



Statement of Corporate Intent

FY20-21

Lachlan's Line Pedestrian Bridge



Creating more affordable
and sustainable communities

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Statement of Corporate Intent

Organisation: Landcom
Period: Commencing 1 July 2020

This Statement of Corporate Intent has been agreed between:



Peter Roberts
Acting Chair
Landcom
on behalf of the Board



John Brogden
CEO
Landcom



First Voting Shareholder
The Hon Dominic Perrottet MP
Treasurer



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



Thornton



Opening of Julia Reserve Skate Park at Oran Park Town

Objectives

Statutory Objectives

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

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

- a) To be a successful business and:
 - 1. to operate at least as efficiently as comparable businesses, and
 - 2. to maximise the net worth of the State's investment in it;
- b) to exhibit a sense of social responsibility by having regard to the interests of the community in which we operate;
- c) To protect the environment by conducting its operations in compliance with the principles of ecologically sustainable development;
- d) To exhibit a sense of responsibility towards regional development;

- e) To undertake, or assist the Government in undertaking, strategic or complex urban development projects;
- f) To assist the Government in achieving its urban management objectives; and
- g) To be a responsible developer of residential, commercial and industrial land.

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

In addition, we are under Ministerial Direction to:

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

Business Overview

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

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

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



We are

the NSW government's
land and property
development
organisation



Our mission

is to create more
affordable and
sustainable
communities.



Our role

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

Strategic Summary

We are guided by

Three Strategic Directions



Housing

Increase affordability, supply and diversity of new housing.



Partnerships

Partner with others to unlock development opportunities and improve delivery.



Leadership

Demonstrate excellence in sustainable development and planning practice.

Financial Summary

[\$M]	2020-21 SCI	2021-22 Forecast	2022-23 Forecast
Sales Revenue	170.0	274.8	483.4
EBITDA	23.6	64.7	91.3
EBIT	19.1	59.0	86.0
Operating Profit Before Tax	19.3	53.0	78.4
Net Profit After Tax	13.5	37.1	54.9
CapEx	5.0	3.7	2.2
Forecast Dividend	9.5	26.0	200.0
Dividend Payout Ratio	70%	70%	365%

Performance Target Summary

Financial				Non Financial
KPI SUMMARY				• New projects to achieve 5-10% Affordable Housing. • Undertake government's urban management objectives as per Ministerial Statement of Priorities. • Become a leading affordable housing delivery agency by delivering our housing targets including supply, affordability, diversity and demonstration projects. • Create a pipeline of new projects and establish new partnerships. • Maintain our Top 10 global ranking in sustainability. • Maintain or increase Staff Engagement survey results. • Effective integrated risk management. • HS&E systems are in place on all projects and Landcom controlled sites to ensure HS&E is working effectively.
[\$M]	FY21 SCI	FY22 Forecast	FY23 Forecast	
Sales Revenue	170.0	274.8	483.4	
Gross Margin	65.4	104.7	129.0	
EBIT	19.1	59.0	86.0	
Net Profit After Tax	13.5	37.1	54.9	
Return to Government - Tax	5.8	15.9	23.5	
Return to Government - Dividend	9.5	26.0	200.0	
Return to Government - GGF	0.0	3.4	4.3	
Return on Equity	2%	6%	11%	
Development Margin (new projects)	>20%	>20%	>20%	
IRR (new projects)	>15%	>15%	>15%	
Lots Settled	140	280	180	

Dividend Policy Agreement

Dividends for the 2020-21 financial year will be provided on the basis of dividend payout ratio target of 70% of distributable net profit after tax. The Shareholders' approval of the dividend to be declared is subject to the Voting Shareholders' consideration of the Board's recommended dividend for 2020-21, prior to 30 June 2021.

COVID-19 Response

In response to the Federal and State Government advice and Public Health Orders, Landcom enacted its Crisis Management Plan on 23 March 2020.

Key actions overseen by from the Crisis Management Team included:

- General order to work from home for all staff until further notice, commencing 24 March 2020;
- Closure of all offices and Sales Centres to visitors and staff (except essential office based functions);
- Arrangements with project site managers to implement appropriate work practices amongst contractors to minimise the risk of infection and comply with Safework directives; and
- Accelerate the implementation of technology and new business processes to enable staff to productively work from home.

Landcom moved to its Business Continuity Plan once it had stabilised its operations on 6 April 2020. The Business Continuity Team has worked with Executive Management to maintain Landcom's productivity, including:

- Continuing support of staff in their work from home arrangements;
- Developing and implementing protocols for access to Landcom sites (including offices, sales centres and project sites);
- Monitoring the performance of technology in support of staff operations;
- Monitoring the wellbeing of staff through pulse surveys, regular communications, staff update webinars;
- Updating the risk register;
- COVID-19 specific communication through a dedicated intranet site, weekly email updates, and People Manager support;
- Provision of support services, such as EAP services and online wellbeing and fitness classes; and
- Developing a COVIDSafe Workplace Plan for the future re-introduction of staff to offices.

The Business Continuity Team continues to meet twice a week to monitor and discuss COVID-19 pandemic risks and Landcom's response.

The Board has been continuously updated on the COVID response and actions and has been supportive of the initiatives.

SCI Representation and Commitment Statement

The Board of Landcom confirms that:

- a. Key Performance Indicators within the 2020-21 SCI are based on and supported by the Corporation's Business Plan;
- b. The Voting Shareholders will be provided with financial and other information, including information on major capital expenditure projects, on a quarterly basis to assess the performance against commitments in this SCI and to assess the value of the Shareholders' investment in the business;
- c. Asset maintenance policies and processes are adequate and appropriate to manage and control risks associated with physical assets;
- d. All known 'key risks' and 'major emerging contingent liabilities' which could materially impact the current and future results of Landcom for the coming year have been disclosed;
- e. Internal audit and risk management practices are consistent with standards recommended for Australian Securities Exchange (ASX) listed companies and, where appropriate, has applied any additional requirements that are set out in TPP15-03 Internal Audit and Risk Management Policy for the NSW Policy Sector; and
- f. The Chief Executive Officer has an employment contract and performance agreement. The employment contract is appraised annually with the next appraisal scheduled for 30 August 2020. The contract expires on 6 May 2022.

SCI Representation and Commitment Statement

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



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