | Level 1 (\$'m) | Level 2 (\$'m) | Level 3 (\$'m) |
|--|-----------------|-------------------|-------------------|-------------------|
| Short Term Securities | 5,109 | 2,399 | 2,710 | - |
| Australian Fixed Interest | 904 | - | 904 | - |
| International Fixed Interest | 1,755 | 45 | 1,710 | - |
| Australian Equities | 8,310 | 8,308 | 2 | - |
| International Equities | 13,890 | 13,885 | 5 | - |
| Property | 3,288 | 627 | - | 2,661 |
| Alternatives | 8,530 | 1 | 2,710 | 5,819 |
| Total | 41,786 | 25,265 | 8,041 | 8,480 |

Level 1 Quoted prices in active markets for identical assets or liabilities. The assets in this level are listed shares; listed unit trusts.

Level 2 Inputs other than quoted prices observable for the asset or liability either directly or indirectly. The assets in this level are cash; notes; government, semi-government and corporate bonds; unlisted trusts where quoted prices are available in active markets for identical assets or liabilities

Level 3 Inputs for the asset or liability that are not based on observable market data. The assets in this level are unlisted property; unlisted shares; unlisted infrastructure; distressed debt; hedge funds.

Derivatives, including futures and options, can be used by investment managers. However, each manager's investment mandate clearly states that derivatives may only be used to facilitate efficient cash flow management or to hedge the portfolio against market movements and cannot be used for speculative purposes or gearing of the investment portfolio. As such managers make limited use of derivatives.

Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

18 Superannuation (continued)

(vii) Fair value of Pooled Fund assets (continued)

Fair value of entity's own financial instruments in Pooled Fund

Of the direct properties owned by the Pooled Fund:

- SAS Trustee Corporation occupies part of a property 100% owned by the Pooled Fund with a fair value of \$362 million (30 June 2021: \$328 million).
- Health Administration Corporation occupies part of a property 50% owned by the Pooled Fund with a fair value (100% interest) of \$540 million (30 June 2021: \$443 million).

| The percentage invested in each asset category of the Pooled Fund | 30 June 2022 | 30 June 2021 |
|---|--------------|--------------|
| Short Term Securities | 13.7% | 12.2% |
| Australian Fixed Interest | 0.7% | 2.2% |
| International Fixed Interest | 3.9% | 4.2% |
| Australian Equities | 17.7% | 19.9% |
| International Equities | 33.0% | 33.2% |
| Property | 6.4% | 7.9% |
| Alternatives | 24.6% | 20.4% |
| Total | 100% | 100% |

| Significant actuarial assumptions as at the reporting date | 30 June 2022 | 30 June 2021 |
|--|--|--|
| Discount rate | 5.30% per annum | 3.10% per annum |
| Salary increase rate (excluding promotional increases) | 3.15% for 22/23, 3.62% for 23/24, 2.87% for 24/25, 2.74% for 25/26, 3.2% per annum thereafter | 2.74% per annum 21/22 to 25/26; 3.2% per annum thereafter |
| Rate of CPI increase | 4.00% for 21/22; 5.50% for 22/23; 3.00% for 23/24 and 24/25; 2.75% for 25/26 and 26/27; 2.50% per annum thereafter | 1.50% for 20/21; 1.75% for 21/22 and 22/23; 2.25% for 23/24, 24/25 and 25/26; 2.50% for 26/27; 2.75% for 27/28, 3.00% for 28/29; 2.75% for 29/30; 2.50% per annum thereafter |
| Pensioner mortality | The pensioner mortality assumptions are those used for the 2021 Actuarial Investigation of the Pooled Fund. These assumptions are disclosed in the actuarial investigation report on the trustee's website. The report shows the pension mortality rates for each age. | As per the 2021 Actuarial Investigation of the Pooled Fund. These assumptions are disclosed in the actuarial investigation report available from the trustee's website. The report shows the pension mortality rates for each age. |

Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

18 Superannuation (continued)

(viii) Sensitivity analysis for the defined benefit obligation

Landcom's total defined benefit obligation as at 30 June 2022 under several scenarios is presented below. The total defined benefit obligation disclosed is inclusive of the contribution tax provision which is calculated based on the asset level at 30 June 2022. Scenarios A to F relate to sensitivity of the total defined benefit obligation to economic assumptions, and scenarios G and H relate to sensitivity to demographic assumptions.

| | Base case | Scenario A -0.5% discount rate | Scenario B +0.5% discount rate |
|---|---------------|-----------------------------------|-----------------------------------|
| Discount rate | as above | As above -0.5% pa | As above +0.5% pa |
| Rate of CPI increase | as above | as above | as above |
| Salary inflation rate | as above | as above | as above |
| Defined benefit obligation \$000 | 29,044 | 30,688 | 27,533 |

| | Base case | Scenario C +0.5% CPI increase | Scenario D -0.5% CPI increase |
|---|---------------|----------------------------------|----------------------------------|
| Discount rate | as above | as above | as above |
| Rate of CPI increase | as above | Above rates +0.5% pa | Above rates -0.5% pa |
| Salary inflation rate | as above | as above | as above |
| Defined benefit obligation \$000 | 29,044 | 30,717 | 27,497 |

| | Base case | Scenario E +0.5% Salary increase rate | Scenario F -0.5% Salary increase rate |
|---|---------------|--|--|
| Discount rate | as above | as above | as above |
| Rate of CPI increase | as above | as above | as above |
| Salary inflation rate | as above | Above rates +0.5% pa | Above rates -0.5% pa |
| Defined benefit obligation \$000 | 29,044 | 29,081 | 29,008 |

| | Base case | Scenario G +Lower mortality* | Scenario H Higher mortality** |
|---|---------------|---------------------------------|----------------------------------|
| Defined benefit obligation \$000 | 29,044 | 29,393 | 28,785 |

*Assumes the short term pensioner mortality improvement factors for years 2022-2026 also apply for years after 2026.

**Assumes the long term pensioner mortality improvement factors for years post 2026 also apply for the years 2022 to 2026.

(ix) Asset-liability matching strategies

The Trustee monitors its asset-liability risk continuously in setting its investment strategy. It also monitors cash flows to manage liquidity requirements. No explicit asset-liability matching strategy is used by the Trustee.

(x) Funding arrangements

Funding arrangements are reviewed at least every three years following the release of the triennial actuarial review. Contribution rates are set after discussions between the employer, STC and NSW Treasury. Funding positions are reviewed annually, and funding arrangements may be adjusted as required after each annual review.

Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

18 Superannuation (continued)

(x) Funding arrangements (continued)

Surplus/deficit

The following is a summary of the 30 June 2022 financial position of the Fund calculated in accordance with AASB 1056 Accounting Standard Superannuation Entities:

| 30 June 2022 (\$'000) | SASS | SANCS | SSS | Total |
|---------------------------------|--------------|------------|--------------|------------|
| Accrued benefits* | 2,959 | 307 | 20,217 | 23,483 |
| Net market value of Fund assets | (3,833) | (143) | (18,766) | (22,742) |
| Net (surplus)/deficit | (874) | 164 | 1,451 | 741 |

*There is no allowance for a contribution tax provision within the Accrued Benefits figure for AASB 1056. Allowance for contributions tax is made when setting the contribution rates.

Economic assumptions

The economic assumptions adopted for the AASB 1056 Accounting Standard Superannuation Entities are:

| Weighted-average assumptions | 30 June 2022 | 30 June 2021 |
|--|--|---|
| Expected rate of return on Fund assets backing current pension liabilities | 7.0% pa | 6.5% pa |
| Expected rate of return on Fund assets backing other liabilities | 6.2% pa | 5.7% pa |
| Expected salary increase rate (SASS, SANCS, SSS) | 3.15% for 22/23, 3.62% for 23/24, 2.87% for 24/25, 2.74% for 25/26 and 3.2% pa thereafter | 2.74% pa 21/22 to 25/26; 3.2% pa thereafter |
| Expected rate of CPI increase | 4.8% for 21/22 and 2.5% pa thereafter | 2.0% pa |

Sensitivity analysis - AASB 1056

Accrued benefits under AASB 1056 are subject to multiple variables including impacts of events such as COVID-19 pandemic and economic assumptions. Accordingly, Scenarios A and B provide the sensitivity of the Accrued Benefits under AASB 1056 to changes in the expected return on Fund assets as the sensitivity results and assumptions for CPI, Salary and demographics are broadly similar to AASB 119 above.

| | Base case | Scenario A -0.5% discount rate | Scenario B +0.5% discount rate |
|---|---------------|-----------------------------------|-----------------------------------|
| Expected rates of return on fund assets | 7.0%/6.2% | 6.5%/5.7% | 7.5%/6.7% |
| Rate of CPI increase | as above | as above | as above |
| Salary inflation rate | as above | as above | as above |
| Accrued benefits \$000 | 23,483 | 24,499 | 22,542 |

Expected Contribution

| | SASS 2022 | SANCS 2022 | SSS 2022 | Total 2022 |
|--|--------------|---------------|-------------|---------------|
| Expected employer contributions to be paid in the next reporting period \$000 | 732 | 128 | 155 | 1,015 |

Maturity profile of defined benefit obligation

The weighted average duration of the defined benefit obligation is 11.2 years.

Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

19 Contributed Capital

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

20 Reconciliation of net cash flows used in operating activities

| | 30 June 2022 \$'000 | 30 June 2021 \$'000 |
|--|---------------------------|---------------------------|
| Net cash flows used in operating activities | 103,465 | (28,645) |
| Depreciation and amortisation | (2,865) | (4,254) |
| Derecognition of intangible asset | - | (1,684) |
| Loss on disposal of assets | (35) | - |
| Unwinding of discount rate income and expense | 888 | 49 |
| Changes in assets and liabilities | | |
| Decrease/(increase) in provisions | 1,383 | (9,443) |
| Decrease/(increase) in payables and tax balances | 21,219 | (27,441) |
| (Decrease)/increase in receivables | (106,682) | 273 |
| Increase in inventory and prepayments | 2,755 | 88,313 |
| Net profit for the year | 20,128 | 17,168 |

21 Financial instruments

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 or trade in financial instruments including derivative financial instruments for speculative purposes.

The Board has overall responsibility for the establishment and oversight of risk management. It reviews and agrees on 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, controls and to monitor risks. The Audit and Risk Management Committee has responsibility for overseeing and monitoring of compliance with policies.

(a) Financial instrument categories

| Financial assets | Notes | Category | Carrying amount Jun 2022 \$'000 | Carrying amount Jun 2021 \$'000 |
|------------------------------|--------------|--|--|--|
| Class | | | | |
| Cash and cash equivalents | 9 | Financial assets measured at amortised cost | 317,936 | 228,011 |
| Trade and other receivables | 10 | Financial assets measured at amortised cost | 20,793 | 102,020 |
| | | | Carrying amount Jun 2022 \$'000 | Carrying amount Jun 2021 \$'000 |
| Financial liabilities | Notes | Category | | |
| Class | | | | |
| Trade and other payables | 15 | Financial liabilities measured at amortised cost | 47,680 | 37,462 |
| Lease Liabilities | 16 | Financial liabilities measured at amortised cost | 10,899 | 5,202 |

This analysis excludes statutory receivables and payables, prepayments and contract liabilities as these are not within the scope of AASB 7 Financial Instruments: Disclosure. However, contract assets are included within trade and other receivables for the purpose of credit risk disclosures.

As a result of carrying the financial instruments above, Landcom is exposed to credit risk, liquidity risk and to a small extent interest rate risk.

Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

21 Financial instruments (continued)

(b) Credit risk

Credit risk arises when there is the possibility that the counterparty will default on their contractual obligations, resulting in a financial loss to Landcom. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for credit losses or allowance for impairment). Credit risk arises from Landcom's financial assets mainly trade receivables and contract assets.

Landcom is not materially exposed to concentrations of credit risk to a single debtor or group of debtors as at 30 June 2022. Most of the Landcom's debtors are major Corporations and Government entities with low credit risk. Collectability of trade receivables and contract assets is reviewed on an ongoing basis.

Aging of receivables

The only financial assets that are past due or impaired are in the 'receivables' category of the Statement of Financial Position.

| As at 30 June 2022 | Total \$'000 | Past due but not impaired \$'000 | Considered impaired \$'000 |
|-----------------------------|-------------------------|---|---|
| Not yet due | 14,690 | - | - |
| < 3 months overdue | 6,078 | 6,078 | - |
| 3 months - 6 months overdue | 25 | 25 | - |
| As at 30 June 2021 | Total \$'000 | Past due but not impaired \$'000 | Considered impaired \$'000 |
| Not yet due | 99,038 | - | - |
| < 3 months overdue | 349 | 349 | - |
| 3 months - 6 months overdue | 2,525 | 2,525 | - |
| > 6 months overdue | 108 | 108 | - |

This analysis excludes statutory receivables (GST receivable), as these are not within the scope of AASB 7 Financial Instruments: Disclosure.

Expected credit losses

Collectability of trade receivables is reviewed on an ongoing basis. Procedures as established within Landcom are followed to recover outstanding amounts.

Landcom applies the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables are grouped based on shared credit risk characteristics and days past due. Landcom's customers are predominantly State Government entities and a few major Companies with low default risk.

The expected loss rates are based on historical observed loss rates adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. Landcom has also considered the impact of COVID-19 Pandemic on its trade debtors but not however with the Landcom's customer profile the credit risk is relatively low. The loss allowance for trade receivables as at 30 June 2022 was \$49,500 (30 June 2021: \$49,500).

Trade receivables are written down when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, among others, a failure to make contractual payments within the specified timeframe.

(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 financial instruments exposed to foreign currency or commodity contracts.

Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

21 Financial instruments (continued)

(d) Liquidity risk

Liquidity risk is the risk that Landcom will be unable to meet its payment obligations (financial liabilities) when they fall due. Landcom manages liquidity risk by maintaining adequate reserves and borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

As at 30 June 2022, Landcom has an undrawn debt facility with Treasury Corporation (**TCorp**) of \$375 million (30 June 2021: \$355 million). Along with the existing financial assets, these facilities are sufficient to meet payment obligations as and when they fall due. Landcom has also given Treasury Corporation letters of undertaking to various councils/government agencies that certain infrastructure works will be carried out. The maximum risk exposure of these TCorp letters of undertaking is \$11.4 million (30 June 2021: \$14.1 million).

As at 30 June 2022, there were no defaults or breaches on any conditions for the undrawn debt facilities. No asset has been pledged as collateral.

The table below summarises the maturity profile of the Landcom's financial liabilities based on contractual (gross) undiscounted payments.

| Financial liabilities | Carrying amount \$'000 | Nominal amount \$'000 | < 1 Year \$'000 | 1 - 5 Years \$'000 | > 5 Years \$'000 |
|--------------------------|------------------------------|-----------------------------|--------------------|-----------------------|---------------------|
| 30 June 2022 | | | | | |
| Trade and other payables | 47,680 | 47,680 | 47,680 | - | - |
| Lease liabilities | 10,899 | 11,748 | 2,402 | 7,170 | 2,176 |
| Total | 58,579 | 59,428 | 50,082 | 7,170 | 2,176 |
| 30 June 2021 | | | | | |
| Trade and other payables | 37,462 | 37,462 | 37,462 | - | - |
| Lease liabilities | 5,202 | 5,354 | 2,385 | 2,969 | - |
| Total | 42,664 | 42,816 | 39,847 | 2,969 | - |

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. Payables are non-interest bearing whilst leases have fixed interest. This analysis also excludes statutory payables, as these are not within the scope of AASB 7 Financial Instruments: Disclosure.

(e) 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 does not have financial instruments for which interest risk is a significant risk. Landcom's exposure to variable (market driven) interest rate risks is therefore minimal and limited to bank interest on cash and cash equivalent balance. Whilst Landcom has available debt facilities of \$375m, it has drawn nil balance to date. When Landcom does draw on the facility, Treasury Corporation (**TCorp**) is usually the appointed debt manager.

(f) Fair value measurements

Landcom's financial instruments are measured and reported in the financial statements at amortised cost. 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.

22 Expenditure commitments

At 30 June 2022 Landcom has committed to short-term and low value leases with a total commitment of \$19,550 (30 June 2021: \$12,000).

23 Contingent Assets and liabilities

At the reporting date, there were no significant contingent assets or liabilities incurred in the normal course of business (30 June 2021: \$nil).

Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

24 Related party transactions

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. Compensation paid to the key management personnel of Landcom was \$3.850 million (30 June 2021 \$3.663 million).

| | 30 June 2022 \$'000 | 30 June 2021 \$'000 |
|--|---------------------------|---------------------------|
| Short term employee benefits | 3,624 | 3,472 |
| Post-employment benefits | 221 | 191 |
| Termination benefits | 5 | - |
| Total compensation paid to key management personnel | 3,850 | 3,663 |

Outstanding balances relating to any key management personnel was \$nil (30 June 2021: \$nil). There have been no guarantees provided or received for any key management personnel.

During the year Landcom has had inter-agency transactions for reimbursement of cost, distribution of revenue and management fees with other NSW State Government Agencies. In addition to the agencies listed in Note 25, Landcom also transacted with Transport Asset Holding Entity of NSW, Planning Ministerial Corporation, Roads and Maritime Services, Sydney Water Corporation, Transport for NSW and NSW Ageing and Disability Commission.

| | 30 June 2022 \$'000 | 30 June 2021 \$'000 |
|---------------------------------------|---------------------------|---------------------------|
| Inter-agency revenue | | |
| NSW Land and Housing Corporation | 61,978 | 41,760 |
| Department of Communities and Justice | 1,857 | 10,343 |
| Transport Asset Holding Entity of NSW | 7,515 | - |
| Planning Ministerial Corporation | 1,266 | - |
| Roads and Maritime Services | - | 139 |

| | 30 June 2022 \$'000 | 30 June 2021 \$'000 |
|-------------------------------|---------------------------|---------------------------|
| Inter-agency purchases | | |
| Transport for NSW | - | (14,500) |

| | 30 June 2022 \$'000 | 30 June 2021 \$'000 |
|----------------------------------|---------------------------|---------------------------|
| Inter-agency receivables | | |
| Roads and Maritime Services | - | 2,213 |
| Sydney Water Corporation | - | 145 |
| NSW Land and Housing Corporation | 2,323 | - |

| | 30 June 2022 \$'000 | 30 June 2021 \$'000 |
|--------------------------------------|---------------------------|---------------------------|
| Inter-agency payables | | |
| NSW Ageing and Disability Commission | (140) | (140) |
| Transport for NSW | - | (14,500) |
| NSW Land and Housing Corporation | (22,054) | (11,056) |

Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

25 Joint arrangements

Under AASB 11 Joint Arrangements, investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement.

As part of normal business operations, Landcom has various contractual arrangements with other parties. The arrangements are for land development, which is Landcom's core business. These contractual arrangements require unanimous consent from all parties for all relevant activities. In all the joint arrangements the parties have equal voting rights.

These arrangements are therefore classified as joint operations and Landcom recognises its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses. These have been incorporated in the financial statements under the appropriate headings. Details of these arrangements, all of which are joint operations, are as follows:

| Name of joint arrangement | List of parties involved | Project location | Agreement existed | |
|-------------------------------|--|-----------------------|-------------------|------|
| | | | 2022 | 2021 |
| Macarthur Heights | University of Western Sydney | Campbelltown, NSW | Yes | Yes |
| Rouse Hill Town Centre | Department of Planning and Environment | Rouse Hill NSW | Yes | Yes |
| Oran Park Town Centre | Greenfield Development Corporation Ltd | Oran Park, NSW | Yes | Yes |
| Green Square Town Centre | Mirvac Green Square Pty Ltd | Green Square, NSW | Yes | Yes |
| Bonnyrigg | NSW Land and Housing Corporation | Bonnyrigg, NSW | Yes | Yes |
| Airds Bradbury Renewal | NSW Land and Housing Corporation | Airds, NSW | Yes | Yes |
| Claymore Renewal | NSW Land and Housing Corporation | Claymore, NSW | Yes | Yes |
| Sydney Metro Northwest Places | Sydney Metro | Northwest Sydney, NSW | Yes | Yes |
| Renwick | Department of Communities and Justice | Renwick, NSW | Yes | Yes |

26 Events occurring after the reporting period

There have been no material post balance date events which would require disclosure or adjustments to the 30 June 2022 Financial Statements.

27 Segment information

Landcom operated in one business segment and one geographical segment. Consequently, segment information for 30 June 2022 and 30 June 2021 has not been reported.

End of Financial Statements

Corporate directory

The current and previous Annual Reports can be downloaded at: www.landcom.com.au/publications

For general enquiries contact: info@landcom.nsw.gov.au

Our office is open 8.30am to 5.30pm Monday to Friday (except public holidays)

We have COVID-19 measures in place at all our offices.

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Appendix

Corporate governance

Compliance with governance principles and disclosure requirements

The NSW Treasury policy and guidelines paper 'Guidelines for Governing Boards of Government Businesses TPP17-10' (TPP17-10) provides a framework for the Government's expectations for standards of corporate governance that should be adopted by all governing boards of government businesses including Landcom.

TPP17-10 also sets out the disclosure requirements under relevant legislation, which includes an 'if not, why not' approach. If the Board considers any recommendation in TPP 17-10 not appropriate, or Landcom has not adopted the recommendation, the Board must explain 'why not', and explain how its practices are consistent with the spirit of the relevant recommendation.

Landcom has adopted the standards of corporate governance contained in TPP17-10, except in relation to the following matter:

Each director should be limited to sitting on three government boards.

Government Boards include any Board or Committee positions held within Government or Local Government.

In addition to the Landcom Board, for part of FY22, Director John Barbeler sat on three local government Audit, Risk and Improvement Committees. The Board has determined that the total time commitment required for Mr Barbeler to hold those positions did not impact on his ability to fulfil his duties as a Director of Landcom, and those committee positions did not impact on his independence. As at 30 June 2022, no Directors sit on more than three government boards.

Board of Directors

The *Landcom Corporation Act 2001 (NSW)* requires Landcom's Board to consist of seven Directors.

The process of appointment of new Directors is the responsibility of NSW Treasury. Suitable candidates are recommended by the Shareholder Ministers following consultation with the Portfolio Minister. This recommendation is then considered by Cabinet prior to any appointment being approved by the Governor.

The Landcom Constitution sets out the procedures to be followed by the Landcom Board and Management in the conduct of the affairs of Landcom and reflects the requirements of the *Landcom Corporation Act 2001 (NSW)* and the *State Owned Corporations Act 1989 (NSW)*.

The Board is accountable to our Shareholder and Portfolio Ministers for the performance of Landcom against:

- the Statement of Corporate Intent under the *State Owned Corporations Act 1989 (NSW)*
- the Business Plan, and
- the Statement of Priorities under the *Landcom Corporation Act 2001 (NSW)*.

In doing this, the Board aims to deliver on the NSW Government's housing affordability objectives across Metropolitan Sydney and Regional NSW, including by:

- increasing supply, affordability and diversity of new housing
- partnering with government and others to unlock development opportunities and improve delivery outcomes, and
- demonstrating excellence in sustainable development and planning practice.

Board performance review

The Board is committed to undertaking performance reviews on an annual basis and an external and independent evaluation at least every three years. Recommendations arising from each review address common themes identified from the evaluation and the Board establishes a program to implement the recommendations.

The last Board Performance Review was conducted internally in March 2022. An external and independent Board Performance Review will be conducted during 2023 by an external and independent facilitator.

Board meetings

The table below sets out Directors' attendance at Board and Board Committee meetings for the reporting period.

| Board and Board Committee attendance | | | | | | |
|--------------------------------------|----------|--------------------|-----------------------------------|--------------------|----------------------------|--------------------|
| Director | Board | | Audit & Risk Management Committee | | People & Culture Committee | |
| | Attended | Eligible to attend | Attended | Eligible to attend | Attended | Eligible to attend |
| Trent Alston | 11 | 11 | 0 | 0 | 1 | 1 |
| John Barbeler | 13 | 13 | 5 | 5 | 1 | 1 |
| Pamela Hanrahan | 13 | 13 | 5 | 5 | 2 | 2 |
| Susan MacDonald | 11 | 11 | 4 | 4 | 0 | 0 |
| Peter Roberts | 12 | 13 | 1 | 1 | 2 | 2 |
| Selina Short | 5 | 6 | 0 | 0 | 1 | 1 |

Diversity and Inclusion

The Board oversees Landcom's diversity and inclusion aspiration - to create a welcoming, safe and inclusive work environment where all employees can fully contribute to do their best work. Landcom's Diversity & Inclusion Policy outlines Landcom's commitment to providing a workplace culture that embraces equity, diversity and inclusion at all levels of the corporation.

| Gender diversity breakdown for the Board at the start and end of the reporting period | | |
|---|-------------|--------------|
| | 1 July 2021 | 30 June 2022 |
| Female | 33% | 50% |
| Male | 67% | 50% |

Board Committees

The Board has two standing Committees to assist with discharging its responsibilities.

The Board determines the composition and membership of its Committees. Each Committee sets, reviews and updates its Charter annually for approval by the Board. The Committee Charters detail their respective purpose, membership criteria, role and responsibilities. A summary is set out below.

Audit & Risk Management Committee

| Details | |
|--------------------------------------|---|
| Composition | <ul style="list-style-type: none"> comprises three Directors, all of whom are independent non-executive directors the Committee is chaired by an independent Chair who is not the Chair of the Board. |
| Membership as at 30 June 2022 | <ul style="list-style-type: none"> John Barbeler (Chair) Pamela Hanrahan, and Susan MacDonald |
| Purpose and Responsibilities | <p>The Committee operates under a Charter and the role of the Committee is directed towards and includes oversight and review of the effectiveness of:</p> <ul style="list-style-type: none"> systems of internal control of Landcom external accountability, reporting and financial management the work health and safety framework risk management external and internal audit capability, and compliance with applicable legislation. |

People & Culture Committee

| Details | |
|--------------------------------------|--|
| Composition | <ul style="list-style-type: none"> comprises four Directors, each of whom are independent non-executive directors the Committee is chaired by an independent Chair who is not the Chair of the Board |
| Membership as at 30 June 2022 | <ul style="list-style-type: none"> Pamela Hanrahan (Chair) Trent Alston Peter Roberts, and Selina Short. |
| Purpose and Responsibilities | <p>The Committee operates under a Charter and is responsible for making recommendations to the Board with respect to:</p> <ul style="list-style-type: none"> Board Composition: Developing a composition framework for the Board having regard to the appropriate diversity, skills and expertise, tenure and cohesion in order to fulfill its responsibilities to Landcom, and as a consequence make appropriate recommendations to government for the appointment of new Directors, and People & Culture: Fulfilling its oversight responsibilities in relation to significant people and culture matters. |

Recognise and manage risk

Enterprise Risk Management Framework

The Board has adopted a consolidated approach to risk management which incorporates governance, compliance, risk appetite and business continuity management. This approach is consistent with the Australian and New Zealand Standard on Risk Management (ISO 31000:2018). The Enterprise Risk Management Framework is reviewed at least annually for currency and to ensure the approach to risk management continues to be sound.

The Board oversees and annually reviews that an effective Enterprise Risk Management Framework is in operation and has delegated to management responsibility for risk management activities, following a Three Lines Model:

- Line 1 — Ownership: owning and managing risk through management controls and internal control measures such as internal policies and procedures
- Line 2 — Oversight: monitoring of risk through our risk management, compliance and safety functions, and
- Line 3 — Assurance: independent assurance through an internal audit function.

The Enterprise Risk Management Framework was last approved by the Board in June 2022.

Internal audit

Landcom has co-sourced the internal audit function, led by Landcom's Director, Audit & Risk and supported by an external internal audit provider. The function provides the Audit & Risk Management Committee and senior management with independent, objective assurance around internal controls.

The Director, Audit & Risk functionally reports to the Chair of the Audit & Risk Management Committee and attends and reports to each meeting of the Audit & Risk Management Committee against the internal audit plan, as approved by the Audit & Risk Management Committee.

Material risk

Landcom is exposed to a range of political, economic, industrial, commercial and operational, legal and regulatory, social, technological, sustainability and environmental risks which could have an adverse effect on Landcom's future. These risks may vary over time and from project to project. Landcom puts processes in place to reduce inherent risks and manage residual risks.

Disclosure of approved exemptions

Following corporatisation of Landcom on 1 January 2002, approval was granted for reporting exemptions relevant to this Annual Report (shown in the table below). The exemptions, some with conditions attached, were approved by NSW Treasury to overcome concerns about the loss of commercial confidentiality for statutory State Owned Corporations.

| Statutory requirements | | |
|--|--|--|
| Annual reporting exemptions | Act/regulation references | Comments |
| Budgets: <ul style="list-style-type: none"> detailed budget for the year in review outline budget for next year, and particulars of material adjustments to detailed budget for the year in review. | s.7(1) (a) (iii) <i>Annual Reports (Statutory Bodies) Act 1984</i> cl. 7 Annual Reports (Statutory Bodies) Regulation 2015 | - |
| Report of operations | | |
| Annual reporting exemptions | Act/regulation references | Comments |
| Summary review of operations: <ul style="list-style-type: none"> narrative summary of significant operations, and selected financial and other quantitative information associated with the administration of programs or operations. | Schedule 1 Annual Reports (Statutory Bodies) Regulation 2015 | 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: <ul style="list-style-type: none"> 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, and reasons for significant delays etc to major works or programs. | Schedule 1 Annual Reports (Statutory Bodies) Regulation 2015 | Exemption subject to a condition that comments and information relating to 'management and activities' are to be disclosed in a summarised form. |
| Research and development: <ul style="list-style-type: none"> completed research including resources allocated, and continuing research and development activities, including resources allocated unless that information could adversely affect operations. | Schedule 1 Annual Reports (Statutory Bodies) Regulation 2015 | - |
| Human resources: <ul style="list-style-type: none"> number of employees by category and comparison with prior three years exceptional movements in employee wages, salaries or allowances personnel policies and practices, and industrial relations policies and practices. | Schedule 1 Annual Reports (Statutory Bodies) Regulation 2015 | - |
| Consultants: <ul style="list-style-type: none"> for each engagement costing more than \$50,000: <ul style="list-style-type: none"> name of consultant title of project, and actual cost. for each engagement costing less than \$50,000: <ul style="list-style-type: none"> total number of engagements total cost, and If applicable, a statement that no consultants were engaged. | Schedule 1 Annual Reports (Statutory Bodies) Regulation 2015 | 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 | | |
|--|---|--|
| Annual reporting exemptions | Act/regulation references | Comments |
| Land disposal: <ul style="list-style-type: none"> properties disposed of during the year: <ul style="list-style-type: none"> total number, and total value if value greater than \$5 million and not by public auction or tender: <ul style="list-style-type: none"> list of properties, and 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, and statement indicating that access to the documents relating to the disposal can be obtained under the <i>Government Information (Public Access) Act 2009</i>. | Schedule 1 Annual Reports (Statutory Bodies) Regulation 2015 | - |
| Consumer responses: <ul style="list-style-type: none"> extent and main features of complaints, and services improved/changed in response to complaints/ suggestions. | Schedule 1 Annual Reports (Statutory Bodies) Regulation 2015 | Exemption subject to a condition that comments and information relating to 'consumer responses' are to be disclosed in a summarised form. |
| Payment of accounts: <ul style="list-style-type: none"> performance in paying accounts, including action to improve payment performance | Schedule 1 Annual Reports (Statutory Bodies) Regulation 2015 | This exemption only applies to statutory state-owned corporations as they are not subject to the payment of accounts provisions in s.13 of the Public Finance and Audit Regulation. |
| Time for payment of accounts: <ul style="list-style-type: none"> reasons for late payment, and interest paid due to late payments. | Schedule 1 Annual Reports (Statutory Bodies) Regulation 2015 | As above |
| Report on risk management and insurance activities | Schedule 1 Annual Reports (Statutory Bodies) Regulation 2015 | Exemption subject to a condition that the comments and information are to be disclosed in a summarised form. |
| Disclosure of controlled entities: <ul style="list-style-type: none"> details of names, objectives, operations, activities of controlled entities and measures of performance | Schedule 1 Annual Reports (Statutory Bodies) Regulation 2015 | Exemption subject to a condition that the names of the controlled entities be disclosed along with a summary of the controlled entities' objectives, operations, activities and measures of performance. |
| Investment performance | Schedule 1 Annual Reports (Statutory Bodies) Regulation 2015 | - |
| Liability management performance | Schedule 1 Annual Reports (Statutory Bodies) Regulation 2015 | - |

Public access to information and the protection of privacy

Government Information (Public Access) formal access publications

During the reporting period, Landcom received no valid formal access applications under the *Government Information (Public Access) Act 2009 (NSW)*.

The following tables contain statistical information about the formal access applications decided in FY22.

| Table A – Number of applications by type of applicant and outcome* | | | | | | | | |
|--|------------------------|------------------------|------------------------|----------------------|-------------------------------|---------------------------------|--|-----------------------|
| | Access granted in full | Access granted in part | Access refused in full | Information not held | Information already available | Refuse to deal with application | Refuse to confirm/deny whether information is held | Application withdrawn |
| Media | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Members of Parliament | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Private sector business | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Not-for-profit organisations or community groups | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Members of the public (application by legal representative) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Members of the public (other) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

*More than one public interest consideration may apply in respect to a particular access application. If so, a recording must be made in respect to each such application. This also applies in relation to Table B.

| Table B – Number of applications by type of application and outcome | | | | | | | | |
|--|------------------------|------------------------|------------------------|----------------------|-------------------------------|---------------------------------|--|-----------------------|
| | Access granted in full | Access granted in part | Access refused in full | Information not held | Information already available | Refuse to deal with application | Refuse to confirm/deny whether information is held | Application withdrawn |
| Personal information applications* | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Access applications (other than personal information applications) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Access applications that are partly personal information applications and partly other | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

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

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

| Table D – Conclusive presumption of overriding public interest against disclosure: matters listed in Schedule 1 of the Act | |
|--|---------------------------------------|
| | Number of times consideration used ** |
| Overriding secrecy laws | 0 |
| Cabinet information | 0 |
| Executive Council information | 0 |
| Contempt | 0 |
| Legal professional privilege | 0 |
| Excluded information | 0 |
| Documents affecting law enforcement and public safety | 0 |
| Transport safety | 0 |
| Adoption | 0 |
| Care and protection of children | 0 |
| Ministerial code of conduct | 0 |
| Aboriginal and environmental heritage | 0 |
| Information about complaints to Judicial Commission | 0 |
| Information about authorised transactions under <i>Electricity Network Assets (Authorised Transaction) Act 2016</i> | 0 |
| Information about authorised transactions under <i>Land and Property Information NSW (Authorised Transaction) Act 2016</i> | 0 |

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

| Table E – Other public interest considerations against disclosure: matters listed in table to Section 14 of the Act | |
|---|---|
| | Number of occasions when application not successful |
| Responsible and effective government | 0 |
| Law enforcement and security | 0 |
| Individual rights, judicial processes and natural justice | 0 |
| Business interests of agencies and other persons | 0 |
| Environment, culture economy and general matters | 0 |
| Secrecy provisions | 0 |
| Exempt documents under interstate Freedom of Information legislation | 0 |

| Table F - Timelines | |
|--|------------------------|
| | Number of applications |
| Decided within the statutory timeframe (20 days plus any extensions) | 0 |
| Decided after 35 days (by agreement with applicant) | 0 |
| Not decided within timeframe (deemed refusal) | 0 |
| Total | 0 |

| Table G - Number of applications reviewed under Part 5 of the Act (by type of review and outcome) | | |
|---|-----------------|-----------------|
| | Decision varied | Decision upheld |
| Internal review | 0 | 0 |
| Review by Information Commissioner | 0 | 0 |
| Internal review following recommendation under Section 93 of the Act | 0 | 0 |
| Review by NCAT | 0 | 0 |
| Total | 0 | 0 |

| Table H - Applications for review under Part 5 of the Act (by type of applicant) | |
|--|-----------------------------------|
| | Number of applications for review |
| Applications by access applicants | 0 |
| Applications by people to whom information the subject of access application relates (see Section 54 of the Act) | 0 |

| Table I - Applications transferred to other agencies under Division 2 of Part 4 of the Act (by type of transfer) | |
|--|-----------------------------------|
| | Number of applications for review |
| Agency-initiated transfers | 0 |
| Applicant-initiated transfers | 0 |

Authorised proactive release of information under section 7(3) of *Government Information (Public Access) Act 2009 (NSW) (GIPA Act)*

Under section 7 of the GIPA Act, agencies must identify the kinds of government information that can be made publicly available at least every 12 months.

Landcom's program for the proactive release of information involves regularly updating the Landcom website and individual project websites to provide information regarding our policies, projects and initiatives. We also consider publishing information about the community consultations we undertake and other commonly requested categories of information and the impact, if any, of proactively releasing this information.

During the year, Landcom:

- considered the informal requests for information received
- determined that there were no specific additional categories of information that were being regularly requested in the informal requests for information
- consulted with staff about categories of information that are frequently requested or which have been proactively released in FY22, and
- consulted with staff through attendance at team meetings and legal updates.

In addition, we regularly build on our industry knowledge and expertise through the work we do. Where we can, we share our knowledge freely within government, throughout the development industry and among interested members of the general public.

We have adopted this practice as an effective way to build and maintain credibility. Our decision to share our intellectual property is also an effective way for us to demonstrate and influence change.

Privacy

We are committed to protecting the personal information of our customers, stakeholders, staff members and the general public. We are subject to the *Health Records and Information Privacy Act 2002 (NSW)* and voluntarily comply with the principles of the *Privacy and Personal Information Protection Act 1998 (NSW)*. We ensure that we:

- only collect relevant personal information for lawful purposes directly related to our activities
- take reasonable steps to protect personal information from misuse and unauthorised access
- take reasonable steps to check the accuracy of personal information before we use it
- do not give personal information to other organisations for marketing purposes
- only use personal information for the purposes it was collected
- protect privacy, with targeted training provided to those staff who handle personal information, and
- only disclose personal information to third parties if:
 - o in accordance with the collection notice provided
 - o we are authorised or required to by law
 - o we have verbal or written authority or we can reasonably assume, in the circumstances, that the person would give consent, and
 - o there is a danger of injury or loss of life.

In FY22 we:

- improved the resources available in Landcom's Privacy Framework that provides Landcom staff with access to the Privacy Policy, template collection notices, factsheets, checklists and links to the NSW privacy legislation
- continued the delivery of online privacy awareness training module for new staff
- delivered targeted privacy training to the Landcom divisions who most handle personal information,
- embedded the requirement for privacy impact assessments to be undertaken for relevant new engagements, and
- participated in privacy practitioner's network events and seminars.

Public Interest Disclosures Act 1994

The following table contains information about our obligations under Section 31 of the *Public Interest Disclosures Act 1994 (NSW)*.

| Section 31 Report | | | |
|--|--|---|---------------------------------------|
| | Made by public officials performing their day-to-day legal functions | Under a statutory or other legal obligation | All other Public Interest Disclosures |
| Number of public officials making a public interest disclosure | 0 | 0 | 0 |
| Number of public interest disclosures we received relating to: | Corrupt conduct | 0 | 0 |
| | Maladministration | 0 | 0 |
| | Serious and substantial waste of public money | 0 | 0 |
| | Government information contraventions | 0 | 0 |
| | Local government pecuniary interest contraventions | 0 | 0 |
| Total | 0 | 0 | 0 |
| Number of public interest disclosures we finalised | 0 | 0 | 0 |
| Whether we have a public interest disclosures policy in place | Yes | | |
| Action taken by us to ensure that our staff awareness responsibilities under Section 6E(1)(b) of the Act have been met | Staff briefings, inductions and team meetings, posters and copies of Landcom's Public Interest Disclosures & Internal Reporting Policy and Procedure on bulletin boards, links to the Public Interest Disclosures & Internal Reporting Policy & Procedure on the Landcom intranet, general awareness training provided to new staff. | | |

FY22 financial results reported against the performance targets

The table below shows our actual results against the performance targets set out in the Statement of Corporate Intent (SCI). The variance to the performance targets is mainly due to the different sales mix delivered.

| | FY22 Actuals (\$m) | FY22 SCI (\$m) | Over/(under) (\$m) |
|----------------------------------|--------------------|----------------|--------------------|
| Sales Revenue | 161.5 | 193.6 | (32.1) |
| Gross Margin | 69.4 | 57.4 | 12.0 |
| Earnings before Interest and Tax | 27.0 | 13.9 | 13.1 |
| Net Profit After Tax | 20.1 | 9.9 | 10.2 |
| Return to Government - Tax | 8.6 | 4.3 | 4.3 |
| Return to Government - Dividend | 13.7 | 6.9 | 6.8 |
| Return to Government - GGF | - | - | - |
| Return on Equity | 3% | 2% | 1% |
| Dwellings Settled | 1552 | 2,033 | (481) |



Assurance conclusion

Based on our limited assurance procedures, nothing has come to our attention that causes us to believe that the Other Information in Landcom's 2022 Annual Report has not been reported and presented fairly, in all material respects, in accordance with the Criteria defined below.

In addition to the Financial Report, that is subject to a separate independent audit, Landcom engaged Point Advisory Pty Ltd ('Point Advisory') to perform independent assurance over Landcom's FY22 Sustainability Report and 'Other Information' in the Landcom's 2022 Annual Report. Other Information generally comprises the information included in the Annual Report (other than the *Financial statements and notes* and its associated audit report).

Our independent assurance is performed over selected Other Information performance data and statements reflecting the performance period 1 July 2021 - 30 June 2022. Provided below is further information regarding our independent assurance and conclusion.

Scope

We performed a limited assurance engagement over selected performance data and statements presented in Landcom's Annual Report ('the Report') for the reporting year ended 30 June 2022.

Subject matter

The subject matter covered as part of this assurance (the 'Other Information') is the information Landcom presents in the following sections:

- Chair's review
- Chief Executive Officer's review
- Our organisation
- Our principal objectives and function
- FY22 economic and financial highlights
- Awards and recognition
- Our performance – Delivering our strategic directions
- The Landcom Way – Housing case studies
- The Landcom Way – Leadership case studies
- The Landcom Way – Partnership case studies
- Task Force on Climate-Related Financial Disclosures
- Compliments and complaints feedback system
- Multicultural policies and services program
- Health safety and environment
- Shaping our year ahead
- Our performance – people
- Landcom executive
- Miscellaneous activities
- Managing a successful business
- Appendix: Corporate governance
- Appendix: Government Information

Criteria

We used Landcom's own reporting criteria, and relevant policies and procedures to prepare the selected subject matter and associated data, against which to evaluate the content of the Report. This included reference to Landcom's principal objectives and function under the *Landcom Corporation Act 2001* and *Report on Operations* disclosure requirements under section 24A of the *State Owned Corporations Act 1989* and the *Annual Reports (Statutory Bodies) Act 1984*.

Respective responsibilities

- Landcom management is responsible for the preparation and presentation of the information within the Report. Landcom management is also responsible for the design, implementation, and maintenance of internal controls relevant to the preparation of the Report, so that it is free from material misstatement. Landcom management is also responsible for setting targets and for the development of appropriate internal controls to monitor performance.
- Point Advisory's responsibility, in accordance with Landcom management's instructions, is to express a limited assurance conclusion in accordance with ASAE 3000 *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* (ASAE 3000) on selected data and performance claims in the Other Information (as listed above under 'Subject matter').

Our independence and competencies

We are not aware of any issues that could impair our independence or objectivity for this assurance engagement. Point Advisory's independence policy and supporting measures apply to management and professional staff. This policy also prohibits any financial interests in our clients that would or might be seen to impair independence.

Our team has the required competencies and experience in applying ASAE 3000 to conduct this assurance engagement.

Our methodology

Our assurance engagement was planned and performed in accordance with ASAE 3000. The procedures we performed were based on our professional judgement and included the steps outlined below:

- Interviewed data owners of selected data sets to understand how they collected, calculated, and aggregated data from projects as well as what assumptions or estimations were made.
- Sought and reviewed supporting information or explanations for selected data, statements and claims within the Report regarding Landcom's operational performance.
- Checked whether operational data in the Report had been calculated and aggregated accurately, was consistent with Landcom's internal records, and according to management's explanations and disclosures.
- Reviewed and assessed how Landcom has responded to sustainability-specific reporting regimes which was subject to a parallel sustainability assurance process described in our Independent Assurance Statement contained in Landcom's FY22 Sustainability Report.
- Reviewed the presentation of information relevant to the selected performance data and statements in the Report to ensure consistency with the assurance findings and observations.

Limitations of assurance

Our evidence gathering procedures were designed to allow us to reach a limited assurance opinion (as defined in ASAE 3000). The extent of evidence gathering procedures performed is less than that of a reasonable assurance engagement (such as a financial audit) and therefore a lower level of assurance is provided. Further to this, we did not visit project sites or interview project teams.

Use of our assurance statement

We do not accept any responsibility for any reliance on this assurance statement to any other person(s) or organisation(s) other than the Board and management of Landcom. Other stakeholders should do their own due diligence before taking any action as a result of this statement.

On behalf of the assurance team.



Alan Dayeh

Managing Principal, NSW

Point Advisory, Sydney

24 October 2022





Creating more affordable
and sustainable communities

landcom.com.au