

2023 Annual Report





In the spirit of reconciliation, Landcom respectfully acknowledges the Traditional Custodians of Country throughout NSW 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.

Artwork: 'Our Journey' by Danielle Mate



Landcom's ambition is to make a **positive difference in people's lives** in NSW by increasing **supply, affordability and diversity** of housing and creating **sustainable communities**.



Contents

Letter to Shareholder Ministers	7	Management and accountability	32
Deputy Chair's review	8	Leadership and organisation structure	32
CEO's review	10	Leadership skills development	36
Affordable housing	10	Workforce diversity performance	37
Delivering for regional NSW	11	Disability inclusion action plans	38
Delivering diverse, liveable communities	11	Work health and safety	38
Leading in environmental and social sustainability	11	Legislation	39
Closer to home	11	Disclosure of approved exemptions	39
Overview	12	Public access to information and the protection of privacy	40
Our organisation	12	Internal audit and risk management	45
Our goals, priorities and values	13	Miscellaneous activities	46
Our projects	16	Sustainability	47
FY23 economic and financial highlights	18	Taskforce for Climate Related Financial Disclosures Progress	47
Awards and recognition	20	Modern Slavery Act 2018	47
Management and structure	21	Financial performance	48
Our strategy	26	Independent Auditor's Report	48
Ministerial Statement of Priorities	26	Directors' declaration	52
Making a bigger difference - a new strategic plan	26	Financial statements and notes	53
Performance monitoring and reporting	27	Appendix	95
Resource allocation to implement strategic plan	27	Annual Report Assurance Letter from Point Advisory	102
Market context	27	Corporate directory	104
Operations and performance	28		
Performance against FY23 strategic goals	28		
Performance against Statement of Corporate Intent	30		
Shaping the year ahead	31		





Letter to Shareholder Ministers

30 October 2023

The Hon Daniel Mookhey MLC
Treasurer

The Hon Courtney Houssos MLC
Minister for Finance, Minister for Domestic
Manufacturing and Government Procurement,
and Minister for Natural Resources

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 2023 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) and the *Government Sector Finance Act 2018* (NSW).

Yours sincerely



Professor Pamela Hanrahan
Deputy Chair



John Barbeler
Director



Deputy Chair's review

During the 2023 financial year Landcom continued to deliver home sites and housing for the people of NSW. Our work aligned with the Ministerial Statement of Priorities and responded to the continued housing affordability crisis.

We released 2,216 home sites to market – close to double the number released in 2022. At the same time, we exceeded our broad objectives around financial results, with a 71.33% increase in sales revenue to \$276.7 million. Funds returned to government tripled compared to FY22 with \$68.1m from income tax equivalents expense and dividends declared.

Landcom has a central role to play in the NSW Government's response to housing supply and affordability pressures in regional and metropolitan NSW.

The Board's focus is on positioning Landcom to respond strongly and consistently, delivering more affordable housing and creating sustainable and inclusive communities with diverse housing options. Importantly, in April we approved the FY24-27 Strategic Plan – Making a bigger difference.

This strategic plan sets targets around supply, regional reach and diversity of housing options. We are confident that it will challenge the Executive to innovate across Landcom's operations – and we believe that the Executive, supported by the wider Landcom team, will deliver for the people of NSW. We will continue to work with them to achieve our goals.

Partnerships will remain essential. We want to challenge our delivery and financing models with innovative thinking and realistic solutions. We want to unlock opportunities around scale and speed. We are already embarking on two build-to-rent projects in regional NSW this year, and we will integrate what we learn from these pilots into our delivery framework.

Peter Roberts has been our Chair for the large part of this financial year, and I would like to thank him for his support during Alexander Wendler's first full year as CEO, and for steering Landcom's Board as acting chair for two periods since 2019. As Deputy Chair I thank my fellow directors – Trent Alston, John Barbeler, Susan MacDonald and Selina Short – and CEO Alexander Wendler, and all our staff at Landcom. Their combined commitment to delivering for the people of NSW positions us for a productive and impactful FY24 and beyond.

Professor Pamela Hanrahan
Deputy Chair





CEO's review

The financial year 2022-2023 marks my first full year as Landcom's CEO. It has been an exciting and challenging period as the business tackles one of the biggest issues facing NSW - the housing crisis. Landcom has a central role in increasing the supply, affordability, and diversity of housing throughout NSW and I am pleased to say we have released 2,216 dwellings to market and tripled funds returned to the NSW Government to \$68.1 million.

Our task is clear: we must accelerate the delivery of new home sites, we must extend our activity across NSW to the regions - focusing on those facing the most immediate housing pressure - and we must test new solutions that close the housing affordability gap. At the same time, we must hold steady on our leadership in environmental and social sustainability.

This annual report describes our activities over the past financial year. To demonstrate our commitment to tackling the housing crisis, we also introduce our new FY24-27 Strategic Plan - Making a bigger difference. This plan sets clear goals and ambitious targets that will help get keys to new homes into the hands of more people in NSW faster, as we continue to set a high bar in all our projects around affordability, diversity, and universal design.

We have made significant progress on key projects in our portfolio. In December 2022 we received concept approval for 1,623 dwellings in Kellyville, and for 3,650 dwellings in Bella Vista, where we anticipate releasing 629 home sites in FY24. Hills Showground Precinct East went to market in February 2023, with concept approval for 873 dwellings. At Macarthur Gardens North we have received superlot development approval for an anticipated 1,250 dwellings including 144 for affordable rental, with completion due in 2028.

In addition to these achievements, we continuously test and challenge our housing delivery and funding models so that we respond to the housing shortfall with agility and impact.

At the heart of our success and future growth is our collaborative model. We will achieve our supply and affordability goals by focusing on five strategic priorities: developing our people; building our pipeline; improving our performance; scaling up the public value we deliver; and lifting the sustainability of our projects.

This newly adopted Strategic Plan challenges Landcom to have a greater impact on housing supply and affordability. We are determined to deliver.

Affordable housing

Affordable housing is a critical component of our purpose, and we lead from the front. That is why we are growing our Affordable Housing Program. The program partners with Community Housing Providers and developers and explores opportunities with institutional investors.

As an example, at Lachlan's Line and working alongside Link Wentworth Housing Limited, we have received approval from the Minister for Planning and Public Spaces to increase gross floor area of Lot 117 from 5,413 to 10,263 square metres. Lot 117 is 100% affordable rental housing and will deliver 135 affordable rental homes with a move-in date expected for 2025.

Repurposing the former community health centre at Queenscliff is another example of how we partner successfully on affordable housing. The project has approval for 37 apartments in total, including 12 affordable rental homes for women over 55. Link Wentworth Housing Limited will deliver these new homes and manage them into the future.



Delivering for regional NSW

This year we prioritised our expansion into regional NSW in response to affordability and supply challenges across the state. As of July 2023, six of our 27 active projects are in regional areas. These are projected to deliver a diversity of dwelling options, including affordable rental housing, diverse housing and universal homes.

Our build-to-rent pilot programs are in the Northern Rivers and on the South Coast. Each pilot project is expected to deliver around 50 dwellings and will test a model that has the potential to accelerate secure housing supply across NSW. At the same time, we are exploring the viability of modular housing, particularly in regional areas where the pressure is greatest.

In FY23 we entered into two new Memoranda of Understanding in regional areas: with Orange City Council to provide affordable housing options for low to moderate income households, and with the Northern Rivers Reconstruction Corporation to deliver sustainable and affordable housing options. We have also signed a Heads of Agreement with Darkinjung Local Aboriginal Land Council to unlock a project that will deliver an estimated 385 new dwellings, increasing housing supply, affordability and diversity on the Central Coast.

Delivering diverse, liveable communities

Memorable cities around the world are celebrated for their architecture, their public spaces and the culture that thrives in connected communities. Landcom supports increasing residential densities underpinned by quality design in areas with high amenity.

Our masterplans unlock opportunities for quality, compact urban neighbourhoods that reduce time residents spend travelling by car. This allows people to walk to school, local shops, parks and gathering places. It also reduces traffic congestion and emissions.

Leading in environmental and social sustainability

We are excited to see our first all-electric communities emerging from planning and design into construction and sales. We are now just beyond the halfway point in the delivery of our 10-year Sustainable Places Strategy and Landcom will continue to challenge itself and the development industry to accelerate emissions reduction and lower the cost of living for the people in NSW.

We are also proud of our status as acknowledged leaders in creating enduring communities, and we continue to work to remain out front in this fast-developing aspect of the housing industry.

Closer to home

Our role and relevance have never been more critical. Our Strategic Plan maps how we can make a bigger difference to housing supply and affordability across NSW.

We will build on our strengths in design and delivery, our expertise in community engagement and our leadership in creating active, sustainable public spaces to cater for the diversity of our communities.

By working with industry, state and local government and the community housing sector, we will accelerate our impact so that more homes are there for residents - at the pace needed and the standard expected.

I thank the Board for their leadership and oversight throughout the year. I also thank our wonderful staff for their commitment as we return to more consistent in-office work, while retaining some of the flexibility that has served us so well in recent years.

We believe Landcom is strongly positioned to do what we do best: unlock development opportunities and get people into homes faster.

Alexander Wendler
Chief Executive Officer



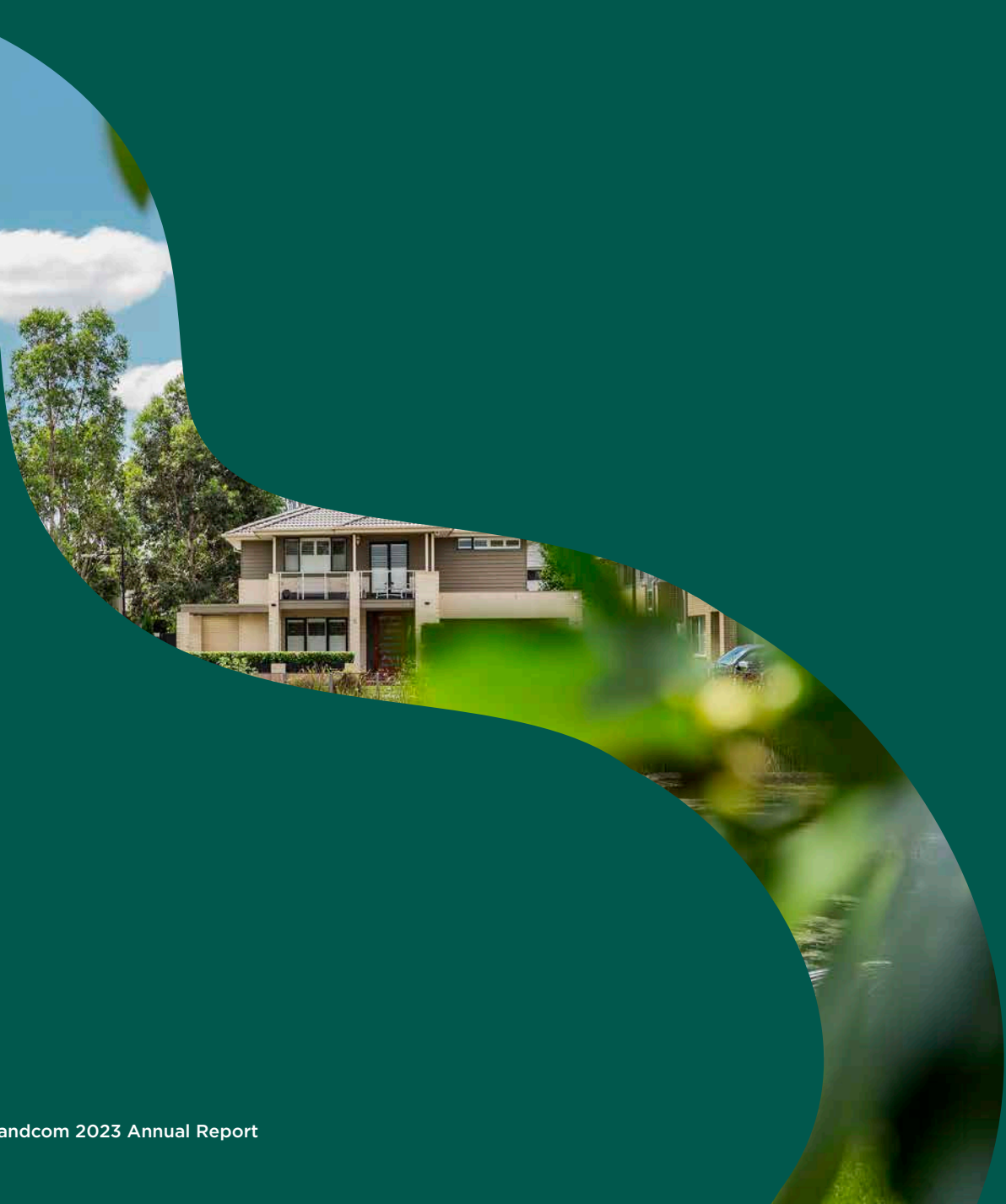
Our organisation

Landcom’s ambition is to make a positive difference to people’s lives in NSW by increasing the supply, affordability and diversity of housing and creating sustainable communities.

Landcom is a commercial business that develops land to achieve public outcomes and financial benefits for the NSW Government and the people of NSW.

We supply home sites through the delivery of sustainable masterplanned communities and development projects, with a focus on expanding the stock of affordable and diverse housing.

We enable development by de-risking and unlocking strategic and complex sites in collaboration with landowners and the market.





Our goals, priorities and values

Our goals

To achieve our ambition and the NSW Government’s urban management objectives we are focused on four goals:



Increase housing supply



Expand to regional NSW



Leadership in affordable housing



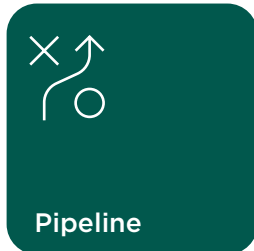
Build-to-rent pilots in the regions

Our **commitment to leadership in sustainability and climate resilience** applies to each of our goals.

Our strategic priorities



People



Pipeline



Performance



Public value



Planet

Our values



Embrace challenge to deliver outcomes



Excel through strong relationships



Bring an enterprising spirit

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 ourselves 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



Our principal objectives and functions

Landcom was established in 1976 as the Land Commission of NSW. In 2001 we became a State Owned Corporation under the *Landcom Corporation Act 2001* to help the NSW Government achieve its urban management objectives. The *Landcom Corporation Act 2001* establishes our principal objectives and principal functions.

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:

1. to be a successful business and, to this end:
 - a. to operate at least as efficiently as any comparable businesses, and
 - b. to maximise the net worth of the State's investment in it
2. to exhibit a sense of social responsibility by having regard to the interests of the community in which it operates
3. 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*

4. to exhibit a sense of responsibility towards regional development and decentralisation in the way in which it operates
5. to undertake, or assist the Government in undertaking, strategic or complex urban development projects
6. to assist the Government in achieving its urban management objectives, and
7. to be a responsible developer of residential, commercial and industrial land.

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

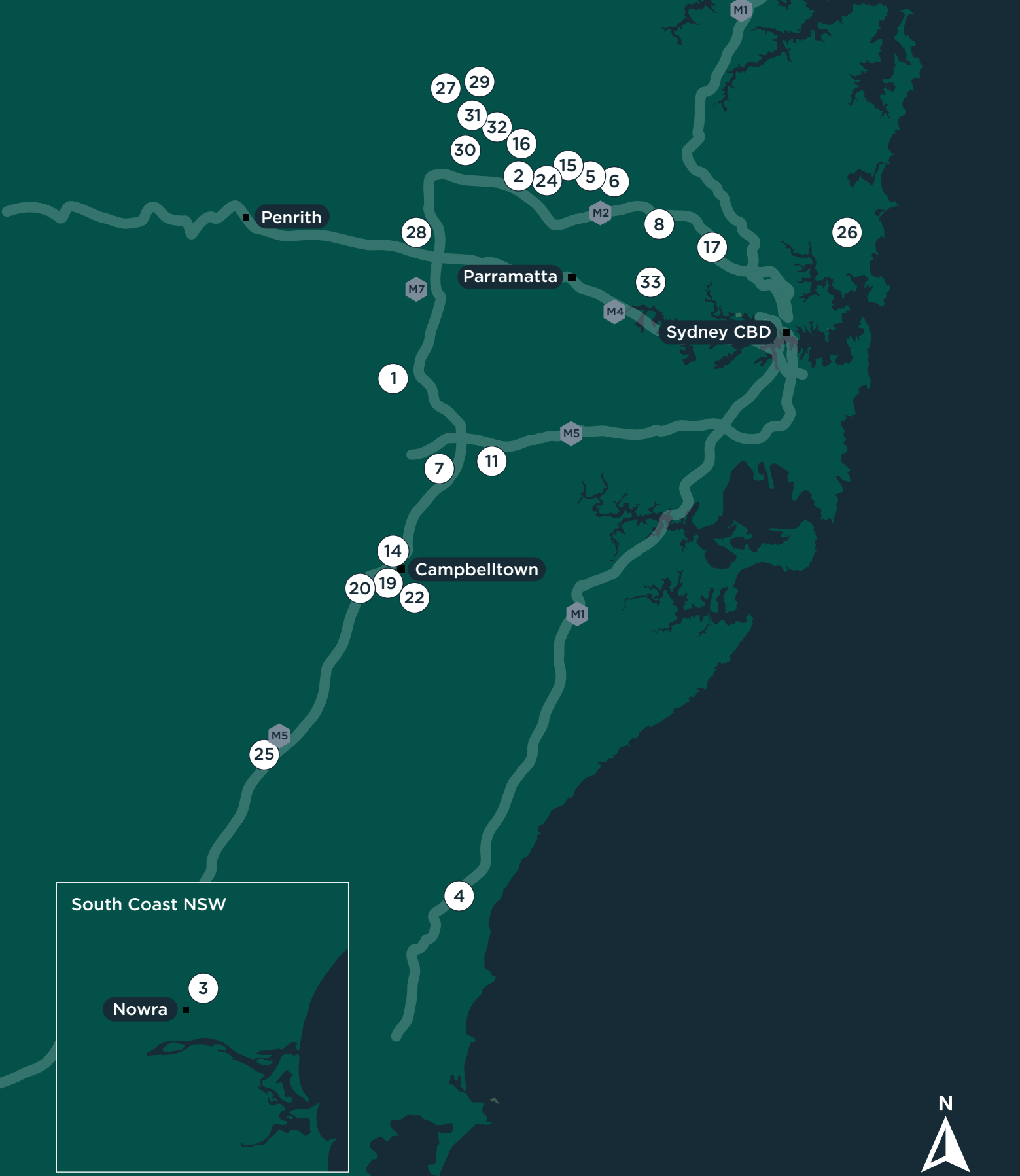
1. to undertake and participate in residential, commercial, industrial and mixed development projects
2. to provide advice and services related to urban development, on a commercial basis, to government agencies and others, and the following additional functions
3. to provide facilities or services that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







Our projects

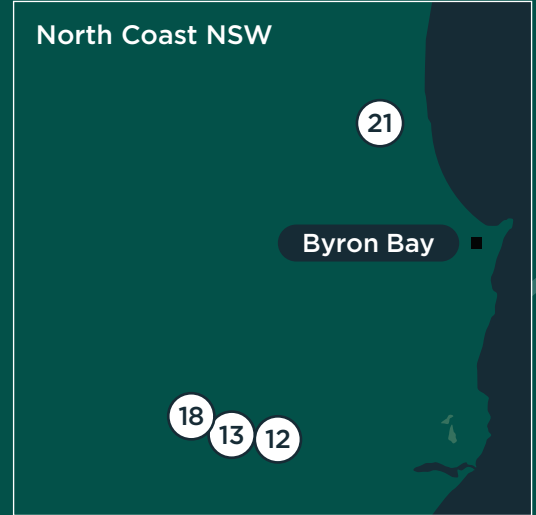




ID Project name

- 1 Austral
- 2 Bella Vista (SMNWP)**
- 3 Bomaderry (South Coast build-to-rent)
- 4 Bulli
- 5 Castle Hill (SMNWP)*
- 6 Cherrybrook (SMNWP)*
- 7 Edmondson Park (Town Centre and Station Road)
- 8 Epping (SMNWP)*
- 9 Fennell Bay
- 10 Garden Suburb (Hillsborough)
- 11 Glenfield
- 12 Goonellabah - Bristol Circuit
- 13 Goonellabah - Cynthia Wilson Drive
- 14 Hillcroft (Claymore)
- 15 Hills Showground (SMNWP)*
- 16 Kellyville (SMNWP)*
- 17 Lachlan's Line
- 18 Lismore (Northern Rivers build-to-rent)
- 19 Macarthur Gardens North
- 20 Macarthur Heights
- 21 Mullumbimby
- 22 Newbrook (Airds)
- 23 North Tuncurry
- 24 Norwest (SMNWP)*
- 25 Panorama (North Wilton)
- 26 Queenscliff
- 27 Riverstone Scheduled Lands (Precinct A - Stages 1-3)
- 28 Rooty Hill
- 29 Rouse Hill
- 30 Schofields - Burdekin Road
- 31 Schofields - Guntawong Road
- 32 Tallawong (SMNWP)*
- 33 Wentworth Point

* Sydney Metro North West Places





FY23 economic and financial highlights





\$68.1m

returned to NSW Government
(FY23 income tax equivalents and dividend declared)



\$60.2m

net profit after tax



\$276.7m

sales revenue



\$13.7m

dividend paid
(in relation to 2022 results)



2,313

home sites settled

We are 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 Landcom in the **top four most sustainable residential development organisations in Oceania**

We undertake transparent sustainability reporting under **Global Reporting Initiative Standard (GRI)**

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



Awards and recognition

Inclusive Employer Index Accreditation from the Diversity Council of Australia as one of **DCA's Top 30 Most Inclusive Employers in Australia, November 2022**

Finalist in the National Australian Human Resource Institute Mental Health Awards in December 2022 recognising our contribution to mental health and wellbeing in the workplace

Finalist in the Property Council of Australia's Innovation & Excellence Awards for Diversity and Inclusion (for organisations with less than 250 employees)

Finalist in the Property Council of Australia's People First Award in May 2023 for the Learning Plan and Capability Framework





Management and structure

Our governance structure



NSW Government

Shareholder Ministers

The Hon Daniel Mookhey MLC,
Treasurer

The Hon Courtney Houssos MLC,
Minister for Finance

Portfolio Minister

The Hon Paul Scully MP
Minister for Planning
and Public Spaces



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 Plan



Executive Committee

Responsible for managing our operations and implementing our Strategic Plan



Board of Directors

Trent Alston

Independent
Non-Executive Director

Susan MacDonald

Independent
Non-Executive Director

Selina Short

Independent
Non-Executive Director



John Barbeler

Independent
Non-Executive Director

Professor Pamela Hanrahan

Deputy Chair, Independent
Non-Executive Director

Board of Directors Notes

Peter Roberts
Chair and Independent
Non-executive Director

Appointed to the Board, 4 April 2018
Appointed as Chair, 4 April 2021 and resigned effective 31 May 2023



Our Executive

Christalla Michael

Executive General Manager, People, Culture & Safety

Robert Dodd

Executive General Manager, Finance & Commercial

Nicholas Lennon

Executive General Manager, Projects



Tasha Burrell

Executive General Manager, Projects

Alex Wendler

Chief Executive Officer

Sandra Lee

Executive General Manager, Legal & Compliance

Executive Notes

Nicholas Lennon
Executive General Manager, Projects

Appointed to position on 18 July 2022

Scott Gregg
Executive General Manager, Projects

Left position on 22 July 2022

Matthew Beggs
Executive General Manager, Business Development

Left position on 30 June 2023

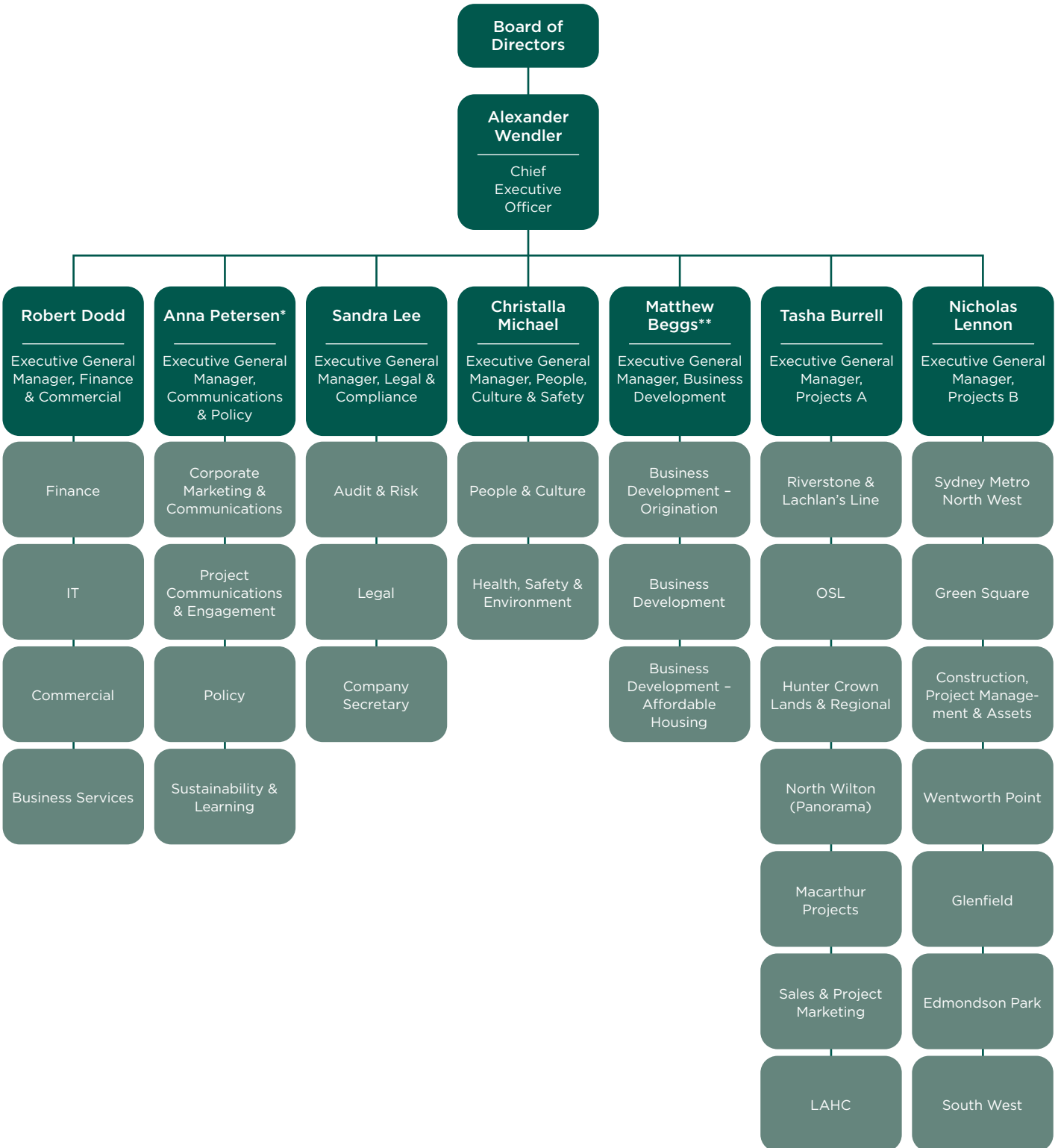
Anna Petersen
Executive General Manager, Communications & Policy

Left position on 4 July 2023



The Landcom team

Landcom’s staff consists of both Project and Corporate teams, with a target split of 60% Projects and 40% Corporate in accordance with the Statement of Corporate Intent. Landcom prioritises the learning and development of its staff at all levels, and participates in the NSW Government’s Graduate Program, enabling regular growth of talent within our organisation. The organisational chart below shows the structure and leadership team as of 30 June 2023.



* Left Landcom 4 July 2023

** Left Landcom 30 June 2023





Our strategy

Landcom’s activity is directed by Ministerial Priorities and executed according to strategic goals.

During FY23 our strategic directions were:



Housing: Increase affordability, supply and diversity of new housing



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



Leadership: Demonstrate excellence in sustainable development and planning practice

Operations and performance against these three directions is detailed under ‘Operations and Performance’, page 28.

Ministerial Statement of Priorities

Our priorities for FY23 to enhance the affordability and diversity of housing supply, with an increasing focus on regional housing, were issued under the *Landcom Corporation Act 2001* by Landcom’s Portfolio Minister and agreed between the Portfolio and Shareholders Ministers and Landcom Board. These priorities required us to:

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% 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.

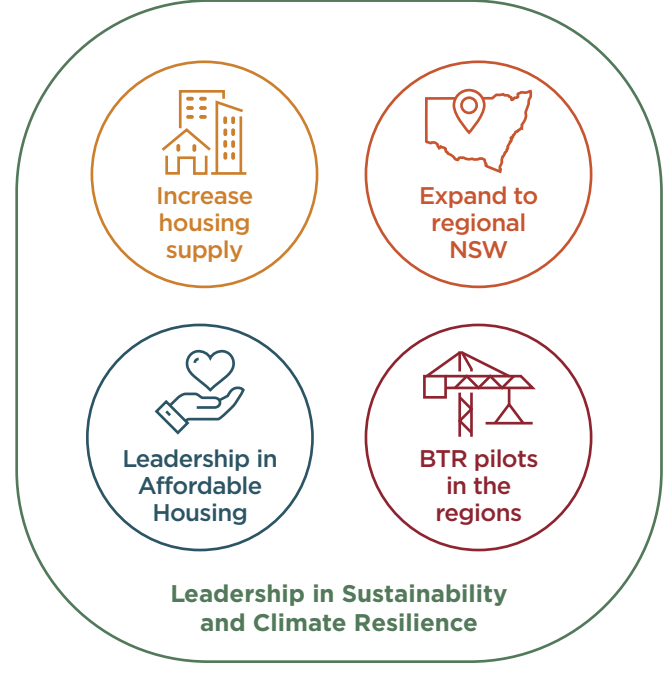
Making a bigger difference – a new strategic plan

In April 2023 the Landcom Board approved our FY24-27 Strategic Plan – Making a bigger difference. The Strategic Plan reflects the central role for Landcom in the NSW Government’s action to increase housing supply in NSW, boosting housing supply and delivering more affordable rental housing for regional NSW. It has been prepared to align with the priorities and expectations issued by the former Government and with regard to the relevant policy priorities and commitments announced by the incoming Government during the 2023 state election campaign.

The FY24-27 Strategic Plan includes:

- Four goals
- Five ‘Ps’ – our Strategic Priorities
- Strategic Initiatives for FY24

Landcom’s four goals FY24-27



Our goals, as set out in FY24-27 Strategic Plan
Leadership in sustainability and climate resilience applies to all Landcom’s goals.



Landcom's Strategic Priorities, FY24-27

The Strategic Plan identifies five Strategic Priorities that will unlock our ability to deliver these goals over the period of the Strategic Plan:

- **People** – Accelerate the professional growth of our people to support our Employee Value Proposition and ensure the right people, in the right roles, at the right time
- **Pipeline** – Grow the project pipeline and broaden our reach and impact
- **Performance** – Sharpen our commercial mindset and operational efficiencies to deliver market returns
- **Public Value** – Positively disrupt the delivery of affordable and diverse housing to ignite meaningful change
- **Planet** – Push ourselves to remain at the forefront of environmental and social sustainability.

Performance monitoring and reporting

We actively monitor our progress in meeting the Strategic Priorities through a range of mechanisms, including the annual PMES survey and the Housing Monitor.

Progress updates on the Strategic Priorities as well as the FY24 Strategic Initiatives are provided to the Board and Executive Committee on a regular basis.

Resource allocation to implement strategic plan

Landcom operates in accordance with its Statement of Corporate Intent allocation to ensure that strategic plans are delivered. Strategic workforce planning occurs on an annual basis in partnership with the Senior Leaders Team and considers the “right people for the right roles at the right time.” Landcom also undertakes annual talent reviews of all staff to ensure development opportunities are regularly considered.

Market context

Landcom's retail land lot sales have remained strong throughout FY23. While the COVID-19 stimulus from previous years has been wound back, the underlying lack of supply has meant that we continue to clear all stock presented to the market without any need to reduce pricing. The rising interest rates have been reflected in an increasing number of prospective retail clients struggling to get funding approvals.

The wholesale market (unit sites) has seen continued strong interest from residential developers in acquiring sites with interest above valuations. We believe that is also due to the limited supply in the market. Landcom signed a significant Put and Call sale to NSW School Infrastructure at Lachlan's Line for the final stages of the development which will settle in FY24.

Settlements of deferred sales agreements (Put and Call options) in prior years have completed successfully with the Lachlan's Line sale to the Landmark Group completing as well as the sale to Mirvac of Green Square. Current Put and Call option holders on the Edmondson Park site are also very keen to complete.

A major contract with the School Infrastructure NSW site at Glenfield (approximately 3,965 dwellings) was signed this year with a number of Conditions Precedent being worked through by both parties.

Landcom went to market this year to sell an affordable housing site in our Schofields development for 49 dwellings with the community housing sector. The successful tenderer has been selected and we are proceeding to contract. We also launched a 144-dwelling site as part of Macarthur Gardens North, with initial EOI expected in the first half of FY24.

Operations and performance

Landcom's operations and performance align with our goals as defined for the strategic plan relevant for the year of operation, our Statement of Corporate Intent, and the most current Ministerial Priorities.

Performance against FY23 strategic goals

We released 2,216 home sites to market – close to double the number released in 2022. At the same time, we exceeded our broad objectives around financial results, with a 71.33% increase in sales revenue to \$276.7 million and funds returned to government tripled over FY22 at \$68.1 million returned to government in income tax equivalents and dividends declared.

Throughout FY23 our activities were guided by three strategic directions:



Housing: Increasing affordability, supply and diversity of new housing



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



Leadership: Demonstrate excellence in sustainable development and planning practice.



Housing – increase affordability, supply and diversity

In FY23, eight projects released sites to the market. These projects are expected to deliver a combined total of 2,216 dwellings, of which:

- 20 home sites sold to retail buyers at a price that is affordable to households earning a moderate income
- 237 home sites (>10%) will be affordable rental housing, managed by registered community housing providers
- 73 home sites are for social housing, delivered in partnership with the NSW Land and Housing Corporation
- 924 home sites are for diverse housing, including:
 - dual occupancies
 - seniors housing
 - terrace homes
 - apartments with direct ground floor garden entries
 - homes above a new school, being explored by School Infrastructure NSW
- 509 home sites for universal housing, also known as liveable housing, to help ensure:
 - that any person can use a dwelling, irrespective of age, level of mobility, or condition of health
 - homes can adapt to accommodate changing needs, such as ageing in place, or supporting those with disability.

Updates to our Housing Policy

In February 2023 we updated our Housing Policy to reflect the Ministerial Statement of Priorities, including a 20% target for affordable housing in regional areas in addition to the existing target of at least 10% affordable housing in metropolitan areas. Other changes include:

- a minimum 10% requirement for affordable rental housing in regional areas (as a subset of the 20% affordable housing target)
- new design principles which articulate our commitment to design quality.

Landcom's targets for diverse housing and universal housing remain in place:

- At least 15% of new homes must be diverse housing, this includes housing that increases the mix of housing stock in the area in terms of its size and built form, specific resident needs, such as student or senior housing, and/or tenure, to meet the diverse housing needs of the community
- At least 30% of new medium and high-density homes must be universal housing which is housing that meets or exceeds Livable Housing Australia's Silver Level Certification requirements. We also encourage universal design for detached housing.

Our portfolio of projects subject to the Housing Policy are on track to meet the affordable housing, diverse housing and universal housing targets.



Partnerships – to unlock opportunities and improve delivery

We progressed funding opportunities with the National Housing Finance and Investment Corporation including finalising the agreement for the Burdekin Road development, Schofields. Negotiations for a new funding arrangement for Macarthur Gardens North are underway.

Regional partnerships cemented during FY23 lay the foundations for Landcom to support housing supply across NSW. These include:

- **Central Tablelands region:** a Memorandum of Understanding with Orange City Council to provide affordable housing options for low to moderate income households
- **Northern Rivers region:** a Memorandum of Understanding with Northern Rivers Reconstruction Corporation to deliver sustainable and affordable housing options across the region



- **Central Coast region:** a Heads of Agreement with Darkinjung Local Aboriginal Land Council to unlock a project that will deliver increased housing affordability, supply, and diversity in the interest of Darkinjung’s members and the wider Central Coast community. Early investigation suggests the site at 405-415 Pacific Highway, Lake Munmorah, could accommodate 385 new dwellings.

 **Leadership - excellence in sustainable development and planning**

Leading in affordable housing

In FY23 we demonstrated leadership with our newly established Affordable Housing Business Unit. The Unit continued to progress partnerships to support a program of scalable and feasible affordable rental housing projects in metropolitan and regional NSW.

This Program includes two sites in the Northern Rivers region with capacity for 56 affordable homes for a Part 1 RFP process, supported by a combined maximum \$10 million funding from Australian and NSW government programs. The Part 2 RFP process is anticipated to be released in the first half of FY24.

We are seeking requests for proposals from community housing providers to provide around 144 affordable rental homes within the Macarthur Gardens North project at Goldsmith Avenue, Campbelltown. Designed with ‘place’ in mind, the new community is underpinned by sustainability principles and quality public domain and built form outcomes. The project is close to public transport, education and employment opportunities.

Leading with build-to-rent pilots in the regions

The NSW Government has tasked Landcom to deliver build-to-rent pilot projects to help increase the supply of secure rental housing in regional NSW. Under the project, we will identify existing surplus government land, work with local government on potential sites, and look for opportunities to acquire land to build on in the South Coast and in the Northern Rivers region. Each project is expected to deliver between 50-60 dwellings, subject to site, costs, and approvals.

Leading in sustainable housing and community development

Every Landcom project is unique and requires a bespoke approach to environmental sustainability. We use the sustainability modelling tool PRECINX to identify opportunities for performance improvement across our Energy & Emissions and Water targets. Our approach includes influencing the reduction of greenhouse gas emissions (stationary and transport) at a precinct scale across our communities and influencing the onsite production of renewable energy. We look at the reduction of potable water use across a precinct and opportunities for recycling and reuse. We also set ourselves targets to limit stormwater discharge pollutant loads from our sites to minimise downstream water quality impacts in the communities we develop.

We believe it is important to have independent verification of our sustainability performance and this is reflected in our targets for Environmental Management. We adopt independent third-party rating tools and certifications, or exceeding regulatory requirements.

Landcom’s community development considers how well a place delivers quality of life to its communities and the resilience of those communities. It encompasses economic prosperity and affordability, social stability and equity, accessibility, education, health and wellbeing, and integration of culture and heritage.

We consider where people will work, learn, spend their leisure time and how they move from place to place. Landcom believes that the built environment should incorporate green spaces and retain a connection to our natural habitats for the benefit of the environment and our communities. Landcom addresses liveability through the following focus areas:

- Health, Equity and Inclusion, Community Connection and Safety
- Affordability and Diversity
- Design through Engagement.

Each of these focus areas includes a suite of targets to measure our success.

Landcom’s areas of activity

- Unlock strategic and complex government sites for development
- Lead in sustainable and climate resilient projects
- Coordinate development of land with fragmented ownership
- Masterplan land for housing, community facilities and infrastructure
- Lead rezonings and coordinate approvals to unlock value
- Lead community and stakeholder engagement
- Partner with the community housing sector
- Collaborate with the development industry and government
- Use our divestment expertise and execution for superlot sales
- Partner with a broad range of landowners and developers
- Provide a comprehensive retail sales function to home sites buyers



To read more about the sustainability achievements throughout FY23, see our FY23 Sustainability Report.

Setting the bar for industry innovation

Innovation at Landcom includes examining what and where we build, speed of construction and how we finance our program.

- Modular housing: our working group is exploring the viability of modular housing to deliver homes faster and with lower construction costs, particularly to regional areas and where housing stress is considerable. A number of pathways to deliver modular housing are under review, and potential suppliers identified
- Build-to-rent pilots in regional NSW are underway (See Our Strategy, page 26.)

Performance against Statement of Corporate Intent

	FY23 Actual	FY23 SCI
Sales revenue	\$276.7m	\$336.3m
Gross margin*	\$129.1m	\$120.4m
Earnings before interest and tax	\$86.4m	\$70.8m
Net profit after tax	\$60.2m	\$49.8m
Return to government - tax	\$25.8m	\$21.3m
Return to government - dividend	\$42.3m	\$34.9m
Return to government - GGF	0	0
Return on equity	9%	7%
Dwellings settled**	2,313	2,627

* The variance in gross margin is primarily due to the difference in sales mix delivered.

** Dwellings reported are land lots settled in the financial year for construction of homes.

Landcom settled 2,313 dwellings in FY23. This represents a shortfall of 314 against our target for the year. This shortfall is mainly due to delays in registration for Newbrook (Airds), Hillcroft (Claymore) and Edmondson Park projects which will now settle in FY24.

Performance against non-financial commitments

The FY23 non-financial performance targets combine ongoing and specific FY23 targets. These targets are on track. In addition, notable project milestones realised in FY23 are detailed below:

- settled Lachlan's Line and Green Square (1,536 dwellings)
- finalised site acquisition, North Wilton, south west Sydney
- commenced construction on Stage 1 North Wilton, which will deliver 199 dwellings to the market, with settlements forecast in FY24
- commenced construction at Schofields expected to deliver 103 dwellings to market including up to 10% affordable housing dwellings
- released and sold Norwest and Hills Showground sites.

State Significant Development Approvals were received for Bella Vista Station Precinct and Kellyville Station Precinct. Combined, these will achieve:

- 457,000m² residential space, including a minimum of 5% dedicated affordable housing
- 151,000m² commercial space
- 25,700m² retail space
- more than 80,000m² of public open space including new town centre plazas, local parks, and cycling and pedestrian paths
- 15,000m² of community space, including a new community facility and new school.

Progressing projects through rezoning, community building and new memorandum of understanding

- Bella Vista Pocket Park opened with an average 20-30 place making events each month
- Norwest and Cherrybrook were rezoned
- North Tuncurry site was rezoned for 2,100 homes on a 615 hectare site, of which more than 200 will be managed as affordable rental housing
- The Memorandum of Understanding signed with Orange City Council will provide affordable housing options on council-owned sites for low to moderate income households
- The Memorandum of Understanding signed with Northern Rivers Reconstruction Corporation will provide sustainable and affordable housing options in the region
- The Heads of Agreement with Darkinjung Local Aboriginal Land Council will increase housing affordability, supply and diversity in the interest of Darkinjung's members and the wider Central Coast community.

Shaping the year ahead



Increase housing supply

- Austral – Commencing sales releases and civil works
- Bella Vista and Kellyville – Lodging Development Application's for the creation of roads and public spaces that will unlock housing sites
- Bulli – Progressing development application for residential subdivision
- Edmondson Park – Obtaining development approvals to increase homes in the Town Centre North and commencing civil construction works. Progressing development application for residential subdivision of Precinct 3
- Glenfield – Finalising site acquisition and lodge first development applications
- Hillcroft (Claymore) – Commencing civil construction for remaining stages
- Lachlan's Line – Securing exchange and settlement of Lots 114 and 115
- Macarthur Gardens North – Commencing civil construction
- Macarthur Heights – Completing Lake Thomson and riparian corridor public space works, commencing playing fields construction and completing the Macarthur Regional Trail link to Botanic Gardens
- Newbrook (Airds) – Continuing civil construction and open spaces
- North Wilton Stage 1 – With construction completed, finalising planning for next stages
- Rooty Hill and Guntawong Rd – Progressing planning applications
- Schofields – Commencing construction of civil works and landscaping
- Tallawong – Delivering Terry Road extension which unlocks development on our sites and neighbouring lands.



Expand to regional NSW

- Fennell Bay – Progressing planning applications
- Hillsborough – Engaging civil contractor and commencing construction work and obtaining approval for a Biodiversity Stewardship site
- North Tuncurry – Progressing state and local Voluntary Planning Agreements to support community infrastructure outcomes, progressing biodiversity approvals and development application documentation, progressing discussions to secure a biodiversity stewardship site for permanent conservation.



Leadership in affordable housing

- Cherrybrook – Increasing the amount affordable housing provided from 5% to 10% through rezoning
- Edmondson Park – Releasing Lot 24 with 65 affordable housing dwellings to market
- Hillsborough – Developing plans for the affordable housing superlots
- Lachlan's Line Lot 117 – Progressing development application approval for 135 affordable housing dwellings utilising our state significant development approval pathway
- Macarthur Gardens North – Progressing tender for Lot R3 with 144 affordable housing lots to market
- Schofields – Commencing civil construction
- Schofields – Finalising negotiations with community housing provider for 49 affordable housing dwellings
- Tallawong – Consolidating affordable housing close to the station to provide better amenity for future occupants.



Build-to-rent pilots in the regions

- Northern Rivers – site acquisition, completing detailed design, and submitting development application
- South Coast – Finalising site acquisition, completing detailed design, and submitting development application.



Management and Accountability

Leadership and organisation structure

We value the passion and dedication of our staff. Our Senior Leaders are instrumental in achieving our strategic goals by inspiring their teams and deepening their relationships with stakeholders.

See page 21 for our governance structure and page 24 for our organisational chart.

Board diversity and remuneration

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

Board	Salary (\$)	Audit & Risk Committee Management (\$)	People & Culture Committee (\$)	Major Projects Oversight Committee (\$)	Super (\$)	Total (\$)
Peter Roberts (Chair) ⁱ	63,250	-	3,905	Variable ^{iv}	7,051	74,206
Pamela Hanrahan (Deputy Chair) ⁱⁱ	42,142	4,260	6,222	-	5,525	58,149
John Barbeler	39,700	6,400	-	-	4,841	50,941
Susan MacDonald	39,700	4,260	-	-	4,616	48,576
Trent Alston ⁱⁱⁱ	39,700	-	4,438	-	4,634	48,772
Selina Short	39,700	-	4,260	-	4,616	48,576

i Resigned 31 May 2023

ii Commenced additional capacity as Deputy Chair on 1 June 2023 following Chair resignation and stepped down as People & Culture Committee Chair on 31 May 2023

iii Commenced as People & Culture Committee Chair on 1 June 2023

iv Only when requested and advised by Company Secretary \$2,500 + super

Executive diversity and remuneration

Executive remuneration

Band	Remuneration	Average ⁱ		
		2023 \$	2022 \$	2021 \$
Band 4	(Secretary)	638,600	621,666	615,502
Band 3	(Deputy Secretary)	439,937	428,067	420,635
Band 2	(Executive Director)	-	-	335,000
Band 1	(Director)	-	248,175	224,037

i Average is based on the average of all incumbents, as full-time equivalents (FTE). We use the NSW Government's salary banding for annual report



Executive diversity

Band	Headcount	2023		2022		2021	
		Female	Male	Female	Male	Female	Male
Band 4	(Secretary)	-	1	-	(3) ⁱ	-	1
Band 3	(Deputy Secretary)	4	(4) ⁱⁱⁱ	3	(4) ⁱⁱ	3	3
Band 2	(Executive Director)	-	-	1	-	1	-
Band 1	(Director)	(0) ^v	-	1	(1) ^{iv}	1	-
Totals		4	5	5	8	5	4

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 Male substantive role holder left 22 July 2022, male replacement and male substantive role holder left 30 June 2023, replacement commences July 2023 - no replacement as yet

iv Interim male replacement covering female substantive role holder 20 April 2022 - 16 December 2022

v Female role no longer reported as part of the Executive Charter

Staff employed, or acting, in recurrent senior executive roles represented 17.7% of total net employee related expenditure in FY23, compared with 18.5% in FY22. The 0.8 percentage point decrease is due to prior year expense including a one-off adjustment arising from a gender pay review. Staff employed, or acting, in recurrent senior executive roles represented 11.3% (FY22: 11.7%) of total gross employee related expenditure in FY23.

The Landcom team: Three-year comparison

Staff numbers by employment type	Gender	FY23	FY22	FY21
Full time	Female	80	79	81
	Male	83	82	77
Part time	Female	6	13	11
	Male	1	1	1
Total		170	175	170

Staff numbers by contract type	Gender	FY23	FY22	FY21
Award staff	Female	70	72	72
	Male	62	58	52
Non-award contract staff	Female	16	20	20
	Male	22	25	26
Total		170	175	170

Award staff breakdown	Gender	FY23	FY22	FY21
Permanent	Female	66	64	61
	Male	57	53	42
Fixed term	Female	4	8	11
	Male	5	5	10
Total		132	130	124



Non-award contract staff breakdown	Gender	FY23	FY22	FY21
Permanent	Female	13	18	18
	Male	21	23	24
Fixed term	Female	3	2	2
	Male	1	2	2
Total		38	45	46

Location of employees (at last pay FY23)	Female	Male	Total
Parramatta	85	81	166
Other	1	3	4
Total	86	84	170

Employee turnover and new starters by gender and age group

Age group	Gender	FY23	New Starters	Leavers
<30 years	Female	19	7	5
	Male	17	8	1
	Total	36	15	6
30-50 years	Female	55	7	9
	Male	53	10	11
	Total	108	17	20
> 50 years	Female	12	-	6
	Male	14	-	5
	Total	26	0	11
All	Female	86	14	20
	Male	84	18	17
	Total	170	32	37

Turnover	Gender	FY23	FY22	FY21
New starters	Female	14	18	14
	Male	18	20	11
	Total	32	38	25
Leavers	Female	20	18	10
	Male	17	16	9
	Total	37	34	19

Ratio of average base pay of female to male	FY23	FY22	FY21
Award staff	93.4%	94.9%	93.0%
Non-award contract staff	97.2%	93.5%	89.0%
All staff	88.5%	88.2%	-



Parental Leave

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

Gender	Entitled	Not entitled
Female	77	9
Male	72	12
Total	149	21

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

Gender	Leave taken
Female	5
Male	4
Total	9

Total number of employees that returned to work, continue 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	4	1	2
Male	4	0	1
Total	8	1	3

A return to work rate based on number of eligible returns to those who left during or within 12 months

Gender	Eligible to return	Left during or within 12 months from return from parental Leave	% Left during or within 12 months from return from parental Leave
Female	4	2	50.0%
Male	4	1	25.0%
Total	8	3	37.5%



Leadership skills development

Our team has a diverse range of leadership skills covering both projects and corporate knowledge. A fundamental part of ensuring our skills are fit for purpose is aligned to our Capability Framework which was launched in June 2022.

Over the last 12 months, we have embedded our Capability Framework by:

- embedding capabilities across all Landcom Position Descriptions, including the Senior Leaders Team and Executive Committee
- embedding a capability led approach to recruitment
- building our Learning Plan around Core, Leadership and Technical Capabilities.

Our staff learning experiences include:

- Leadership Self and Awareness
- Leading for High Performance
- The Lead2Inspire Program for senior leaders, which aims to build a growth mindset, courageous conversations, resilience and the ability to lead change, and decisiveness and judgment.

Landcom has also sought to build the skills of our people in the area of diversity, with cultural competency training for all staff, intersectionality training and enabling select staff to undertake an accredited Allyship Program with Evolve as part of our commitment to reconciliation.





Workforce diversity performance

Workforce diversity group	Benchmark	FY23	FY22	FY21
Women	50.0%	50.6%	52.6%	53.5%
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%	35.9%	32.6%	29.6%
People with a disability	5.6%	11.8%	10.3%	8.2%
People with a disability, requiring work related adjustments	n/a	1.2%	1.1%	0.0%

1.

Coaching for leaders and staff in anti-bullying, harassment and discrimination as part of our mandatory compliance training program, including training new staff on these areas

2.

Celebrations for multiple days of significance including International Women's Day (with a Board and all-staff event), NAIDOC Week, Harmony Day and International Day of Disability

3.

Internal communications campaign highlighting the diversity of our staff's interests and backgrounds

8.

Gender best practice activities at the recruitment stage to drive diverse shortlists, diverse hiring panels and aim to identify candidates of different backgrounds

We pride ourselves on our diverse approach to our workforce and held several diversity initiatives in FY23.

4.

Cultural competency training for all Landcom staff through e-learning and an all-staff webinar. This also included staff becoming accredited Allies through Evolve's 7 Steps Framework designed to promote stronger cultural competency and understanding

7.

A Gender Pay Analysis in partnership with Mercer Consulting (Australia) to ensure that we are remunerating fairly at Landcom. This has resulted in a reduction in the gender pay gap from 12.6% in favour of males in 2021 to 8.8% in favour of males in 2022

6.

An Intersectionality Forum for all staff with a keynote speaker, Dr Cate Thomas, to support staff in understanding and examining their own biases and intersectional needs across the workplace

5.

The Positive Action towards Career Engagement Mentoring Program in partnership with the Australian Network on Disability, enabling five Landcom staff to mentor disabled university students and support their career progression and growth

Over the next 12 months, we will continue to drive the above initiatives, including continuing to close the gender pay gap, developing an Aboriginal employment strategy and furthering our efforts in disability inclusion.



Disability inclusion action plans

As part of our commitment to our Diversity and Inclusion Action Plan, we participated in the Australian Network on Disability's Positive Action Towards Career Engagement Program. Five Landcom mentors partnered with disabled university students to help support the students' progression into full-time employment aligned to their skills and aspirations.

We are also partnering with the Australian Network on Disability to review our Disability Inclusion Action Plan in FY24 to ensure it is fit-for-purpose. We will apply inclusive workplace design practices in our new office fit out planned for FY24.

Work health and safety

We remain committed to our Health, Safety and Environment (HSE) Policy and Framework, which states:

- 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.
- We encourage our people to live happy, healthy lives, with healthy bodies and minds, and in healthy places.

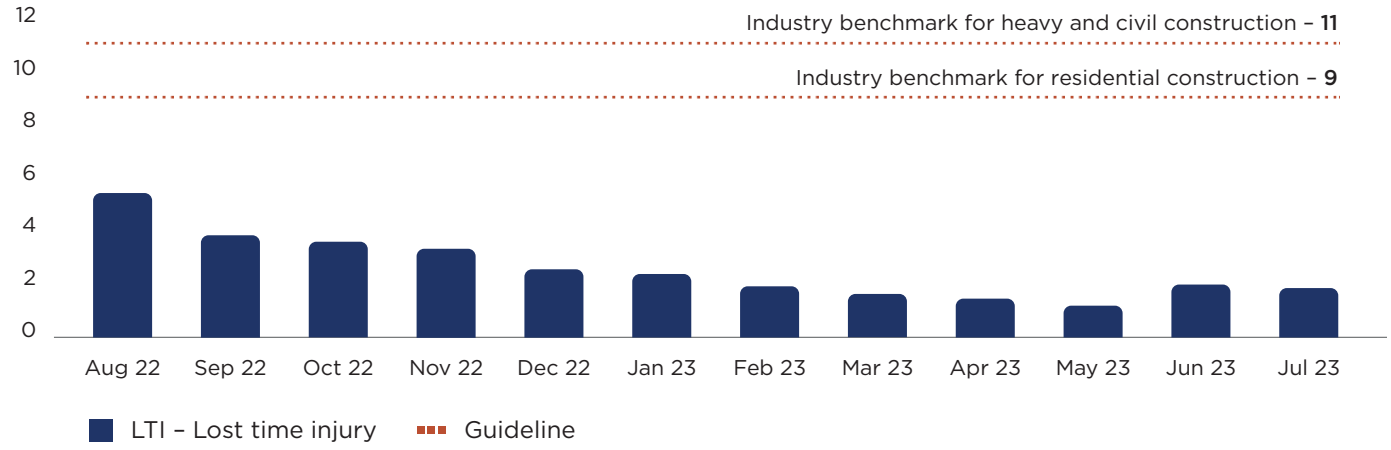
Our commitment to protecting and enhancing the natural and built environment recognises that a successful future for our business is dependent on the sustainability of the environments, communities and economies in which we operate.

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.

Incident statistics – Injuries and prosecutions under the *Work Health and Safety Act 2011*

Lost Time Injury Frequency Rate (LTIFR) – Employees	0
Lost Time Injury Frequency Rate – Contractors	2
Prosecutions under the Act, FY23	0

Consolidated average contractor LTIFR across active construction sites*



* Sites where the primary PCBU is the Principal Contractor



Legislation

In FY23, the following significant judicial decisions and legislative changes occurred which have or will impact on areas of Landcom's business:

Amendment to the Privacy & Personal Information Protection Act 1998 (NSW)

The amendments to the Privacy & Personal Information Protection Act commence in November 2023 which will:

- Broaden the scope of the term "Public Sector Agency" to include state owned corporations. As a result, Landcom will need to ensure that all necessary systems, processes and documentation are in place in order to be fully compliant on commencement of the changes;
- Establish a new mandatory data breach notification scheme for Public Sector Agencies; and
- Require a Data Breach Policy to be published and an internal register maintained for eligible data breaches.

Unfair contract terms changes under the Australian Consumer Law

Effective from 9 November 2023, reforms to the unfair contract terms regime under the Australian Consumer Law will come into effect. The reforms broaden the scope of the unfair contract terms regime to apply to more small businesses. The reforms also broaden the definition of a 'standard form contract' and also greatly increase the consequences for including an unfair term in a 'small business contract'. It is expected that there will be increased scrutiny from the Australian Competition and Consumer Commission, who welcomed these changes.

New Work, Health & Safety Amendment Regulation 2022

The Work, Health & Safety Regulation 2017 was amended in September 2022. The most relevant change to Landcom was to give effect to the Model Work Health and Safety Legislation Amendment 2022 by requiring a person undertaking a business or undertaking to manage psychosocial risks.

Landcom v Commission of Taxation [2022] FCA 510 and Commissioner of Taxation v Landcom [2022] FCAFC 204

In February 2020, Landcom sought a private ruling from the Commissioner with respect to the application of item 4 GST Concession that is only available for government entities. The Commissioner, in its private ruling, held that where there are multiple lots in a single sale, there should only be one GST application for that sale rather than different GST applications for each lot within that sale. Landcom appealed the private ruling. In May 2022, the Federal Court of Australia found that:

- the Commissioner's ruling was incorrect, and each lot in a single sale should be treated with its own GST application.

The Commissioner appealed the Court's decision on the GST application. In December 2022, the Full Court of the Federal Court upheld the Federal Court of Australia's original decision.

Disclosure of approved exemptions

Disclosure of approved exemptions are included in the Appendix, see page 98.



Public access to information and the protection of privacy

Privacy & Personal Information Protection Act 1998 (PPIPA) Requirements

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
- only disclose personal information to third parties if:
 - in accordance with the collection notice provided
 - we are authorised or required to by law
 - we have verbal or written authority or we can reasonably assume, in the circumstances, that the person would give consent
 - there is a danger of injury or loss of life.

In FY23, we:

- conducted a Privacy Compliance Review to prepare Landcom to be fully compliant when the amendments to the *Privacy & Personal Information Protection Act 1998* commence in November 2023
- 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 frequently handle personal information
- further embedded the requirement for privacy impact assessments to be undertaken for relevant new engagements, and
- participated in privacy practitioner's network events and seminars.

Government Information (Public Access) Act 2009 (formal access applications)

During the reporting period, Landcom received one formal access application under the *Government Information (Public Access) Act 2009* (NSW) which was immediately withdrawn as it had been made to the wrong public authority.

The following tables contain statistical information about the formal access applications decided in FY23.



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	1

* 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	1
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
Privilege generally – Sch 1(5A)	0
Information provided to High Risk Offenders Assessment Committee	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 *Government Information (Public Access) Act 2009* (NSW), 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 and categories of information that are frequently requested, including input from staff
- determined that there were no specific additional categories of information that were being regularly requested in the informal requests for information
- 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, and we have adopted this practice as an effective way to build and maintain credibility.

Public Interest Disclosures Act 1994

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

	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 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	Messages and posters on bulletin boards, training provided to new staff during induction, copies of Landcom's Public Interest Disclosures & Internal Reporting Policy and Procedure on bulletin boards, links to the Public Interest Disclosures & Internal Reporting Policy and Procedure on the Landcom intranet, general awareness training provided to new staff.		



Internal audit and risk management

Risk management framework, implementation, and monitoring

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 Standard AS ISO 31000:2018 Risk Management – Guidelines. The Enterprise Risk Management Framework is reviewed at least annually for currency and to ensure the approach to risk management continues to be sound.

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.

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, Responsibility and Accountability: assessing, controlling and mitigating risk through management controls and internal control measures such as internal policies and procedures;
- Line 2 – Oversight: identifying, documenting and reporting risks, developing policies, procedures and internal controls, and monitoring of risk through risk management, compliance and safety functions; and
- Line 3 – Assurance: independent and objective assurance over all governance and risk management activities through an internal audit function.

The Enterprise Risk Management Framework was last approved by the Board in March 2023.

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
- review our Enterprise Risk Management Framework annually to continually improve 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.

Insurance

Landcom is insured through the NSW Treasury Managed Fund. 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) and provides cover for motor vehicle, property, public/product liability, professional indemnity, director and officer liability, and workers compensation.

We completed our FY23–24 Renewal Declarations for the Treasury Managed Fund in September 2022 and all policies have been renewed for the current policy period.



Internal audit

Landcom has co-sourced the internal audit function, led by our 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.

Key internal and external risks that affected the ability to achieve outcomes / objectives

Landcom is exposed to a range of political, economic, industrial, commercial and operational, legal and regulatory, social, technological, sustainability and environmental risks.

In FY23 the Board and Management reviewed its Risk Appetite Statement and strategic risks against the new FY24-27 Strategic Plan to ensure that the key internal and external risks were commensurate with our Strategic Priorities. These strategic risks are monitored continually by the Board.

In addition, Landcom puts processes in place to reduce inherent risks and manage residual risks across the Corporation, including the Executive Committee participating in quarterly risk workshops to review Landcom's Strategic Risk Register and Operational Risk Register.

Cyber Security Policy attestation

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 April 2022 with a surveillance audit in April 2023. 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 the National Institute of Standards and Technology's Cybersecurity Framework and the Australian Signals Directorate's Essential 8 Assessment Process Guide.

In FY23 Landcom has implemented the following:

- Secured the services of a leading cyber incidence response partner
- Improved our maturity score across the mandatory 25 and ASD Essential 8 metrics, and
- Conducted an internal audit focused on IT governance and strategy.

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, the Executive team have oversight of cyber security through regular reporting.

Miscellaneous activities

Production cost of Annual Report

The FY23 Annual Report total cost of production is estimated at approximately \$15,400.

Consultants

A total of \$413,000 was spent on consultants, primarily relating to various studies and assessments of affordable housing and community design.

Promotions and overseas visits

During FY23 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
- 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
- fact sheets, information booklets and other print collateral.

Overseas visits

During the reporting period there were no overseas visits.



Sustainability

Taskforce for Climate Related Financial Disclosures Progress

Landcom recognises the systemic threat posed by climate change and the need for urgent mitigating action.

Landcom also acknowledges that not only will climate change impact our operations, but that our operations in turn have an impact on the climate. In 2018 Landcom launched its Sustainable Places Strategy, directly aligned to the Sustainable Development Goals, Paris Agreement and 100 Resilient Cities Program (now Resilient Cities Network).

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 continues to mature our overall approach to mitigating the risks of climate change to our organisation. Landcom first adopted the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) in FY20 and began progressively disclosing each year and working towards full alignment.

In FY23, we began a process to mature our approach for climate risk assessment. We are moving towards a portfolio-based assessment and tracking platform to better identify standard risks and mitigation approaches. This platform will provide a mechanism for continual improvement and support progress tracking of adaptation actions throughout the entire lifecycle of a project. As part of this update, our projects will now consider transition risks alongside physical risks. It is expected that this new process will help Landcom better manage climate risks at both the organisational and project levels. All new projects from FY24 will use this platform.

We recognise that there will always be space for continuous improvement and maturity when responding to climate change risks and opportunities. We are aligning with the TCFDs as it is leading practice, and our disclosures are presented with consideration to the interests of our stakeholders.

Landcom further understand that the new sustainability standards issued by the International Sustainability Standards Board (ISSB) through the International Financial Reporting Standards (IFRS) Foundation have fully incorporated the recommendations of the TCFD. Our voluntary alignment with the TCFD places us well for both of the upcoming sustainability and climate-related disclosure standards.

For more detail on Landcom's TCFD, please see Appendix B FY23 Sustainability Report.

Modern Slavery Act 2018

The Modern Slavery Act 2018 (Cth) took effect on 1 January 2019. The Act requires entities with an annual revenue of \$100 million or more based or operating in Australia to prepare annual statements on potential modern slavery risks in their operations and supply chains and disclose the steps they have taken in addressing those risks.

In FY23, Landcom took the following actions to mitigate these risks:

- Matured our approach to identify and report incidents of modern slavery with the introduction of an independent grievance mechanism, Speak Up. This is an anonymous reporting system for internal and external stakeholders managed by Core Integrity.
- Adopted a remediation plan that guides Landcom on what to do when a report of modern slavery is made, informed by independent human rights experts and aligned to the United Nations Guideline Principles on Business Human Rights. Our approach to remediation is based on the core principles: Identify, Escalate, and Repair.
- Maintained membership of the Property Council Modern Slavery Working Group, which facilitated research and guidance reports led by academia and industry experts on human rights. As part of this consortium Landcom participated in industry consultation for the Review of the Modern Slavery Act 2018 (Commonwealth).
- Continued to use the 'Supplier Platform', created by the consortium in 2019. The Platform provides a consistent approach to engagement on modern slavery across the industry's shared supply chain and leverages the consortium's collective influence to mitigate or remediate instances of modern slavery.
- Continued to adopt supplier pre-qualification requirements for contracts with a value over \$150,000, which includes training and completion of the Supplier Platform questionnaire.
- Continued to embed contract clauses requiring principal contractors or consultants to notify Landcom of suspected or confirmed incidents of modern slavery, and to collaborate with us in any investigation or remedy.
- Adopted a new integrated management system 'Safe Me' for work, health and safety or environmental notifications. The system automatically alerts key Landcom staff when an incident is lodged.

Increasing awareness of modern slavery remains at the heart of tackling this human rights matter. Staff compliance training is required of Landcom staff (and certain contractors) to ensure our people are alert to modern slavery and know how to raise concerns.



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 2023, the Statement of Financial Position as at 30 June 2023, 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).

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

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 2023. 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.

**Key Audit Matter****How my audit addressed the matter****Measurement of inventory**

At 30 June 2023, the Corporation's Statement of Financial Position reported \$398.0 million as inventories.

The Corporation has a portfolio of long-term land development projects, classified as inventories, that are being developed for future sale.

Inventory is measured at the lower of cost and net realisable value (NRV), which is assessed at each reporting date.

The cost of inventory includes land acquisition costs, development costs and capitalised overhead associated with bringing the inventory to its present location and condition.

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.

This is a key audit matter because:

- 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.

Further information on recognition and measurement of inventories is disclosed in Note 10.

Key audit procedures included:

- obtaining profitability forecasts for each of the projects and assessed management's review and certification of the recoverability of inventories at reporting date
- selecting a sample of projects to perform the following procedures:
 - inquiring of management to understand the status of selected projects, including the related key project risks, opportunities and changes in general macro-economic factors on forecasts
 - reviewing documentation that supports the basis of significant judgements and estimates made to forecast future sales and costs to complete (this included independent valuation reports, evidence of sales data for comparable properties, committed costs under contracts, external and internal cost and price estimates)
 - testing additions to the cost of inventory, on a sample basis, to ensure they qualified for capitalisation and were directly attributable to the relevant project
 - comparing the carrying value to the selected project's NRV to assess whether any write down was required.

Provision for cost to complete projects

At 30 June 2023, the Corporation's Statement of Financial Position reported \$82.8 million in provision for cost to complete projects (the provision).

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.

This is a key audit matter because:

- 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.

Further information on recognition and measurement of the provision for costs to complete projects is disclosed in Note 18(ii) and a reconciliation of the movements in the balance is disclosed in Note 18(i).

Key audit procedures included:

- reviewing the nature and value of the provision and any changes from the prior year to determine the reasonableness of the current year provision
- reviewing management's certification of the accuracy of the provision balance at reporting date
- selecting a sample of projects to perform the following procedures:
 - inquiring of management to understand the status of selected projects and basis for recognising a provision
 - reviewing documentation to assess the reasonableness of significant judgements and estimates made to calculate the provision with regard to current contract rates, committed costs and other cost estimates
 - testing movements in the provision for selected projects to assess that they were attributable to the relevant project provision

**Key Audit Matter****How my audit addressed the matter**

- reviewing the appropriateness of the rate used to index future cost estimates and discount the provision, and the mathematical accuracy of the calculation.

Valuation of defined benefit superannuation liabilities

At 30 June 2023, the Corporation's Statement of Financial Position reported net defined benefit superannuation liabilities totalling \$4.2 million. This liability balance is provided to the Corporation by the Administrator of the SAS Trustee Corporation based on an independent actuarial assessment.

This is a key audit matter because:

- the gross balances of the defined benefit obligation and fair value of fund assets are financially significant
- the underlying liability valuation model (the model) is complex due to the significant degree of judgment required to determine key assumptions used to value the liability
- the value of the liability is sensitive to minor changes in valuation inputs.

Further information on the significant actuarial assumptions and sensitivity analysis is disclosed in Note 21.

Key audit procedures included:

- obtaining an understanding of the processes and key controls in place supporting the:
 - membership data used in the model
 - defined benefit superannuation liability calculation
- assessing the completeness and accuracy of the membership data used in the model
- with the assistance of actuarial experts, reviewing the methodology and key assumptions for reasonableness
- assessing the qualifications, competence and objectivity of actuarial experts
- assessing 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 is responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards, the GSF Act, GSF Regulation and 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.

Chris Harper
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

6 September 2023
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 2023 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:

Professor Pamela Hanrahan
Deputy Chair

John Barbeler
Director

31 August 2023
Sydney



Financial statements and notes

Statement of comprehensive income

for the year ended 30 June 2023

	Notes	30 June 2023 \$'000	30 June 2022 \$'000
Revenue from contracts with customers	4	276,714	161,508
Cost of sales	10	(147,639)	(92,083)
Gross Profit		129,075	69,425
Other revenue	5	94	96
Finance income	6	9,248	2,016
Employee related expenses	20	(23,297)	(20,815)
Other expenses	7	(16,296)	(18,905)
Depreciation and amortisation expense	16	(3,218)	(2,865)
Finance costs	6	(9,617)	(197)
Profit before income tax equivalent expense		85,989	28,755
Income tax equivalent expense	22(i)	(25,797)	(8,627)
Net profit for the year		60,192	20,128
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Superannuation actuarial gain on defined benefit plans	21(vi)	1,386	4,336
Income tax equivalent expense	22(i)	(416)	(1,301)
Total items that will not be reclassified to profit or loss		970	3,035
Other comprehensive income for the year (net of income tax equivalent)		970	3,035
Total comprehensive income for the year		61,162	23,163

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 2023

	Notes	30 June 2023 \$'000	30 June 2022 \$'000
Assets			
Current Assets			
Cash and cash equivalents	8	287,778	317,936
Trade and other receivables	9	66,158	11,437
Inventories	10	196,003	190,044
Prepayments	12	3,943	7,383
Total Current Assets		553,882	526,800
Non-Current Assets			
Trade and other receivables	9	92,861	9,356
Inventories	10	202,001	290,276
Property, plant and equipment	13	1,250	1,452
Right-of-use assets	15	9,270	10,218
Intangible assets	14	1,799	1,776
Deferred tax assets	22(ii)	30,561	36,513
Total Non-Current Assets		337,742	349,591
TOTAL ASSETS		891,624	876,391
Liabilities			
Current Liabilities			
Trade and other payables	11	91,985	79,386
Lease liabilities	15	1,807	2,151
Current tax liability	22(iii)	16,702	2,176
Provisions	18	83,748	85,604
Total Current Liabilities		194,242	169,317
Non-Current Liabilities			
Trade and other payables	11	6,990	6,536
Borrowings	17	863	-
Lease liabilities	15	8,071	8,748
Provisions	18	11,137	40,362
Total Non-Current Liabilities		27,061	55,646
TOTAL LIABILITIES		221,303	224,963
NET ASSETS		670,321	651,428
Equity			
Contributed capital	23	272,827	272,827
Retained earnings		397,494	378,601
TOTAL EQUITY		670,321	651,428

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 2023

	Notes	30 June 2023 \$'000	30 June 2022 \$'000
Cash flows from operating activities			
Receipts from customers		95,932	276,484
Interest received		8,679	1,128
Government grants received		214	-
Payments to suppliers and employees		(113,225)	(159,527)
Income tax equivalent paid	22(iii)	(5,735)	(14,423)
Finance costs		(275)	(197)
Net cash flows (used in)/from operating activities	8	(14,410)	103,465
Cash flows from investing activities			
Payments for property, plant and equipment and intangibles		(835)	(545)
Proceeds from sale of property, plant and equipment		10	-
Net cash flows used in investing activities		(825)	(545)
Cash flows from financing activities			
Proceeds from borrowings		856	-
Principal element of lease payments		(2,110)	(2,177)
Dividends paid to NSW Treasury		(13,669)	(10,818)
Net cash flows used in financing activities		(14,923)	(12,995)
Net (decrease)/increase in cash and cash equivalents		(30,158)	89,925
Cash and cash equivalents at the beginning of the year		317,936	228,011
Cash and cash equivalents at the end of the year	8	287,778	317,936

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 2023

	Notes	Contributed capital \$'000	Retained earnings \$'000	Total equity \$'000
Balance as at 1 July 2022		272,827	378,601	651,428
Profit for the year ended 30 June 2023		-	60,192	60,192
Other comprehensive income				
Superannuation actuarial gain on defined benefit plans	21(vi)	-	1,386	1,386
Income tax relating to components of other comprehensive income	22(i)	-	(416)	(416)
Total other comprehensive income		-	970	970
Total comprehensive income for the year		-	61,162	61,162
Transactions with owners in their capacity as owners				
Dividends to NSW Treasury	11	-	(42,269)	(42,269)
Total transactions with owners in their capacity as owners		-	(42,269)	(42,269)
Balance as at 30 June 2023		272,827	397,494	670,321
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	21(vi)	-	4,336	4,336
Income tax relating to components of other comprehensive income	22(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	11	-	(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

The above Statement of Changes in Equity is to be read in conjunction with the attached notes to the financial statements.



Notes to the financial statements

Contents

About this report

1	Summary of significant accounting policies	58
2	Key judgements and estimations	59
3	Segment information	59

Financial performance

4	Revenue from contracts with customers	60
5	Other revenue	62
6	Finance income and costs	62
7	Other expenses	63

Working capital management

8	Cash and cash equivalents	64
9	Trade and other receivables	65
10	Inventories	66
11	Trade and other payables	68
12	Prepayments	69

Capital investments

13	Property, plant and equipment	70
14	Intangible assets	72
15	Leases	73
16	Depreciation and amortisation expense	74

Financial and operational risk management

17	Borrowings	75
18	Provisions	75
19	Financial instruments and risk management	78

Reward and recognition

20	Employee related expenses	82
21	Superannuation	83

Other information

22	Income tax equivalent	90
23	Contributed capital	92

Related parties and joint arrangements

24	Related party transactions	93
25	Joint arrangements	94

Unrecognised items

26	Expenditure commitments	94
27	Contingent assets and liabilities	94
28	Events occurring after the reporting period	94



Notes to the Financial Statements

About this report

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 required to help communities grow and thrive. Landcom unlocks surplus or underutilised government-owned sites, or large institutional and/or private 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 established sites.

These financial statements for the year ended 30 June 2023 have been authorised for issue by the Landcom Board of Directors on 31 August 2023.

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*.

Significant accounting policies that describe the recognition and measurement bases used, as well as key judgements and estimates applied in preparing the financial statements, are disclosed in the relevant notes to the financial statements.

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.

Landcom is subject to various macroeconomic factors that are considered in the preparation of the financial statements. These include supply chain pressures driven by supply and labour shortages and construction material price increases, increases in inflation and interest rates and climate related risks. Landcom has a number of initiatives in place to manage and mitigate these factors, and they have not had a material impact to date.

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 the Financial Statements

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 2023 are consistent with those of the previous financial year. Landcom has adopted the following amendment for the first time for the year ended 30 June 2023.

- AASB 2020-3 Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments.

Amendments and interpretations adopted by the Corporation for the year ended 30 June 2023 have not had a significant impact on the current period or any prior period.

(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 2023. 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 Key judgements and estimations

The preparation of financial statements requires estimation and judgement. These are continually evaluated and are based on historical experience as adjusted for current market conditions. The areas of the financial statements involving a higher degree of estimation or judgement are included in the following notes:

Note	Note Reference	Page number of relevant estimate
4	Revenue from contracts with customers	61
10	Inventories	67
15	Leases	74
18	Provisions	77
19	Financial instruments and risk management	79
21	Superannuation	83
22	Income tax equivalent expense	92

3 Segment information

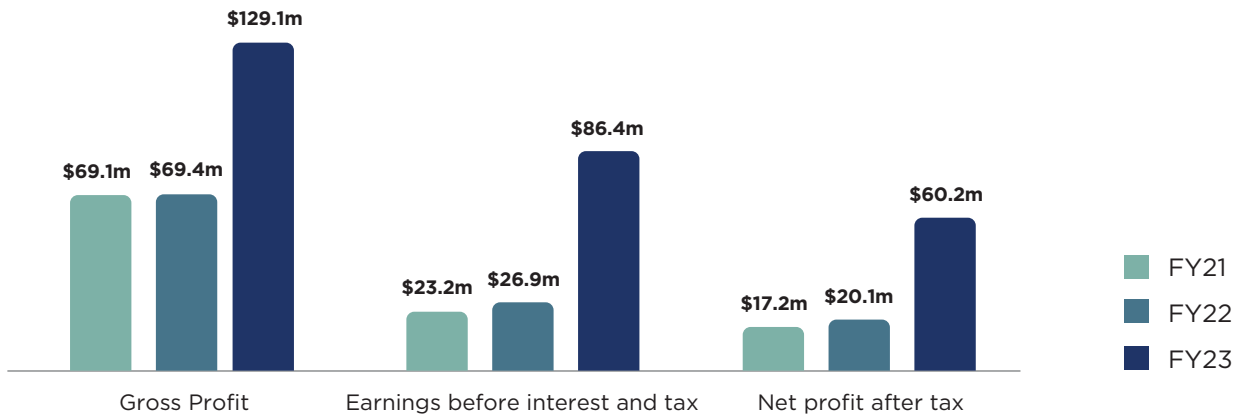
Landcom has historically and in the current year operated within one business segment and one geographical segment. Consequently, segment information for 30 June 2023 and 30 June 2022 has not been reported.



Notes to the Financial Statements

Financial performance

Three year performance review



4 Revenue from contracts with customers

	30 June 2023 \$'000	30 June 2022 \$'000
Land sales	239,425	52,051
Managed land sales	28,031	97,527
Management fees	9,258	11,930
	276,714	161,508
Timing of revenue recognition		
Transferred at a point in time	253,755	139,434
Transferred over time	22,959	22,074
Revenue from contracts with customers	276,714	161,508

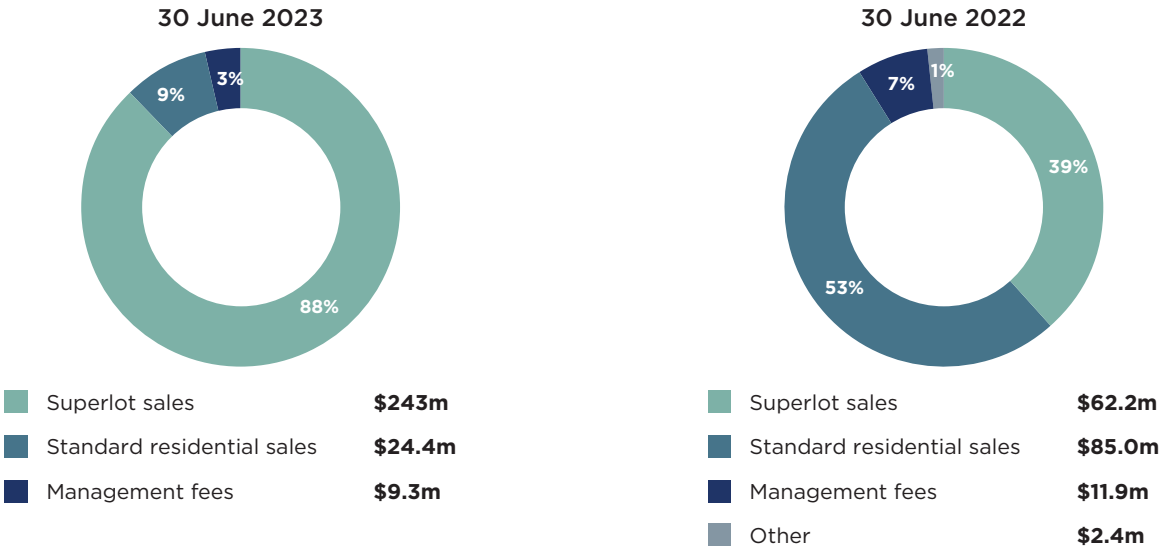
Assets and liabilities related to contracts with customers are disclosed in Note 9 and Note 11 respectively. Landcom has not recognised assets for contract costs, such as commissions and legal fees on sales to fulfil contracts. These costs are generally incurred within the same period that the respective contracts' performance obligations are fulfilled.

Revenue from contracts with customers comprises the following revenue sources, including wholesale (superlot), retail (standard residential), management fee revenue and other revenue (participation fees and rebate releases related to land sales).



Notes to the Financial Statements

4 Revenue from contracts with customers (continued)



(i) Recognition and measurement

Land sales

Landcom derives its revenue from the development and sale of its own land lots to customers. 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. Landcom's sales of land are usually settled within a twelve month period or less, otherwise a recognised receivable is discounted, if significant, to account for the financing component.

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 a 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 per the agreement. Landcom's sales of land are usually settled within a twelve month period or less, otherwise a recognised receivable is discounted, if significant, to account for the financing component.

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 the transaction price stipulated in the agreement. The transaction price and hence the revenue may therefore be variable due to judgemental factors as detailed below.

Key estimate

Revenue derived from managed land sales may be variable due to factors such as market conditions and contractual terms. Variable revenue is recognised only when it is highly probable based on historical experience, relevant forecasts, 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.

The following assumptions are applied:

- Judgement as to when performance obligations are expected to be satisfied for the recognition of the associated revenue.
- Judgement as to the timing of when deferred receivables are expected to be received, subject to the terms of the sale contract, historical experience, forecasts and current economic conditions.

Management fees

Landcom provides property development management services to 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.



Notes to the Financial Statements

5 Other revenue

	30 June 2023 \$'000	30 June 2022 \$'000
Rental income	23	1
Holding cost recoveries	3	49
Forfeiture of reservation and exchange fees	68	46
	94	96

(i) Recognition and measurement

Rental income

Rental income derived from operating leases is recognised on a straight-line basis over the term of the lease.

Recovery of holding costs

Holding costs recoverable from external parties are recognised as income when the associated expenses are incurred.

Forfeiture of reservation/exchange fees

Reservation and exchange fees are primarily derived from non-refundable fees paid to reserve and/or exchange land lots.

Government Grants

Government grants are recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as deferred revenue, and will subsequently be recognised in other revenue as the related expense (cost of sales) is recognised.

Landcom has elected to present any applicable income from government grants on a gross basis, in other revenue, in the Statement of Comprehensive Income, in accordance with AASB 120 Accounting for Government Grants and Disclosure of Government Assistance. At 30 June 2023, total grant proceeds of \$0.2 million (30 June 2022: \$nil), had been received and deferred to the Statement of Financial Position (refer Note 11).

6 Finance income and costs

Finance income

	30 June 2023 \$'000	30 June 2022 \$'000
Interest from bank	8,570	1,102
Net interest income from discounting adjustments	-	888
Interest from delayed settlements	295	21
Interest on deferred settlement proceeds	383	-
Other interest income	-	5
	9,248	2,016



Notes to the Financial Statements

6 Finance income and costs (continued)

(i) Recognition and measurement

Interest income is recognised using the effective interest rate method. Interest income is also recognised on the net unwinding of discounting of assets and liabilities using the effective interest rate method.

Finance costs

	30 June 2023 \$'000	30 June 2022 \$'000
Interest expense from lease liabilities	275	197
Net interest expense from discounting adjustments	9,342	-
	9,617	197

(i) Recognition and measurement

Finance costs consist of interest incurred on lease liabilities and interest expense incurred on the net discounting of assets and liabilities using the effective interest rate method. Interest is recognised as an expense in the period in which it is incurred, unless relating to qualifying capital assets, in which case the applicable interest cost is capitalised as part of the cost of these assets.

Qualifying capital assets are assets that take a substantial period of time to get ready for their intended use or sale.

7 Other expenses

	30 June 2023 \$'000	30 June 2022 \$'000
Advertising, marketing and selling expenses	2,251	3,008
Auditor's remuneration - audit of financial statements	250	242
Operating lease rental expense	200	356
General administrative costs	9,631	8,752
Council rates	663	351
Land tax	6,489	10,421
Recovery of expected credit losses	(50)	-
Adjustment of inventory to net realisable value	2,449	372
Project establishment costs	3,177	3,609
Write back inventory previously written off	(1,085)	(499)
Property and accommodation	39	24
Consultancy fees	413	261
Loss on lease modification	19	-
Loss on disposal of property, plant and equipment	28	35
	24,474	26,932
Transfer of capital costs to inventories (Note 10)	(8,178)	(8,027)
	16,296	18,905

(i) Recognition and measurement

Operating expenses, marketing and selling expenses and other expenses are expensed in the period in which they are incurred. Refer to Note 10 for disclosure regarding the transfer of capital costs to inventories.



Notes to the Financial Statements

Working capital management

8 Cash and cash equivalents

	30 June 2023 \$'000	30 June 2022 \$'000
Cash at bank and on hand	283,780	310,129
Restricted cash	3,998	7,807
	287,778	317,936

(i) Recognition and measurement

Cash and cash equivalents comprise cash at bank that is subject to insignificant risk of changes in value. Landcom also holds restricted cash that comprises cash at bank held on behalf of project partners. Landcom does not hold any cash equivalents (30 June 2022: \$nil).

Reconciliation of net cash flows used in operating activities

	30 June 2023 \$'000	30 June 2022 \$'000
Net cash flows (used in)/from operating activities	(14,410)	103,465
Depreciation and amortisation	(3,218)	(2,865)
Loss on disposal of fixed assets	(28)	(35)
Loss on lease modification	(19)	-
Change in allowance for expected credit losses	50	-
Changes in discount rate income and expense	(9,342)	888
Changes in assets and liabilities		
Increase/(decrease) in receivables	183,351	(106,682)
Decrease in provisions	32,010	1,383
(Decrease)/increase in inventory and prepayments	(96,952)	2,755
(Increase)/decrease in payables and tax balances	(31,036)	21,219
Increase in deferred government grants	(214)	-
Net profit for the year	60,192	20,128

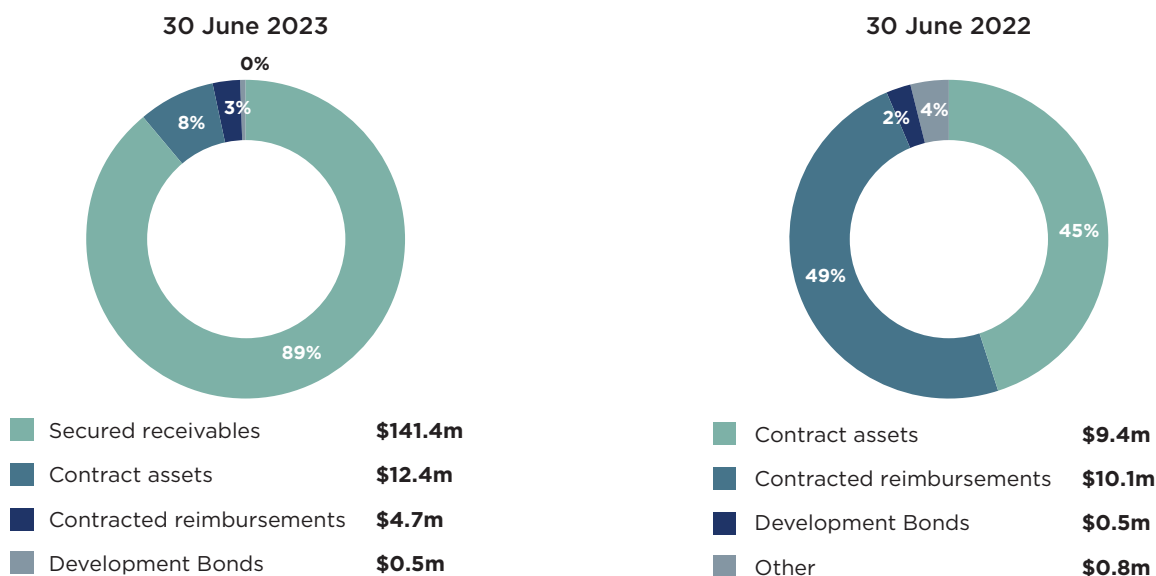


Notes to the Financial Statements

9 Trade and other receivables

	30 June 2023 \$'000	30 June 2022 \$'000
Current		
Trade receivables	65,363	10,924
Development bonds	520	530
Interest receivable	186	-
Other receivables	89	33
	66,158	11,487
Less Allowance for expected credit losses	-	(50)
	66,158	11,437
Non-current		
Trade receivables	80,205	-
Contract assets	12,386	9,356
Interest receivable	270	-
	92,861	9,356

Trade and other receivables comprise the following receivable classifications. Secured receivables and contracted reimbursements comprise those separately guaranteed or contractually due from project partners.



(i) Recognition and measurement

Trade receivables

Trade receivables are amounts of consideration that are due from customers for land sold or development management services performed in the ordinary course of the business. Where the contract defers the settlement of the receivable by greater than twelve months from reporting date, the receivable is recognised as non-current and discounted, if significant, to account for the financing component. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components and are then recognised at fair value.



Notes to the Financial Statements

9 Trade and other receivables (continued)

Landcom holds 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 19(a) and 19(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 or in exchange for deferring a portion of sales proceeds. Sales are made on varying terms, but primarily on a 28-day exchange and 21-day settlement basis.

Contract assets

Contract assets relate to Landcom's right to consideration in exchange for works completed but not billed at the reporting date and is still conditional on future performance of Landcom and/or other external factors. Contract assets are converted to trade receivables once billed.

10 Inventories

	30 June 2023 \$'000	30 June 2022 \$'000
Current		
Acquisition costs	84,860	37,738
Development costs	111,117	152,306
Capitalised borrowing costs	26	-
	196,003	190,044
Non-current		
Acquisition costs	90,476	131,436
Development costs	111,525	158,840
	202,001	290,276
	398,004	480,320

(i) Reconciliation of inventories

	30 June 2023 \$'000	30 June 2022 \$'000
Movement		
Carrying amount at the beginning of the year	480,320	479,553
Acquisition costs	25,872	47,193
Development costs	43,966	49,139
Borrowing costs capitalised	26	-
Settlements (cost of sales)	(147,639)	(92,083)
Inventory written down	(4,541)	(3,482)
	398,004	480,320



Notes to the Financial Statements

10 Inventories (continued)

(ii) Recognition and measurement

Inventories comprise residential and commercial land that is held for sale in the ordinary course of business. The balance includes directly attributable costs of purchase (acquisition costs) and costs incurred in bringing the land to a condition ready for sale (development costs). Borrowing costs on qualifying assets are also included in the cost of inventories. Capitalised borrowing costs includes interest and fees and have been capitalised at a weighted average rate of 0.74% (30 June 2022: nil%).

Inventories are classified as current if they are expected to be settled within twelve months or otherwise classified as non-current.

Inventories are valued at the lower of cost or net realisable value.

Net realisable value

Key estimate

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs to complete and sell the development. In assessing and determining the net realisable value, significant judgement and assumptions are made regarding key economic conditions that could influence the net realisable value. These include judgements related to the following assumptions:

- Land sales rates
- Sales price
- Government policies
- Timing of settlements
- Availability of financing
- General economic landscape
- Climate change assumptions, including design standards to allow for the decarbonisation of the supply chain
- Estimated cost to complete based on program of works and unsold stock, measured at reporting date.

When conducting impairment assessments, management incorporates an assessment of the cost to develop inventory to required design standards, and factors in property-specific aspects such as building design and locations when assessing sales volumes and pricing.

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, i.e., due to changes in economic circumstances, a 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.

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 inventories.

Cost of sales

Inventories are expensed as cost of sales 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 the Financial Statements

11 Trade and other payables

	Note	30 June 2023 \$'000	30 June 2022 \$'000
Current			
Trade payables		1,301	786
Contract liabilities	11(i)	7,509	29,264
Bonds held		959	1,057
Accrued expenses		10,294	9,063
Payables to project partners		18,535	23,300
Dividend payable to NSW Treasury		42,269	13,669
GST payable		10,904	1,385
Deferred revenue	5	214	-
Retentions		-	862
		91,985	79,386
Non-current			
Contract liabilities	11(i)	6,536	6,536
Accrued expenses		454	-
		6,990	6,536

(i) Reconciliation of contract liabilities

	30 June 2023 \$'000	30 June 2022 \$'000
Opening balance at 1 July	35,800	21,224
Additions	11,598	26,421
Utilisation	(33,353)	(11,845)
Closing balance (current and non-current)	14,045	35,800

\$22.2 million (30 June 2022: \$0.2 million) of contract liabilities utilisation arose from the contract liabilities balance at the beginning of the year. Landcom holds non-current contract liabilities of \$6.5 million (30 June 2022: \$6.5 million) which is expected to be utilised from June 2025.

Note 19 discloses information regarding liquidity risk as well as a maturity analysis for payables.



Notes to the Financial Statements

11 Trade and other payables (continued)

(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.

Landcom recognises payables to project partners that arise following both development and sale activities as per the terms of the respective project delivery agreements and recognised initially at fair value based on cost. Where payables to project partners are expected to be settled within twelve months, they are recognised as current.

A contract liability is the obligation to transfer goods or services to a customer from whom a consideration has been received. 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 twelve 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*.

During the year, Landcom entered into a grant agreement with National Housing Finance and Investment Corporation (NHFIC), a corporate Commonwealth entity to finance a specific development project. As the NHFIC grant relates to an asset, it is recognised as deferred revenue, and will subsequently be recognised in profit and loss as the related expense (cost of sales) is recognised.

12 Prepayments

	30 June 2023 \$'000	30 June 2022 \$'000
Current		
Prepayments	3,943	7,383
	3,943	7,383

(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.



Notes to the Financial Statements

Capital investments

13 Property, plant and equipment

	30 June 2023 \$'000	30 June 2022 \$'000
Leasehold improvements		
At gross carrying amount	2,350	2,288
Accumulated depreciation	(2,127)	(2,089)
Net carrying amount	223	199
Motor vehicles		
At gross carrying amount	108	51
Accumulated depreciation	(43)	(38)
Net carrying amount	65	13
Plant and equipment		
At gross carrying amount	3,531	3,482
Accumulated depreciation	(2,569)	(2,242)
Net carrying amount	962	1,240
Total net carrying amount	1,250	1,452

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 2023 Net carrying amount	Leasehold improvements \$'000	Motor vehicles \$'000	Plant & equipment \$'000	Total \$'000
Beginning of year	199	13	1,240	1,452
Additions	62	57	153	272
Disposals	-	-	(38)	(38)
Depreciation expense	(38)	(5)	(393)	(436)
End of the year	223	65	962	1,250

30 June 2022 Net carrying amount	Leasehold improvements \$'000	Motor vehicles \$'000	Plant & equipment \$'000	Total \$'000
Beginning of 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 the Financial Statements

13 Property, plant and equipment (continued)

(i) Recognition and measurement

Property, plant and equipment is 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 estimated useful lives are reviewed annually. 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	3 to 4 years
Office equipment	5 to 20 years
Motor vehicles	8 years
Leasehold improvements	In line with lease term

(ii) Impairment

The carrying values of property, 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 the Financial Statements

14 Intangible assets

	30 June 2023 \$'000	30 June 2022 \$'000
Computer software and website		
Gross carrying amount at beginning of the year	7,293	7,816
Additions	563	212
Disposals	-	(735)
Carrying amount at end of the year	7,856	7,293
Accumulated amortisation and impairment		
Carrying amount at beginning of the year	(5,517)	(5,904)
Disposals	-	735
Amortisation expense	(540)	(348)
Accumulated amortisation and impairment	(6,057)	(5,517)
Net carrying amount at end of the year	1,799	1,776

(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 is 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, the services are assessed 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 over the SaaS contract term.

Configuration and customisation costs incurred for the development of cloud computing software that enhances, modifies or creates an additional capability is classified as an intangible asset where Landcom has the right to obtain the future economic benefits flowing from the software development and can restrict others from accessing those future economic benefits.

(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 the Financial Statements

15 Leases

Amounts recognised in the statement of financial position	Note	30 June 2023 \$'000	30 June 2022 \$'000
Right of use assets – Leased Buildings			
Opening balance at 1 July		10,218	4,420
Additions		1,357	7,874
Remeasurement of leased assets		(44)	–
Loss on lease modification		(19)	–
Depreciation expense	16	(2,242)	(2,076)
Closing balance		9,270	10,218
Lease Liabilities			
Opening balance at 1 July		10,899	5,202
Additions		1,357	7,874
Interest expense	6	275	197
Remeasurement of lease liability		(268)	–
Gross lease payments		(2,385)	(2,374)
Closing balance		9,878	10,899
Current lease liabilities		1,807	2,151
Non current lease liabilities		8,071	8,748
Closing balance		9,878	10,899

The amount recognised in the Statement of Comprehensive Income for short term leases, low value leases and other lease outgoings is \$200,000 (30 June 2022: \$356,000). The maturity profile of the undiscounted lease liability is included in Note 19 Financial Instruments and Risk Management.



Notes to the Financial Statements

15 Leases (continued)

(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.

Key estimate

The useful lives of the right-of-use assets are estimated based on the following assumptions:

- Review of general market conditions, including vacancy rates, rental growth, market supply and underlying macroeconomic forecasts.
- Judgement as to the likelihood of a lease extension being exercised.
- Assessment of the appropriate discount rate and lease term.

(ii) Impairment

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.

Short term leases

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 twelve months or less. Low value assets are assets with a fair value of \$10,000 or less.

16 Depreciation and amortisation expense

	30 June 2023 \$'000	30 June 2022 \$'000
Right of use assets	2,242	2,076
Leasehold improvements	38	36
Plant and equipment	393	399
Intangible assets	540	348
Motor vehicles	5	6
	3,218	2,865

Depreciation and amortisation policy is disclosed in Note 13 (Property, plant and equipment), Note 14 (Intangible assets) and Note 15 (Leases).



Notes to the Financial Statements

Financial and operational risk management

17 Borrowings

	30 June 2023 \$'000	30 June 2022 \$'000
Non-current		
Interest bearing loans	863	-
	863	-

During the year, Landcom entered into a debt agreement with National Housing Finance and Investment Corporation (NHFIC), a corporate Commonwealth entity to finance a specific development project.

(i) Recognition and measurement

Borrowings are initially recognised at fair value, net of transaction costs and are subsequently measured at amortised cost using the effective interest rate method. Borrowings are classified as current liabilities unless there is an unconditional right to defer repayment for at least twelve months after the reporting date.

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset whilst in development. Other borrowing costs are expensed as incurred. Borrowing costs consist of interest and other costs incurred in connection with the borrowing of funds. Total borrowing costs of \$26,000 were capitalised during the period (30 June 2022: \$nil). A capitalisation rate of 100% (30 June 2022: nil%) was used to determine the amount of borrowing costs eligible for capitalisation, as the entirety of the borrowings was drawn to finance a specific development project (qualifying asset).

Refer to Note 19 for disclosure on applicable liquidity risk and interest rate risk and maturity of borrowings.

18 Provisions

	30 June 2023 \$'000	30 June 2022 \$'000
Current Provisions		
Employee benefits		
Provision for annual leave	2,063	2,224
Provision for long service leave		
- Expected to be settled within twelve months	241	249
- Expected to be settled after twelve months	2,776	2,865
Provision for on-costs	616	599
Provision for termination	220	-
	5,916	5,937
Other provisions		
Cost to complete projects	77,152	60,283
Provision for rebates	560	1,050
Provision for other expenses	120	18,334
	18(i) 77,832	79,667
Total current provisions	83,748	85,604



Notes to the Financial Statements

18 Provisions (continued)

Non-Current Provisions	Note	30 June 2023 \$'000	30 June 2022 \$'000
Employee benefits			
Provision for superannuation liability	21(v)	4,222	6,302
Provision for long service leave		972	983
Provision for on-costs		81	73
		5,275	7,358
Other provisions			
Cost to complete projects		5,660	32,809
Provision for other expenses		202	195
	18(i)	5,862	33,004
Total non-current provisions		11,137	40,362
Total provisions		94,885	125,966

(i) Reconciliation of other provisions

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

30 June 2023	Rebates \$'000	Cost to complete \$'000	Other expenses \$'000	Total \$'000
Carrying amount at beginning of the year	1,050	93,092	18,529	112,671
Additions	7	6,981	120	7,108
Reversals	(136)	(6,550)	(18,334)	(25,020)
Utilisation	(361)	(11,855)	-	(12,216)
Change in discount rate and/or timing	-	1,144	7	1,151
Carrying amount at end of the year	560	82,812	322	83,694

30 June 2022	Rebates \$'000	Cost to complete \$'000	Other expenses \$'000	Total \$'000
Carrying amount at beginning of the year	1,673	93,362	18,809	113,844
Additions	-	16,654	-	16,654
Reversals	(337)	-	(210)	(547)
Utilisation	(286)	(15,317)	-	(15,603)
Change in discount rate and/or timing	-	(1,607)	(70)	(1,677)
Carrying amount at end of the year	1,050	93,092	18,529	112,671



Notes to the Financial Statements

18 Provisions (continued)

(ii) 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.

Employee benefits

Refer to Note 20 for the recognition and measurement of the employee benefit provisions.

Key estimate

Judgement is applied in measuring the provision for long service leave. Consideration is given to a number of factors based on actuarial review every three years, including the following:

- Expected future salary escalation levels
- Experience of employee departures
- Years of service
- Rates of retirement and resignation

Costs to complete projects

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.

Key estimate

Judgement is applied in measuring the cost to complete provision. Consideration is given to a number of factors, including the following:

- Estimations of remaining costs to complete program of works, including contingency and timing assumptions
- Assessment of any applicable external or statutory requirements

Rebates

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 that the specified rebate criteria is met and applied for within a set period by the purchaser. This payment represents reimbursement for additional costs incurred by the purchaser in complying with the design criteria set by Landcom.

Other

Provision for other expenses comprise make good 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 arise. This is either at the commencement date or as a result of having used the underlying asset during a particular period of the lease. During the year ended 30 June 2023, there was a release in the other provision of \$18.3 million (30 June 2022: \$0.2 million release) due to the resolution of an associated legal matter.

Estimates are regularly reviewed and adjusted as appropriate for new circumstances.



Notes to the Financial Statements

19 Financial instruments and risk management

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 and 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 June 2023 \$'000	Carrying amount June 2022 \$'000
Class				
Cash and cash equivalents	8	Financial assets measured at amortised cost	287,778	317,936
Trade and other receivables	9	Financial assets measured at amortised cost	159,019	20,793

Financial liabilities	Notes	Category	Carrying amount June 2023 \$'000	Carrying amount June 2022 \$'000
Class				
Trade and other payables	11	Financial liabilities measured at amortised cost	73,067	47,680
Interest bearing loans	17	Financial liabilities measured at amortised cost	863	-
Lease Liabilities	15	Financial liabilities measured at amortised cost	9,878	10,899

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.

(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).

The majority of 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.



Notes to the Financial Statements

19 Financial instruments and risk management (continued)

Ageing of receivables

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

	Total \$'000	Past due but not impaired \$'000	Considered impaired \$'000
As at 30 June 2023			
Not yet due	158,707	-	-
< 3 months overdue	312	312	-

	Total \$'000	Past due but not impaired \$'000	Considered impaired \$'000
As at 30 June 2022			
Not yet due	14,690	-	-
< 3 months overdue	6,078	6,078	-
3 months – 6 months overdue	25	25	-

Expected credit losses

Collectability of trade receivables is reviewed on an ongoing basis. Procedures are 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.

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

Key estimate

Judgement is applied in measuring the expected credit losses. 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 large 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, such as:

- existing market conditions
- any applicable guarantees or security provided against the outstanding receivable
- future looking estimates at the end of each reporting period

The loss allowance for trade receivables as at 30 June 2023 was \$nil (30 June 2022: \$49,500).

(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 the Financial Statements

19 Financial instruments and risk management (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 2023, Landcom has an undrawn debt facility with NSW Treasury Corporation of \$525 million (30 June 2022: \$375 million) and National Housing Finance and Investment Corporation (NHFIC) of \$5.6 million (30 June 2022: \$nil). Along with the existing financial assets, these facilities are sufficient to meet payment obligations as and when they fall due. Landcom has also given NSW Treasury Corporation letters of undertaking to various councils and government agencies that certain infrastructure works will be carried out. The maximum risk exposure of these NSW Treasury Corporation letters of undertaking is \$23.1 million (30 June 2022: \$11.4 million).

As at 30 June 2023, there were no defaults or breaches on any conditions for the undrawn debt facilities and no assets have 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 2023					
Trade and other payables	73,067	73,067	72,613	454	-
Interest bearing loans	863	863	-	863	-
Lease Liabilities	9,878	10,651	2,075	8,263	313
Total	83,808	84,581	74,688	9,580	313

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

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 borrowings and leases have fixed interest. This analysis also excludes statutory payables, as these are not within the scope of AASB 7 Financial Instruments: Disclosure.



Notes to the Financial Statements

19 Financial instruments and risk management (continued)

(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.

At balance date, Landcom had the following cash and variable rate borrowings.

	30 June 2023		30 June 2022	
	Weighted average interest rate %	Balance (\$'000)	Weighted average interest rate %	Balance (\$'000)
Cash and cash equivalents	2.98%	287,778	0.35%	317,936
Interest bearing loans	0.74%	863	-	-

The following table shows the impact on net profit if interest rates changed by 30 basis points. The calculation is based on borrowings and cash held at year-end. It assumes that interest is capitalised to qualifying assets as disclosed in Note 10. With all other variables held constant, net profit would have been affected as follows:

	Profit after Tax Higher/(Lower)	
	30 June 2023 \$'000	30 June 2022 \$'000
+30 basis points	668	604
-30 basis points	(668)	(604)

(f) Fair value measurements

Landcom's financial instruments are measured and reported in the financial statements at amortised cost, unless they contain significant financing components and are then recognised a fair value. 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.



Notes to the Financial Statements

Reward and recognition

20 Employee related expenses

	Note	30 June 2023 \$'000	30 June 2022 \$'000
Salaries and wages		26,825	25,663
Termination payments		834	123
Superannuation – Defined benefit plans		321	387
Superannuation – Defined contribution plans		2,793	2,587
Long service leave		546	(368)
Annual leave		2,328	2,115
Payroll tax and fringe benefits tax		1,782	1,592
Other employee related expenses		1,037	880
		36,466	32,979
Transfer of capital costs to inventories	10	(13,169)	(12,164)
		23,297	20,815

The provision for long service leave increased during the financial period primarily due to changes in the number of employees and existing leave balances and salaries. This resulted in a long service leave expense of \$546,000 (30 June 2022: credit of \$368,000).

(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 twelve 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 does not give rise to a liability.

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:

- when Landcom can no longer withdraw the offer of those benefits; and
- 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 twelve months after the end of the reporting period are discounted to present value.

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 fixed contributions, which are recognised as an expense in the period that the related employee services are received.

Superannuation – Defined benefit plans

Refer to Note 21 for further detail regarding the defined benefit plans.



Notes to the Financial Statements

20 Employee related expenses (continued)

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. Expected future payments are discounted using high quality corporate bond rates at the reporting date. An actuarial valuation is obtained on a triennial basis, with the latest valuation obtained for the financial year ended 30 June 2023. In accordance with Treasury Circular 21-03 Accounting for Long Service Leave and Annual Leave, a shorthand approach is adopted to update for the intervening two years.

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.

21 Superannuation

Under 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 and NSW public sector superannuation schemes.

The legal obligation for employee benefits remains with Landcom despite plan assets for funding the defined benefit plan being set aside.

Key estimate

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 (rate of CPI increase), salary growth rate, mortality, investment returns and discount rate in form of high-quality corporate bonds. The legal obligation for employee benefits remains with Landcom despite plan assets for funding the defined benefit plan being set aside.

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 profit or loss in subsequent periods.

(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 the Financial Statements

21 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 2023 (\$'000)	SASS	SANCS	SSS	Total
Defined Benefit Obligation (Accrued Liability – Note 1)	2,916	365	25,322	28,603
Fair Value of Fund Assets (Estimated Reserve)	(4,864)	(260)	(19,257)	(24,381)
Net liability in Statement of Financial Position	(1,948)	105	6,065	4,222

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

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 the Financial Statements

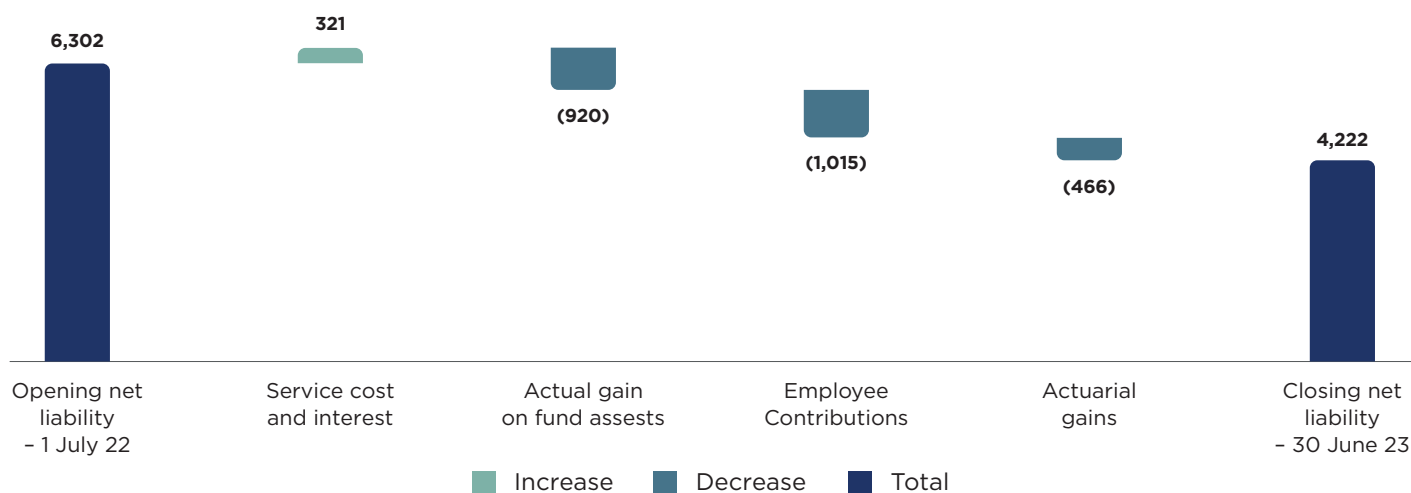
21 Superannuation (continued)

(vi) Reconciliations

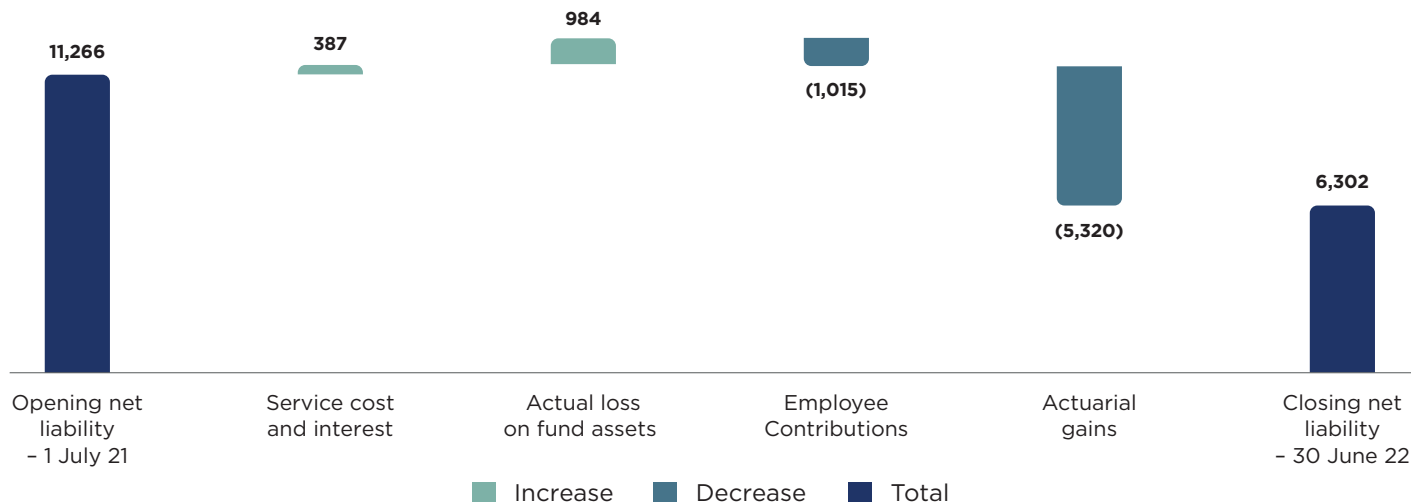
	30 June 2023 \$'000	30 June 2022 \$'000
Reconciliation of the Net Defined Benefit Liability		
Net Defined Benefit Liability at start of the year	6,302	11,266
Current service cost	14	54
Net Interest on the net defined benefit liability	307	333
+ Total expense recognised in Statement of Comprehensive Income	321	387
Actual (gains)/losses on Fund assets less interest income	(920)	984
Actuarial gains arising from changes in financial assumptions	(639)	(6,113)
Actuarial losses arising from liability experience	173	793
+ Gain recognised in Other Comprehensive Income	(1,386)	(4,336)
(-) Employer contributions	(1,015)	(1,015)
Net Defined Benefit Liability at end of the year	4,222	6,302

The reconciliation of the net defined benefit liability is shown below:

30 June 2023 (\$'000)



30 June 2022 (\$'000)





Notes to the Financial Statements

21 Superannuation (continued)

	30 June 2023 \$'000	30 June 2022 \$'000
Reconciliation of the Total Defined Benefit Obligations		
Present value of defined benefit obligations at start of the year	29,044	34,844
Current service cost	14	54
Interest cost	1,476	1,047
Contributions by participants	30	44
Actuarial gains arising from changes in financial assumptions	(639)	(6,113)
Actuarial losses arising from liability experience	173	793
Benefits paid	(1,432)	(1,561)
Taxes, premium and expenses paid	(63)	(64)
Present value of defined benefit obligations at end of the year	28,603	29,044

	30 June 2023 \$'000	30 June 2022 \$'000
Reconciliation of the Fair Value of Fund Assets		
Fair value of fund assets at start of the year	22,742	23,578
Interest income	1,170	714
Actual gains/(losses) on fund assets less interest income	919	(984)
Employer contributions	1,015	1,015
Contributions by participants	30	44
Benefits paid	(1,432)	(1,561)
Taxes, premiums and expenses paid	(63)	(64)
Fair value of fund assets at end of the year	24,381	22,742

(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 2023	Total (\$'m)	Level 1 (\$'m)	Level 2 (\$'m)	Level 3 (\$'m)
Short Term Securities	5,331	2,897	2,434	-
Australian Fixed Interest	100	-	100	-
International Fixed Interest	1,301	-	1,289	12
Australian Equities	9,678	4,352	797	4,529
International Equities	14,138	13,943	155	40
Property	770	-	-	770
Alternatives	6,059	-	1,206	4,853
Total	37,377	21,192	5,981	10,204



Notes to the Financial Statements

21 Superannuation (continued)

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

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.

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 fair value of \$338 million (30 June 2022: \$362 million).
- Health Administration Corporation occupies part of a property 50% owned by the Pooled Fund with a fair value (100% interest) of \$570 million (30 June 2022: \$540 million).

Significant Actuarial Assumptions as at the Reporting Date	30 June 2023	30 June 2022
Discount rate	5.65% per annum	5.30% per annum
Salary increase rate (excluding promotional increases)	4.45% for 23/24, 2.95% for 24/25, 2.74% for 25/26, 3.20% per annum thereafter	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
Rate of CPI Increase	6.65% for 22/23; 3.50% for 23/24; 3.00% for 24/25; 2.50% per annum thereafter	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
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.	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.



Notes to the Financial Statements

21 Superannuation (continued)

(viii) Sensitivity Analysis for the Defined benefit obligation

Landcom's total defined benefit obligation as at 30 June 2023 under several scenarios is presented below, inclusive of the contribution tax provision calculated based on the asset level at 30 June 2023. 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	28,603	30,132	27,193

	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	28,603	30,166	27,154

	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	28,603	28,638	28,569

	Base Case	Scenario G +Lower mortality*	Scenario H Higher mortality**
Defined benefit obligation \$000	28,603	28,954	28,344

* Assumes the short term pensioner mortality improvement factors for years 2023-2026 also apply for years after 2026.

** Assumes the long term pensioner mortality improvement factors for years post 2026 also apply for the years 2023 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 the Financial Statements

21 Superannuation (continued)

Surplus/deficit

The following is a summary of the 30 June 2023 financial position of the Fund calculated in accordance with AASB 1056 Accounting Standard Superannuation Entities:

30 June 2023 (\$'000)	SASS	SANCS	SSS	Total
Accrued benefits*	3,161	327	21,324	24,812
Net market value of Fund assets	(4,864)	(260)	(19,257)	(24,381)
Net (surplus)/deficit	(1,703)	67	2,067	431

* 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 2023	30 June 2022
Expected rate of return on Fund assets backing current pension liabilities	7.0% pa	7.0% pa
Expected rate of return on Fund assets backing other liabilities	6.2% pa	6.2% pa
Expected salary increase rate (SASS, SANCS, SSS)	4.45% for 23/24, 2.95% for 24/25, 2.74% for 25/26, 3.20% pa thereafter	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
Expected rate of CPI increase	6.65% for 22/23; 3.50% for 23/24; 3.00% for 24/25; 2.50% pa thereafter	4.8% for 21/22 and 2.5% pa thereafter

Sensitivity Analysis - AASB 1056

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	24,812	25,855	23,844

Expected Contribution

	SASS 2024	SANCS 2024	SSS 2024	Total 2024
Expected employer contributions to be paid in the next reporting period \$000	731	128	156	1,015

Maturity profile of defined benefit obligation

The weighted average duration of the defined benefit obligation is 10.5 years.



Notes to the Financial Statements

Other information

22 Income tax equivalent expense

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

	30 June 2023 \$'000	30 June 2022 \$'000
Current income tax charge	20,261	6,908
Origination and reversal of temporary differences	5,536	1,719
Income tax equivalent expense reported in the Statement of Comprehensive Income	25,797	8,627

	30 June 2023 \$'000	30 June 2022 \$'000
Deferred income tax expense included in income tax expense comprises:		
Decrease in deferred tax assets	5,536	1,719
	5,536	1,719

Income tax expense recognised directly in equity

Deferred income tax related to items charged or credited directly to equity:

Superannuation actuarial gain	416	1,301
Income tax equivalent expense reported in equity	416	1,301

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 2023 \$'000	30 June 2022 \$'000
Accounting profit before income tax	85,989	28,755
At the statutory income tax rate of 30% (2022: 30%)	25,797	8,627
Income tax expense reported in profit or loss	25,797	8,627



Notes to the Financial Statements

22 Income tax equivalent expense (continued)

(ii) Deferred tax assets

	30 June 2023 \$'000	30 June 2022 \$'000
The balance comprises temporary differences attributable to:		
Depreciation and amortisation	106	287
Provisions	28,608	38,277
Sundry	155	17
Right-of-use assets	182	204
Fair value adjustments	2,530	(307)
Prepayment	(1,020)	(1,965)
	30,561	36,513
Movements		
Carrying amount at beginning of the year	36,513	39,533
Charged to the Statement of Comprehensive Income	(5,536)	(1,719)
Charged to equity	(416)	(1,301)
Carrying amount at end of the year	30,561	36,513

(iii) Current tax liability

	30 June 2023 \$'000	30 June 2022 \$'000
Carrying amount at beginning of the year	(2,176)	(9,691)
Income tax equivalent expense	(25,797)	(8,627)
Movement in deferred tax asset and liabilities	5,536	1,719
Net tax payment	5,735	14,423
Carrying amount at end of the year	(16,702)	(2,176)

(iv) Recognition and measurement

Landcom is subject to notional taxation of 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 period. 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).



Notes to the Financial Statements

22 Income tax equivalent expense (continued)

Deferred tax

Deferred tax is accounted for all temporary differences. Temporary differences are differences between the tax base of an asset or liability and the 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.

Key estimate

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 periods.

A change in those assumptions could have an impact on future profitability and may affect the recovery of deferred tax. Deferred tax assets and liabilities are 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 period(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.

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 and liabilities are classified as non-current in the Statement of Financial Position as these are expected to be settled after more than twelve 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.

23 Contributed capital

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



Notes to the Financial Statements

Related parties and joint arrangements

24 Related party transactions

Key management personnel are those persons that have authority and responsibility for planning, directing and controlling the activities of the Corporation. Landcom's two Shareholder Ministers and its Portfolio Minister, the Board of Directors and the Executive team that lead the various divisions of Landcom are deemed to be key management personnel.

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 \$4.126 million (30 June 2022: \$3.850 million).

	30 June 2023 \$'000	30 June 2022 \$'000
Short term employee benefits	3,813	3,624
Long term employee benefits	76	-
Post-employment benefits	237	221
Termination benefits	-	5
Total compensation paid to key management personnel	4,126	3,850

At 30 June 2023, there was a total outstanding balance of \$0.5m (30 June 2022: \$nil), relating to one key management personnel who ceased employment on 30 June 2023. 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 Planning Ministerial Corporation, Sydney Water Corporation and NSW Ageing and Disability Commission.

	30 June 2023 \$'000	30 June 2022 \$'000
Inter-agency revenue		
NSW Land and Housing Corporation	33,244	61,978
Department of Communities and Justice	-	1,857
Transport Asset Holding Entity of NSW	-	7,515
Planning Ministerial Corporation	-	1,266

	30 June 2023 \$'000	30 June 2022 \$'000
Inter-agency receivables		
Transport for NSW	50	-
NSW Land and Housing Corporation	618	2,323

	30 June 2023 \$'000	30 June 2022 \$'000
Inter-agency payables		
NSW Ageing and Disability Commission	(140)	(140)
NSW Land and Housing Corporation	(17,285)	(22,054)



Notes to the Financial Statements

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 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	
			2023	2022
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
Wentworth Point	Transport for NSW	Wentworth Point, NSW	Yes	Yes

Unrecognised items

26 Expenditure commitments

At 30 June 2023 Landcom has committed to short-term and low value leases with a total commitment of \$nil (30 June 2022: \$20,000).

27 Contingent assets and liabilities

Landcom has exchanged contracts to acquire a development site. Upon possible acquisition, Landcom may be responsible for potential remediation costs. The timing and quantum of these costs is currently undetermined.

28 Events occurring after the reporting period

There have been no material post balance date events which would require disclosure or adjustment to the 30 June 2023 Financial Statements.

End of Financial Statements



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, which includes 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:

Have a board nomination committee with at least three members, a majority of whom are independent directors, an independent chair and a committee charter.

The Board has determined that the powers of a Nomination Committee are extremely limited and therefore has revised the People & Culture Committee's responsibility to providing advice to the Board with respect to Board Composition including the development of the Board Plan and candidates for nomination.

Board of Directors

Constitution and Board Charter

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 for Cabinet consideration by the Shareholder Ministers following consultation with the Portfolio Minister. Subject to the candidate's approval by Cabinet, the appointment is then 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* and the *State Owned Corporations Act*.

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*;
- The Business Plan; and
- The Statement of Priorities for the purposes of section 11 of the *Landcom Corporation Act 2001* and the Statement of Expectations for the purposes of TPG22-02.

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

- Maintaining high standards of public accountability and corporate governance;
- Ensuring the Government's investment of its capital is used effectively;
- Operating the business sustainably;
- Ensure robust procurement and employment practices that support the economic and social outcomes of the state; and
- Enhance the affordability and diversity of housing supply, with an increasing focus on regional housing.

Board performance review

The Board is committed to undertaking performance reviews on an annual basis and an external and independent evaluation at least each alternate year, or as otherwise determined by the Board from time to time. 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 through an external and independent service provider in March 2023.



Board structure

Directors' independence, appointment date and government board appointments

Director	Independent	Year appointed	Number of Government Boards ¹
Peter Roberts (Chair) ²	Yes	2018	1
Pamela Hanrahan (Deputy Chair)	Yes	2018	1
Trent Alston	Yes	2021	1
John Barbeler	Yes	2018	1
Susan MacDonald	Yes	2021	2
Selina Short	Yes	2021	1

¹ As at 30 June 2023. Government Boards includes any Board or Committee positions held within Government or Lopcal Government, including Landcom

² Peter Roberts resigned as Chair and Director of the Board effective 31 May 2023

Board meetings

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

Board and Board Committee meeting attendance (FY23)

Director	Board (Scheduled meetings)		Board (Meetings at short notice)		Audit & Risk Management Committee		People & Culture Committee	
	Attended	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend
	Trent Alston	9	9	1	1	0	0	4
John Barbeler	9	9	1	1	5	5	0	0
Pamela Hanrahan	8	9	1	1	4	5	4	4
Susan MacDonald	9	9	0	1	4	4	0	0
Peter Roberts ¹	8	9	1	1	0	0	3	4
Selina Short	9	9	1	1	0	0	4	4

¹ Peter Roberts resigned as Chair and Director of the Board effective 31 May 2023

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 2022	30 June 2023
Female	50%	60%
Male	50%	40%

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, 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 2023	<ul style="list-style-type: none"> • John Barbeler (Chair); • Professor 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.

John Barbeler is a Certified Practicing Accountant and has extensive executive experience in managing the financial concerns of commercial operations.

Full details of the roles and responsibilities for the Audit & Risk Management Committee are set out in the Committee Charter.

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 2023	<ul style="list-style-type: none"> • Trent Alston (Chair); • Professor Pamela Hanrahan; 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 fulfil 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.

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) Annual Reports (Statutory Bodies) Act 1984 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 to 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	-

**Report of operations**

Annual reporting exemptions	Act/regulation references	Comments
<p>Consultants:</p> <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.
<p>Land disposal:</p> <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: 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	-
<p>Consumer responses:</p> <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.
<p>Payment of accounts:</p> <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.
<p>Time for payment of accounts:</p> <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.

**Report of operations**

Annual reporting exemptions	Act/regulation references	Comments
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	-



Compliments and complaints

We also advise our customers and stakeholders on how to submit feedback and the procedures we follow if they choose to submit it. This feedback is reviewed to determine action required, with target response rates set at 7 days. Compliments and complaints data for FY23 is detailed in the Appendix.

During this year, we received 64 complaints and 4 compliments. Complaints received are primarily associated with communications related to project delays.

Executive General Managers review complaints to determine if there is a cause to implement corrective or preventative action. In FY23 we aimed to acknowledge all feedback within 24 business hours and to resolve complaints within 5 business days.

Category	Complaints	Compliments
Environment - Flora, Fauna and Habitat	1	
Communications and Engagement - Publications and communications materials		3
Estate Maintenance	2	
Dust	1	
Construction Delays	2	
Land Zoning	1	
Safety (WHS)	1	
Registration Delays	2	
Development - Building Design and Architecture		1
Communications & Engagement	35	
Construction	10	
Maintenance	4	
Development	2	
Sales	2	
Estate Management	1	
Total	64	4



Independent Assurance of Other Information in the Annual Report to the Board and Management of Landcom



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 2023 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 FY23 Sustainability Report and 'Other Information' in the Landcom's 2023 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 2022 - 30 June 2023. 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 2023.

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
- Overview
- Our strategy
- Management and accountability
- Sustainability
- Appendix

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 ISAE 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

Partner - Sydney, NSW

Lead CSAP (AccountAbility UK)

Point Advisory, an ERM Group Company

19th October 2023



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 5pm
Monday to Friday (except public holidays)

Head office

Level 14, 60 Station Street
Parramatta NSW 2150
PO Box 237
Parramatta NSW 2124
Phone: (02) 9841 8600

Sydney CBD office (no public reception)

Level 42
25 Martin Place
Sydney NSW 2000
Phone: (02) 9841 8600