

Statement of Corporate Intent

FY 2022-23





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. This land always was and always will be traditional Aboriginal land.

Oran Park

Contents

Shareholder Agreement	5
Objectives	6
Business overview and strategic summary	7
Financial summary	8
Performance target summary	9
SCI representation and commitment statement	10





Newleaf, Bonnyrigg

Shareholder Agreement

Statement of Corporate Intent

Organisation: Landcom
Period: Commencing 1 July 2022

This Statement of Corporate Intent has been agreed between:



Peter Roberts
Chair
Landcom
on behalf of the Board



First Voting Shareholder
The Hon Matt Kean MP
Treasurer



Alex Wendler
CEO
Landcom



Second Voting Shareholder
The Hon Damien Tudehope MLC
Minister of Finance and
Employee Relations

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 were issued a Statement of Priority by the responsible Minister to:

- a) Continue Landcom's work to increase the supply of diverse and affordable housing, as well as continue to meet its existing target of 10 per cent of affordable housing in metropolitan NSW;
- b) Expand the focus of Landcom's business to regional NSW and build a portfolio of projects in regional NSW by mid 2024;
- c) Raise the target of affordable housing, including rental and freehold sale, to at least 20 per cent across Landcom's portfolio of regional projects by 2025, with a goal of 30 per cent in regional NSW beyond that date subject to market conditions;
- d) Provide reasonable assistance, wherever commercially practicable, to the NSW Land and Housing Corporation with respect to the delivery of regional housing projects; and
- e) Partner with NSW Government development corporations and agencies, on a commercial basis, to deliver additional housing supply and improve housing affordability.

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

Finance Summary			
m's	2022-23 SCI	2023-24 Forecast	2024-25 Forecast
Sales Revenue	336.3	441.5	748.6
EBITDA	73.9	87.9	166.6
EBIT	70.8	84.8	163.1
Operating Profit Before Tax	71.1	84.7	163.1
Net Profit After Tax	49.8	59.3	114.1
CapEx	2.2	2.2	2.2
Forecast Dividend	34.9	41.5	345.2
Dividend Payout Ratio	70%	70%	302%

Performance target strategy

Financial

KPI Summary			
m's	2022-23 SCI	2023-24 Forecast	2024-25 Forecast
Sales Revenue	336.3	441.5	748.6
Gross Margin	120.4	132.4	210.5
EBIT	70.8	84.8	163.1
Net Profit After Tax	49.8	59.3	114.1
Return to Government - Tax	21.3	25.4	48.9
Return to Government - Dividend	34.9	41.5	345.2
Return to Government - GGF	0.0	1.3	3.2
Return on Equity	7%	9%	25%
Dwellings Settled	2,627	4,139	4,194

Non financial

- New projects in metropolitan areas to achieve minimum of 10% affordable housing, comprised of a minimum of 5% Affordable Rental Housing and a further minimum 5% to be a mix of affordable ownership or other housing products which improve affordability.
- New regional projects to achieve at least 20% affordable housing across Landcom's portfolio of regional projects by 2025, with a goal of 30% in regional NSW beyond that date subject to market conditions.
- Undertake government's urban management objectives as per Ministerial Statement of Priorities.
- Demonstrate leadership in the delivery of affordable, diverse and accessible housing.
- Create a sustainable pipeline of projects.
- Maintain our global ranking in sustainability.
- Maintain Staff Engagement survey results at 70% or above.
- Deliver Learning Plan and Talent & Succession Program.
- Health, Safety & Environment systems are in place on all projects and Landcom controlled sites to ensure Health, Safety & Environment is working effectively.

Dividend Policy Agreement

Dividends for the 2022-23 financial year will be provided on the basis of dividend payout ratio target of 70% of distributable net profit after tax. Approval of the dividend to be declared is subject to the Voting Shareholders' consideration of the Board's recommended dividend for 2022-23, prior to 30 June 2023.

Statement of Corporate Intent representation and commitment statement

The Board of Landcom confirms that:

- a) Key Performance Indicators within the 2022-23 Statement of Corporate Intent 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 Statement of Corporate Intent 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, have applied any additional requirements that are set out in TPP20-08 Internal Audit and Risk Management Policy for the NSW Policy Sector;
- f) The Chief Executive Officer has an employment contract and performance agreement. The employment contract is appraised annually;
- g) Landcom adheres to Commercial Policy Framework policies, as listed in State Owned Corporations: Applicable TPPs under the Commercial Policy Framework;
- h) Landcom complies with Treasury accounting circulars and policies applicable for State Owned Corporations;
- i) 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; and
- j) 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.



Alex Wendler, Landcom CEO



Creating more affordable
and sustainable communities

landcom.com.au