

2021 Annual Report



Creating more affordable
and sustainable communities

Cover image: The fabric of NSW campaign, Macarthur Heights
Patterns of Place by Robyn Caughlin, Bungarrabee

Creating
**more affordable
and sustainable
communities**

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The Mob by Auntie Eda Watson & Jane Cavanough, Bungarribee

Letter to Shareholder Ministers

30 October 2021

The Hon Matthew Kean MP
Treasurer

Parliament House
Sydney NSW 2000

The Hon Damien Tudehope MLC
Minister for Finance and Small Business

Dear Treasurer and Minister

We are pleased to submit to you the Annual Report for Landcom for the year ended 30 June 2021 for presentation to the Parliament of New South Wales.

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

Yours sincerely

Peter Roberts
Chair

John Barbeler
Director

Chair and CEO's reviews

John Brogden
Chief Executive Officer

Peter Roberts
Chair

Chair's review

The 2021 financial year has been another surprising and difficult year, with the impacts of the ongoing COVID-19 pandemic, and unusual and challenging circumstances for many in our community. Throughout the year the Board and Executive worked closely to navigate the uncertain, complex and changing landscape, and we are incredibly proud of Landcom's ability to maintain its focus on successfully delivering housing supply, diversity and sustainability for the people of NSW while at the same time supporting our staff's wellbeing and safety.

This year our projects supplied 4,049 new homesites to the market. These have been delivered directly or enabled through partnerships with developers and landowners aligned with our quality, affordability and sustainability aims.

Despite the significant uncertainty in the housing market, we have achieved our financial targets while delivering on our broader objectives and addressing new challenges. Sales revenue this year was \$161 million, with net profit after tax of \$17 million. \$18 million has been returned to the NSW Government in income tax equivalents and dividends declared.

We continue to build our pipeline of projects and provide new opportunities for community and industry including our exciting affordable housing demonstration projects. As we restock our pipeline, we will apply our Strategic Directions of Housing, Partnerships and Leadership. This ensures we deliver more affordable and sustainable communities.

Our understanding of community, home and personal boundaries continues to evolve. Our homes now need to be more adaptable as workplaces and schools, places of protection and recreation. We have also experienced how our homes perform environmentally and functionally, reinforcing the need for diverse and high-quality design that is comfortable, affordable and efficient to operate.

We will emerge from the COVID-19 pandemic with different expectations of how we live and work. Through the COVID-19 pandemic we have a new appreciation of open spaces, community connections and localness. We are working to translate these experiences into more resilient and healthy communities, where quality of life, community and work overlap.

Landcom continues to be a leader in sustainability. This year we became a certified Carbon Neutral Organisation, in accordance with the Climate Active Carbon Neutral Standard. Our 100% Australian Carbon Credits purchased this year form part of the Darling River Eco Corridor in northern NSW. We continually seek to proactively manage climate-related risks in accordance with leading international practice.

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

The Board has been particularly pleased with how the corporation has quickly responded to different working arrangements during the COVID-19 pandemic and how staff have contributed to support corporate culture and look after each other. Our serious commitment to business continuity and crisis response over recent years continues to deliver effective response to the significant events of this year. Landcom has maintained a stable operational environment throughout the year.

As Chair, I thank my fellow directors John Barbeler and Pamela Hanrahan, our CEO John Brogden and all our staff for their commitment and resilience in delivering for Landcom and the people of NSW.



Peter Roberts
Chair

Chief Executive Officer's review

As the NSW Government's land and property development corporation, Landcom exists to create more affordable and sustainable communities.

Landcom has performed strongly this year amid continually changing circumstances, and we have met and outperformed our financial targets. It has been a significant year in building our pipeline, including our success in securing a substantial land holding at North Wilton where we will build one of the most sustainable and biggest communities in the 45 year history of Landcom.

Landcom continues to embrace change and demonstrate extraordinary resilience and flexibility in our approach to our work.

During the COVID-19 pandemic we have continued to prioritise the wellbeing of the people who live in our communities. Our placemaking and community development approaches pivoted to ensure family and friends remain connected. We continued free fitness classes and online school holiday programs. We helped young people in our communities through a theatre-based mental resilience program delivered through schools across the southwest.

Over time the response to the COVID-19 pandemic will change, and we will stay flexible and find new ways to support our communities. Landcom continues to adjust its sales processes to meet the increase in demand and ensure the health and safety of our people and the public.

In becoming a certified Carbon Neutral Organisation, we are a step closer to sharpening our focus on climate change transition risks and mitigation through innovation in our projects.

In 2021, as we continue to build on our achievements, we have been celebrating Landcom's 45 years of successful projects, partnerships and places. Showcasing our exemplar projects and engaging staff through site tours and online activities we continue to inform and inspire our next generation of urban developers.

This year our 18 year partnership at Oran Park Town with Greenfield Development Company concludes, leaving a proud legacy of award-winning open spaces, services and amenity for this growing community.

Throughout the year our focus on housing and leadership continued. Landcom is expanding our partnerships with the community housing sector, local councils and Local Aboriginal Land Councils to explore new, replicable, and scalable solutions to enable more affordable and more diverse housing across NSW. We are continuing to learn valuable lessons through our first demonstration projects at Queenscliff, Schofields and Lachlan's Line.

Landcom will continue to boost industry confidence, and support the local economy. More than ever we are also embracing our aim to deliver more affordable and sustainable communities.

I acknowledge the strong relationships we have with local councils and communities with whom we work closely to deliver our objectives.

We continue to support our staff through the COVID-19 pandemic with dedicated resources for mental health and wellbeing. Our Employee Assistance Program has provided individual support for staff and their families and we have provided additional flexibility to support home-schooling. Beyond this, the way our people have reached out across the corporation to help each other has been magnificent. Staff morale and corporate culture has been strong throughout the pandemic.

I thank the Board for their leadership and oversight of Landcom throughout the year and the commitment and dedication of our wonderful staff.



John Brogden
Chief Executive Officer



Staff site tour to The Ponds

Our organisation

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

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

Our mission is to create more affordable and sustainable communities.

We are guided by three Strategic Directions:

- **Housing:** Increase affordability, supply and diversity of new housing;
- **Partnerships:** Partner with others to unlock development opportunities and improve delivery; and
- **Leadership:** Demonstrate excellence in sustainable development and planning practice.

Our principal objectives and function

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

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

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.

What Landcom is here to achieve

Our mission is to create more affordable and sustainable communities

Our Role

Help the Government achieve its urban management objectives

Our Aim

Create innovative and productive places that demonstrate global standards of liveability, resilience, inclusion, affordability and environmental quality

Our Strategic Directions



Housing



Partnerships



Leadership

How our people make it happen

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 yourself and others.
- Respect confidentiality and use information appropriately.
- Use and manage public resources economically and efficiently.
- Hold each other accountable to the Code of Conduct.

Creating
**more affordable
 and sustainable
 communities**

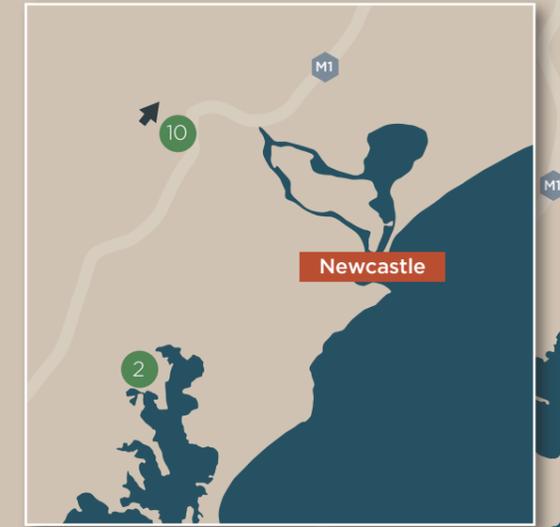


Edmondson Park

Major projects

Current Landcom projects (suburb)

1. Edmondson Park (Edmondson Park)
2. Fennell Bay (Fennell Bay)
3. Green Square Town Centre (Zetland)
4. Hillcroft (Claymore)
5. Lachlan's Line (North Ryde)
6. Macarthur Heights (Campbelltown)
7. Macarthur Gardens North (Campbelltown)
8. Newbrook (Airds)
9. Newleaf (Bonnyrigg)
10. North Tuncurry (Tuncurry)
11. North Wilton (Wilton)
12. Oran Park Town (Oran Park)
13. Queenscliff (North Manly)
14. Renwick (Mittagong)
15. Riverstone Scheduled Lands (Riverstone)
16. Schofields (Schofields)
17. Sydney Metro Northwest Places (Tallawong - Epping)
18. Thornton (Penrith)



FY21 economic and financial highlights

\$18

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

\$17

million net profit after tax

\$17

million dividend paid
(in relation to 2020)

\$161

million sales revenue

4,049
new homesites

GRESB Real Estate Assessment
Ranked as **2nd most sustainable residential developer in Australia and Oceania**, and within the top 11% globally

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

Transparent sustainability reporting under **Global Reporting Initiative Standard (GRI)**

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

Basketball court, Newleaf, Bonnyrigg

Awards and recognition

We received recognition and awards across broad categories in FY21, with Christopher Cassiniti Bridge at Lachlan's Line receiving ten awards with the project team of Daracon/Arenco JV, KI Studio, ARUP, S&L Steel and NPC.

In FY21, Landcom also received recognition and awards across broad categories:

The **2021 GRESB Real Estate Assessment** ranked us as second most sustainable residential developer in Australia and Oceania, and within the top 11% of all residential developers globally

Julia Park Reserve Precinct at Oran Park Town
Australian Institute of Landscape Architects
National Landscape Architecture Award for Parks and Open Space 2020

Julia Park Reserve at Oran Park Town
Urban Development Institute of Australia (NSW)
UDIA NSW Social & Community Infrastructure Award

Sandra Lee, EGM Legal and Compliance
Urban Development Institute of Australia (NSW)
Finalist

Landcom
Urban Development Institute of Australia (NSW)
Diversity & Inclusion Award for Excellence Winner

Christopher Cassiniti bridge at Lachlan's Line

Civil Contractors Federation NSW
Project Value between \$30m to \$75m Award 2021

Good Design Awards
Architectural Urban Design Award

Master Builders Association (National)
National Civil Engineering Project (over \$25 million) Award 2020

Master Builders Association (NSW)
NSW Civil Engineering Project (Open Category) Award 2020

Australian Steel Institute (NSW)
NSW Engineering Projects Award 2020

Good Design Awards
Engineering Design Award

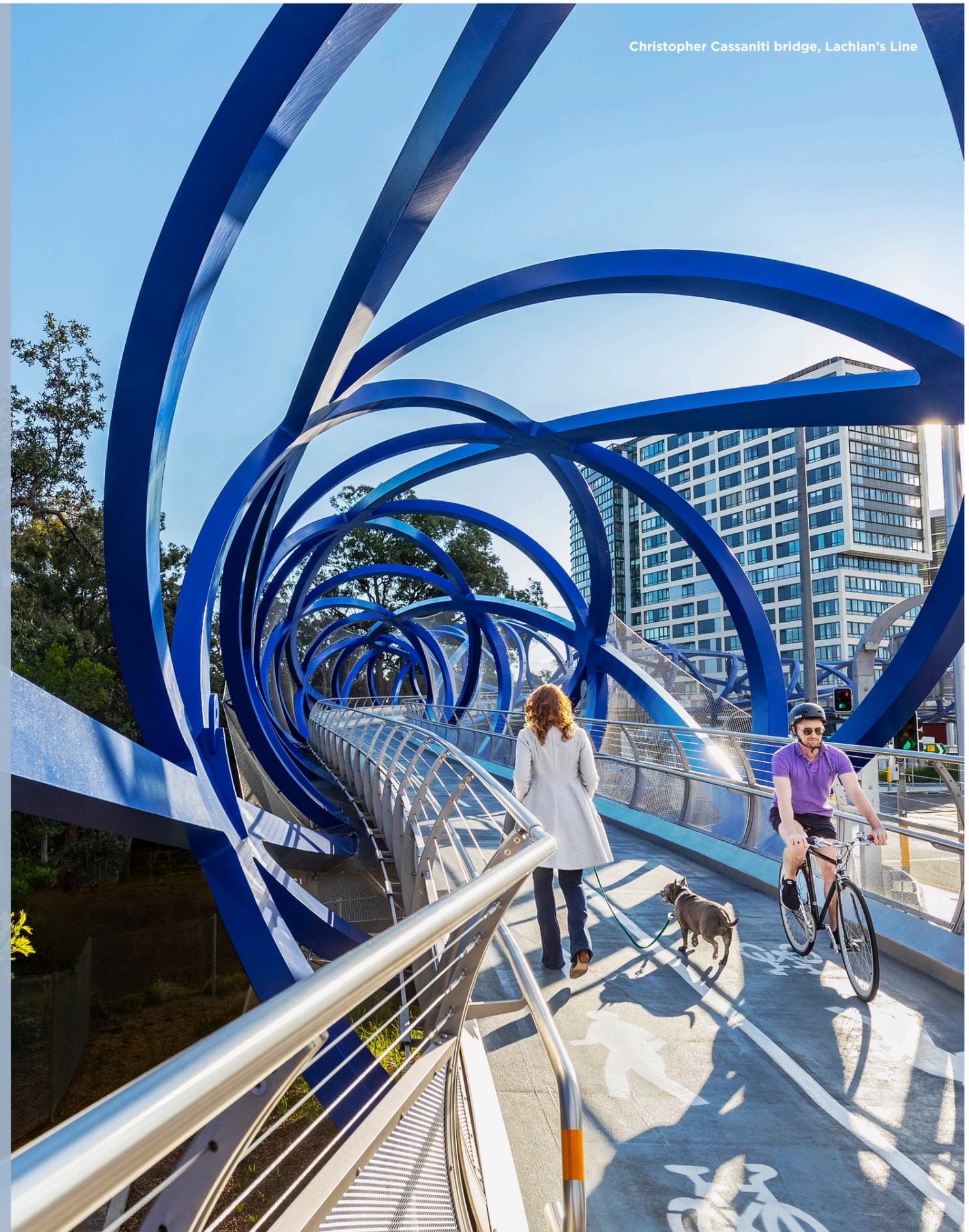
Master Builders Association (National)
National Best Use of Australian Made Product National Finalist 2020

Master Builders Association (NSW)
NSW Construction - Best Use of Steel Award 2020

Australian Steel Institute (National)
National Engineering Projects Award 2020

The Urban Developer
Excellence in Construction Innovation Award

Christopher Cassiniti bridge, Lachlan's Line



Our performance – managing our projects

Highlights of this year's achievements

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

Landcom's unique and essential role is to help the NSW Government achieve its urban management objectives. In 2021 we are celebrating 45 years of strong working relationships and collaboration across government, industry and councils to drive housing supply and achieve our objectives.

We continue to develop our capabilities to optimise investment and delivery through industry partners.

With uncertainties about future economic and market conditions, we continue to build our portfolio and fine tune our strategy to progress our mission of creating more affordable and sustainable communities.

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

We have been actively delivering housing and communities in NSW since 1976. Landcom was created to respond to a housing crisis and since then we have successfully weathered many recessions and significant changes, proving our value to the people of NSW and demonstrating our ability to advocate, innovate and deliver.

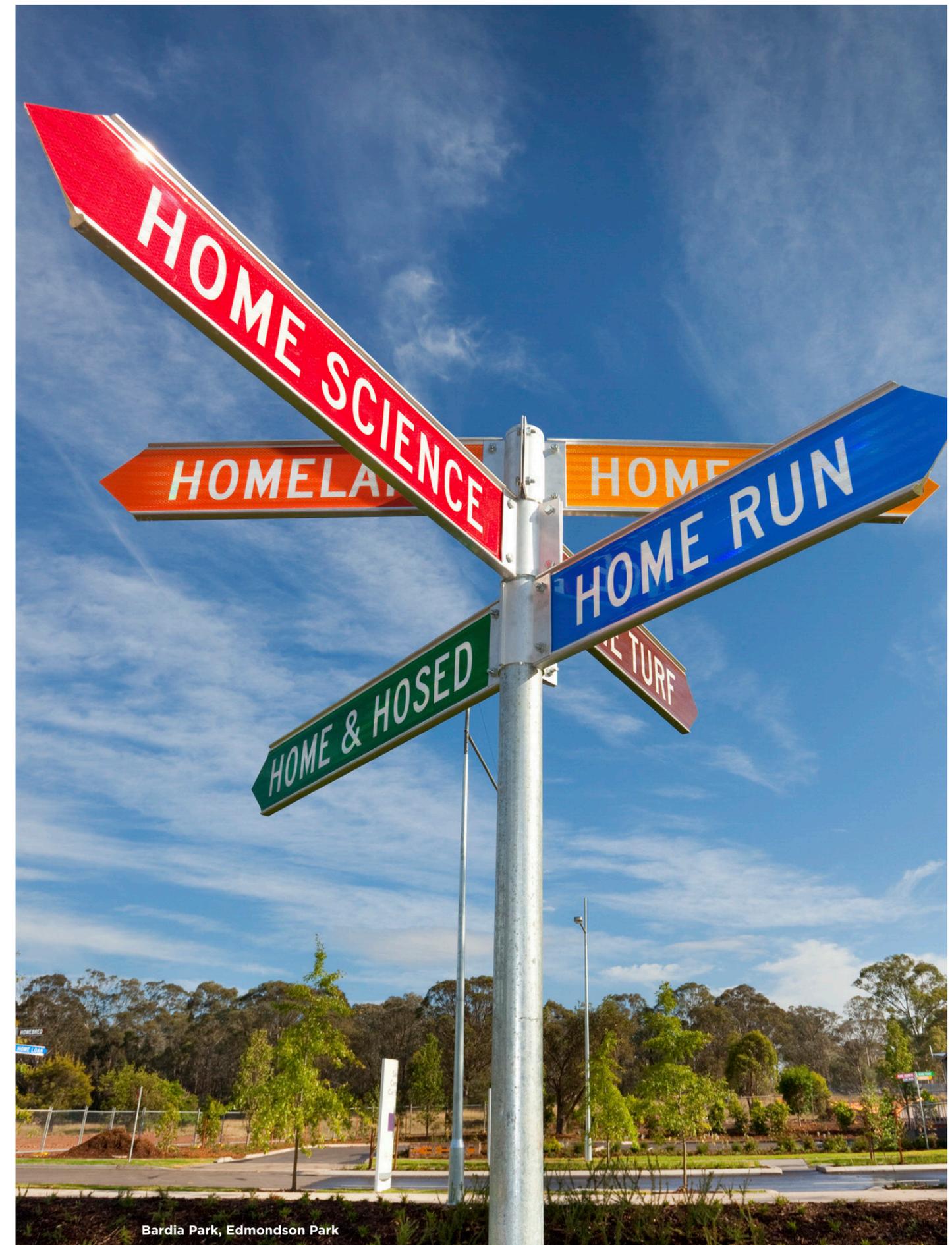
In this complex COVID-19 environment, our response is to innovate and rethink the future of housing, workplaces and urban design. We are working with industry and university partners to explore the impacts of changing demands and decreased affordability and diversity. We will continue to trial and learn from new ideas and approaches to meet the community's changing needs in this evolving landscape.

Delivering quality housing and communities

This year our projects supplied 4,049 new homesites to the market through partnerships with other developers and landowners aligned to our quality, affordability and sustainability practices.

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

- **Lachlan's Line (Ryde LGA)** - Precinct planning and infrastructure construction at Lachlan's Line has unlocked sites for other developers to build housing and additional local community facilities.
The Lachlan's Line Affordable Housing project will deliver around 100 Affordable Housing units for key workers delivered through a suitable Community Housing Provider (CHP).
- **Edmondson Park (Liverpool LGA and Campbelltown LGA)** - We are offering development sites in Precinct 9 to the market with potential yield of over 600 homesites suitable for diverse housing types and providing new housing with industry partners. We commenced work on Mont St Quentin Oval and continued works on the new Buchan Avenue including cycle lanes, pedestrian paths and parking. These works will complete our involvement at Edmondson Park.
- **Menangle Park (Campbelltown LGA)** - The transfer of development sites to Dahua was finalised this year and supports the delivery of housing supply in southwest Sydney.
- **Bonnyrigg (Fairfield LGA), Airds and Claymore (Campbelltown LGA)** - We have been working with NSW Land and Housing Corporation to create diverse communities where:
 - Social housing blends in with private and Affordable Housing; and
 - Residents have access to transport, improved community facilities and quality parklands.



Bardia Park, Edmondson Park



Renwick Community Centre opening
 Mr Viv May PSM, Wingecarribee Council Interim Administrator, Mr Nicholas Lennon, Landcom Development Director, Mr Nathaniel Smith MP, Member for Wollondilly

Partnering with others

Partnerships with the development industry, councils, landowners and other parties like Community Housing Providers (CHPs) and project home builders underpin our work to provide quality housing and communities for the people of NSW.

Our Partnerships & Business Development team continues to build a new pipeline of partnership-based projects, including new affordable and diverse housing projects.

With this pipeline of opportunities, our next generation of projects will boost the supply of sustainable, diverse and Affordable Housing in communities across Greater Sydney and regional NSW.

Delivery with partners in FY21 includes:

- **Riverstone (Blacktown LGA)** - We are working with 51 landowner groups to unlock this first application of the paper subdivision legislation. We completed construction on the first and second stages and these were offered for sale. Construction will continue this year on the third stage. We have resolved complex problems through this first project to open up approximately 100 homesites in the first stage at Riverstone, and inform future partnerships across NSW to unlock paper subdivisions.
- **Macarthur Heights (Campbelltown LGA)** - This important partnership with Western Sydney University aligns our objectives, including 'bringing knowledge to life'. We have completed the final residential stage and Claremont Park including a new section of the Macarthur Regional Trail that

links Campbelltown to Camden. Construction of sportsfields and embellishment of Mainridge Park will complete our involvement to deliver 960 homesites and more than 40 hectares of regenerated public space including natural watercourses and public recreation areas.

- **Thornton (Penrith LGA)** - Our approach to supply more housing on the remaining sites will be undertaken with development partners and will finalise our involvement.
- **Oran Park (Camden LGA)** - Our longstanding partnership with Greenfields Development Company is nearing completion. A highlight this year was completing Kolombo Reserve and water quality basins across the town centre.
- **Renwick (Mittagong LGA)** - Our partnership with NSW Family and Community Services is nearing completion. A highlight this year was the opening of the Community Centre. The neighbourhood shopping centre site will be offered to the market later in 2021.
- **Sydney Metro Northwest Places (Tallawong to Epping)** - Landcom and Sydney Metro are working together on the long-term planning and development of the Sydney Metro Northwest Stations from Tallawong to Epping.

This year masterplanning progressed on a number of projects and site divestment activities continued. This cross-collaboration will provide diverse housing, retail and commercial spaces, public spaces and community facilities in inspiring places close to transport.

Demonstrating leadership

We challenge ourselves to show leadership and innovate in what we do and how we do it. Collaboration, research and evaluation inform our policy initiatives in sustainability and housing, and enhance our capabilities to apply a strategic and holistic approach to complex problem solving.

Initiatives in FY21 include:

- **Macarthur Gardens North (Campbelltown LGA)** - Public consultation informed the masterplan application for the remainder of the site. Collaborative planning will establish Macarthur Gardens North as a showcase for affordable, universal and diverse housing close to public transport. The project achieved Green Building Council of Australia 'Green Star Certification' this year, reflecting its exceptional sustainability credentials.
- **Queenscliff (Northern Beaches LGA)** - We are planning for the adaptive reuse of the former Queenscliff Community Health Centre into a small, low-scale development with Affordable Housing, in an area where we identified that many local women aged 55 and over are in housing stress and at a risk of homelessness due to family breakdown, underemployment and a lack of superannuation. Adaptive reuse of the existing building offers significant sustainability benefits. This project will be delivered in partnership with a CHP.
- **Schofields (Blacktown LGA)** - Our Schofields project will showcase different housing types that reflect the changing needs of the diverse community including single people, retirees, couples with children, extended families and downsizers.

We will work to increase the tree canopy to address the climatic effects of urban heat.

Our leadership in sustainability practice and policy, and engagement practice includes:

- Obtaining independent, expert and impartial design advice on development projects through our Design Review Panel;
- Further increasing our industry-leading targets for affordable housing, diverse housing and universal design certified as 'silver level' by Livable Housing Australia, with the revised targets applying to all new projects from July 2021;
- Our GRESB 2021 ranking as second most sustainable residential developer in Australia and Oceania, and within the top 11% of all residential developers globally;
- Publishing a research paper on urban heat called 'Cooling the Commons';
- Our use of digital engagement tools across Cherrybrook, Fennell Bay and Queenscliff projects, including progress on the development of a virtual display room for future engagement; and
- Our continuing partnership with Department of Planning, Industry and Environment (DPIE) to advise government and inform urban design, housing and development contributions policy.

For more information see The Landcom Way - case studies.



Renwick Community Centre, Renwick

The Landcom Way- case studies



Skaters enjoying the skate park. Julia Reserve, Oran Park

Our mission to create more affordable and sustainable communities is guided by three Strategic Directions – Housing, Partnerships and Leadership.

Throughout the year we have been developing our FY22-24 Strategic Plan to guide our future leadership ambitions. This includes outcomes and targets for:

- affordable, diverse and accessible housing;
- meeting new demands for living and working locally; and
- delivery of climate resilient communities.

The following case studies showcase our role in unlocking government-owned land and driving industry innovation.

They also illustrate our unique capabilities to optimise public investment in infrastructure and boost housing supply through partnerships with the private sector.

Strategic Direction Housing



Market context

In FY21 we supplied 4,049 dwellings to the market directly or through our partners.

We entered FY21 with the Federal Treasurer conceding that the economy was in recession and with governments at all levels looking at measures to stimulate a post-COVID-19 recovery. Despite the conditions, we maintained our financial results while successfully delivering housing supply, affordability, diversity and sustainability.

The first half of the year was very subdued in both the wholesale apartment site market and the retail homesite sale market due to the recessionary impacts of the COVID-19 pandemic. The second half of the year saw a noticeable split in the markets, with retail homesite sales moving into boom conditions due to a recovery driven by government property stimulus packages and rapidly improving employment figures. The wholesale apartment site market flattened out and did not recover. While we experienced demand for wholesale apartment sites, the pricing recovery has been patchy.

The second half of the year saw retail homesite sales recover most of the full year forecast from an extremely slow first half. This sales recovery was boosted by stimulus and a lack of supply. The market did not forecast the rate of bounce back in the homesites sector and this sentiment further impacted availability and the supply pipeline. This constrained supply also caused rapid price increases in the homesites market. The wholesale apartment site market remained subdued for much of the year with developer buyers returning to the market in the third quarter but with pricing expectations generally lower when sites were offered by tender. The sale of Menangle Park (Site B) was our major transaction

in this section of the market and was contracted well before the impacts of the pandemic.

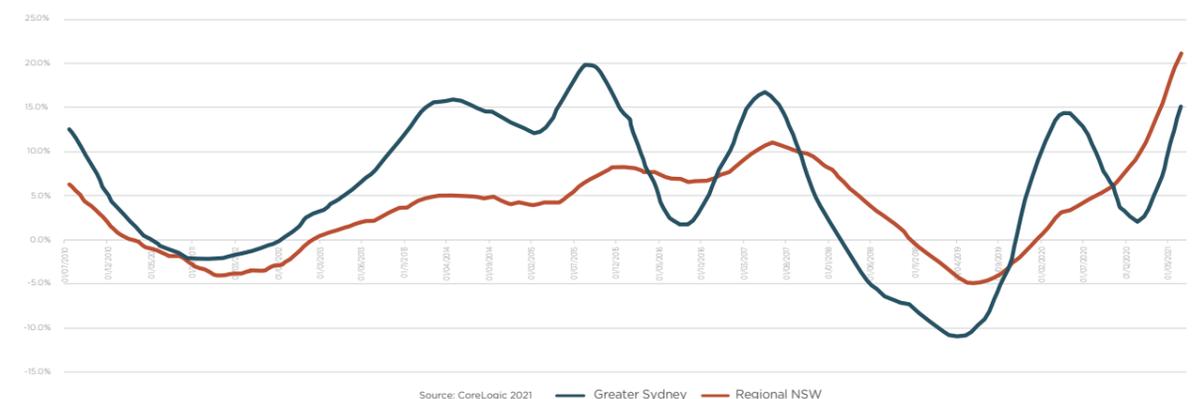
Despite these conditions we finished the year with an increase in retail activity in the second half of FY21 on the back of Australian Government stimulus measures targeted at lower income earners and house and land packages under a \$950,000 limit. These measures supported our target markets in the northwest and southwest of Sydney.

FY22 will see us in a rebuilding phase and with a pipeline of projects in Sydney's southwest, west and northwest. Where possible we will increase our development operations activity to support jobs and maximise our returns during the post-COVID-19 recovery in the retail sector of the market.

Our actions to build production, secure project pipelines, leverage public investment in infrastructure and unlock sites through partnerships, will support the development and construction industry and jobs, bring social and economic benefits and help to take the pressure off housing affordability by increasing supply and diversity.

Landcom plays a unique role to leverage Government policy, assets and infrastructure investment to maximise the returns to Government, and unlock delivery through the development industry. At the same time Landcom continues to positively drive change in the industry through our aspirational objectives in creating more affordable and sustainable communities.

Dwelling price changes Greater Sydney and Regional NSW 2010-2021





Newleaf streetscape

Housing priorities

Demonstrating innovation and quality has long guided our approach to leading positive change in the development industry.

We have been updating our Housing Policy during FY21, informed by the lessons and work achieved through our partnerships.

Our updated Housing Policy will:

- Reinforce our commitment to partnerships with the community housing sector and local councils;
- Reflect the changing policy landscape and innovations within the industry;
- Integrate the responsibilities of all the parts of the business;
- Guide the way that current and emerging projects will innovate; and
- Ensure we meet our affordable housing and diversity targets.

Unlike a traditional property developer, our role is to support the government to meet its urban management objectives. Priorities are defined by our Portfolio Minister The Hon Rob Stokes MP, Minister for Planning and Public Spaces, through a Statement of Priorities.

The recent Statement of Priorities challenges Landcom to:

- Plan to increase the Affordable Housing target across our portfolio; and
- Lead the sector in providing high quality public spaces and work to increase tree canopy cover within our developments.

Our Strategic Directions have never been more important.

Housing initiatives and achievements

Our key housing achievements include:

- **Housing affordability** - We enabled 160 Affordable Housing dwellings for future development at Lachlan's Line and Green Square town centre, Epping and Thornton;
- **Housing supply** - Our projects supplied 4,049 new dwellings including 1,134 at Green Square town centre, 906 at Edmondson Park, 873 at Menangle Park, 432 at Epping (Sydney Metro North West), 236 at Thornton, 133 at Newbrook, 100 at Riverstone, 96 at Lachlan's Line, 80 at Macarthur Heights, 46 at Newleaf and 13 at Renwick.
- **Housing diversity** - Our projects supplied more than 1,100 dwellings that are diverse in terms of their type and/or are priced to be affordable for purchase by moderate income households. This includes a mix of houses and apartments for delivery by others through our sale of development lots. Around a third of homes supplied were homes that were affordable for purchase by moderate income households, including diverse built forms like terrace homes, seniors housing, and secondary dwellings above garages. A small number of rural residential lots also added to the diverse housing supplied in FY21.

- **Housing accessibility** - Our projects supplied 590 dwellings with Universal Housing Design certified as 'silver level' by Livable Housing Australia.

We note that a single dwelling may be both Affordable or Diverse Housing as well as Universal Housing.

Housing leadership

We are committed to complex problem solving, collaboration, and industry research and policy initiatives in sustainability, housing and project evaluation.

Progress this year includes:

- Further increasing our industry-leading targets for affordable housing, diverse housing and certified universal design housing, with the revised targets applying to new projects across the portfolio from July 2021;
- Significant diversity in the housing released at Edmondson Park. Overall this project is on track to provide approximately 40% of the new housing as a range of diverse housing including terrace houses and homes with secondary dwellings above garages and there are also a number of apartments and one bedroom homes priced for affordable purchase.
- Delivering critical community infrastructure as early as possible alongside our housing development projects, including public open space, community facilities and tree canopy;
- Using innovative approaches to build affordable and diverse housing to test viability of new typologies and delivery models to share with industry, government and the community;
- Continuing to forge innovative partnerships with state and local governments, private landowners, CHPs and other industry partners to increase the affordability, supply and diversity of new housing;

- Challenging ourselves to enhance design and quality by obtaining independent, expert and impartial advice on development projects through our Design Review Panel; and
- Serving as a trusted advisor to government and industry on the planning and policy reforms to enhance the supply, affordability and diversity of housing and create great places in NSW.

This includes:

- Contributing to NSW Government's NSW Housing Strategy 'Housing 2041' in which Landcom is identified as having a role to 'maximise the impact of government owned land, investment or assets and government-led projects or funding to achieve the housing vision';
- Advising local councils interested in supporting landowners to develop paper subdivisions;
- Responding to the NSW Productivity Commission's review of infrastructure contributions and continuing to support the NSW Government with detailed design and implementation of the infrastructure contribution reforms;
- Contributing to numerous industry organisation working committees; and
- Offering advice to DPIE in relation to the proposed Design and Place State Environmental Planning Policy and associated policy documents.

New challenges

COVID-19 continues to raise new challenges for how people live and work. We are exploring new approaches to address the implications for housing and communities, and for our industry and partners. As we try new ideas we will stay flexible to account for emerging issues and opportunities during the evolving situation, and inform our practices in the year ahead.

Affordable housing

Lachlan's Line Lot 117

Lachlan's Line Lot 117, was the first in a pipeline of Landcom projects that offered a partnership with a Community Housing Provider (CHP) to deliver 100% affordable housing through a newly designed Request For Proposal (RFP) process.

Through engagement with the CHP sector and input from our Demonstration Program Reference Panel members, we were told that many existing tender processes were both costly and resource intensive for their organisations. From these conversations and feedback, we developed a two part RFP Process designed to be less onerous in time and cost for CHPs.

The process was developed from a values-based approach founded on:

- Innovation;
- Empathy and efficiency;
- Collaboration;
- Flexibility; and
- Openness.

This approach underpins the partnership framework for these projects and was the driver for the development of the RFP process.

Our commitment to simplifying the tender process translated into:

- The design of a new Landcom Tender Portal managed internally;
- A suite of new RFP submission documents including returnable schedules; and
- A two-part process shortlisting highest ranked submissions after Part 1 assessment with an invitation to participate in a more detailed Part 2 submission process.

We continue to have conversations with the sector seeking feedback on their experiences with these processes so that we can deliver improvements to each of our RFPs and projects, in the future.



Render of Lachlan's Line from the Landcom Tender Portal

Indicative artist impression subject to change and subject to approvals



Linear Park, Lachlan's Line



Julia Reserve, Oran Park

Oran Park Town

Our long standing and successful partnership with Greenfields Development Company is nearing completion and has created an exceptional award-winning legacy. Together we have broken new ground to deliver this important town centre in one of the fastest growing areas of Sydney.

Oran Park Town is more than a suburb, today it is a modern town with a growing community. Oran Park Town was designed from the central Town Park outwards to set the scene for the green and sustainable vision of Landcom and Greenfield Development Company in collaboration with Camden City Council.

Oran Park Town demonstrates a new approach to providing urban centres that meet the housing needs as well as the education, employment, health and recreational needs of new greenfield communities. Oran Park Town is focused on lifelong education, quality infrastructure and amenities, a diversity of places to live and neighbourhoods that are easy to walk around.

Housing diversity and innovation

The masterplan established a variety of homesites to promote diverse housing types, offered through the

extensive onsite Home Display Village. Along with terrace homesites, compact house lots, standard sized lots and semi-rural lots as well as integrated retirement accommodation and aged care facilities, Oran Park Town provides diverse and affordable housing.

Innovative for 2008, we installed high-speed optical fibre infrastructure to deliver telecommunications to every home and support the education and village connected atmosphere. From 2016 to 2018 we hosted a Smart Work Hub startup initiative with Western Sydney University.

Environmental design and infrastructure

Water sensitive urban design at Oran Park Town includes a water quality management strategy that uses combined raingardens and detention basins to improve local riparian corridors.

Sustainability has been integrated into the landscape and public domain to deliver high quality streetscapes and public open spaces that optimise environmental sustainability and enhance shade and environmental comfort to users and residents.

We resolved trunk water and sewer services issues for the wider region including constructing three sewage pumping stations. We also delivered major lead-in road infrastructure.

Social infrastructure excellence

We implemented a social plan concurrently with the delivery of infrastructure to create a place of sustainable living. Our masterplan included more than \$142 million of infrastructure, public spaces and community facilities, making this one of the largest Voluntary Planning Agreement in NSW at the time.

There are now four schools open in the Town, a retirement village, childcare facility, Camden Council headquarters, Remote Work Hub, integrated Medical Centre and an integrated retail and commercial centre linked by the extensive pedestrian and cycle network, across the 50ha town centre.

The four schools adjoin parks and sports fields to encourage dual use and healthy living.

The award-winning community infrastructure includes a new Library and Community Centre, Brabham Reserve sports fields, Julia Reserve Skate Park and Youth Precinct and Kolombo Reserve Sporting Complex.

We worked closely with Council throughout development and created and implemented a community development and Community Welcome Program, community newsletters, monthly markets and a social infrastructure plan.

Oran Park Town heritage

The heritage of Oran Park Town is essential to the place we see today. A former raceway and dairy farm, our masterplan layout interprets the original race track, and street names honour motor racing greats. We also interpreted the area's farming history in the project design.

Case Study

Strategic Direction Housing and Leadership



Landcom celebrating 45 years as part of the fabric of NSW

Since 1976, Landcom has been part of the NSW development industry unlocking sites and collaborating with our partners to deliver over 100,000 homes for families across NSW.

When the NSW Government created Landcom 45 years ago, the intention was to moderate the housing market, stabilise land supply and support the development industry.

Over the decades we have created thriving and sustainable communities across New South Wales. By establishing strong relationships with our industry partners, we have delivered award-winning housing and innovative urban renewal projects.

From Little Bay in the east to Penrith in the west, Renwick in the south and Port Stephens in the north, Landcom has become part of the fabric of NSW.

As our state grows, Landcom continues to focus on creating healthy and sustainable communities for the people of NSW. We aim to demonstrate global standards of liveability, resilience, inclusion, affordability and sustainability in our projects through masterplanning and partnering.

Partnerships are key to our success

At the heart of Landcom's success are our partnerships. We work hand in hand with industry, our partners in government and the not-for-profit sectors to help unlock development opportunities and support the economy.

We partner with organisations that share similar values and beliefs, have a history of delivery and success, and that respect resilient relationships with their stakeholders. Over the years our development partners have included public, private and institutional landowners, other developers, NSW Government agencies, local councils, Community Housing Providers (CHPs), infrastructure providers and project home builders.

We work together with our partners to create more affordable and sustainable communities for the people of NSW.

Creating housing diversity and supply

Through our projects, Landcom is addressing the challenge of providing homes that are more affordable for middle and lower income households. Whether on vacant land, or established sites, we are regularly relied upon by the NSW Government to manage strategic and complex residential projects.

Over 45 years we have pushed the boundaries to innovate in housing form and land development approaches. We have tested the market on new housing products to demonstrate viability and we share our learnings with industry.

Some demonstrated innovations include zero-lot boundary housing, reimagined terrace houses, 'Fonzie' flats or studios over garages, multi-occupancy big houses, compact dwellings and modern homes for smaller lot sizes. Our Design Guidelines and sustainability initiatives continue to improve house design, urban design, neighbourhood amenity and environmental outcomes to support sustainable and healthy communities now and for the future.

As housing supply continues to impact our community, our Housing Policy targets drive us to innovate further to deliver more universal housing, more diverse housing and more affordable housing. We are working with local councils, CHPs and Local Aboriginal Land Councils to enable the delivery of more affordable housing across NSW.

Sustainability in action

Over the last 45 years, there has been increasing recognition that sustainable development generates positive and lasting value for communities and the environment. Sustainability is not an element that is nice to have. Sustainability is an imperative.

Landcom's approach has evolved over time, adapting to new knowledge, industry progress and community expectations. We firmly believe that the future lies in the design and delivery of climate resilient communities that demonstrate global standards of liveability.

As Landcom continues to drive a focus on low-carbon outcomes across our projects, we are also looking internally at our own operations and how we can continue to make positive changes. We are very proud to now be a certified Carbon Neutral Organisation, in accordance with the Climate Active Carbon Neutral Standard.

Our 100% Australian Carbon Credits purchased in 2021 form part of the Darling River Eco Corridor near Lowan in northern NSW, focused on restoring severely degraded agricultural land and regenerating native vegetation to benefit endemic species such as echidnas and woodland birds.

To read more about our sustainability achievements throughout FY21, see Landcom's FY21 Sustainability Report.

Exemplar projects

In our anniversary year, we look back on some of our award-winning projects and uncover the challenges and achievements in creating more affordable and sustainable communities for the people of NSW.

Shared through project videos on our website and staff site tours, we celebrate our exemplar projects with pride. We are sharing project knowledge, innovation and learnings with our staff, industry and stakeholders to both celebrate and inspire - especially for the emerging young developers who will be responsible for the communities of the future.

The exemplar projects are selected from the over 220 projects Landcom has delivered since 1976. These 18 projects reflect the diversity of strategic, complex and innovative projects delivered since Landcom's

corporatisation in 2002. These projects reflect how partnerships and collaboration can achieve a shared vision:

- The opportunity to renew the derelict industrial area in Zetland into Green Square town centre was catalysed by the Airport train route for the Sydney Olympics and involved relocating government services and unprecedented consolidation and decontamination.
- Prince Henry at Little Bay involved reimagining a closed public hospital, achieving a state heritage listing and a masterplan that respected and celebrated the site heritage, and accommodating seven community groups.
- Hunterford at Oatlands innovated with housing diversity and proved that there was a suburban market for terraces, Fonzie flats and small lot compact housing.
- At Shellharbour we worked with Shellharbour City Council to achieve a commercial and entertainment centre link to support expansion of the town centre and resolve community issues.

Every one of our exemplar projects has a proud story based on relationships, leadership, resilience and commitment.

Every Landcom project demonstrates why Landcom is part of the fabric of NSW.

The future of our homes and communities – the new challenges

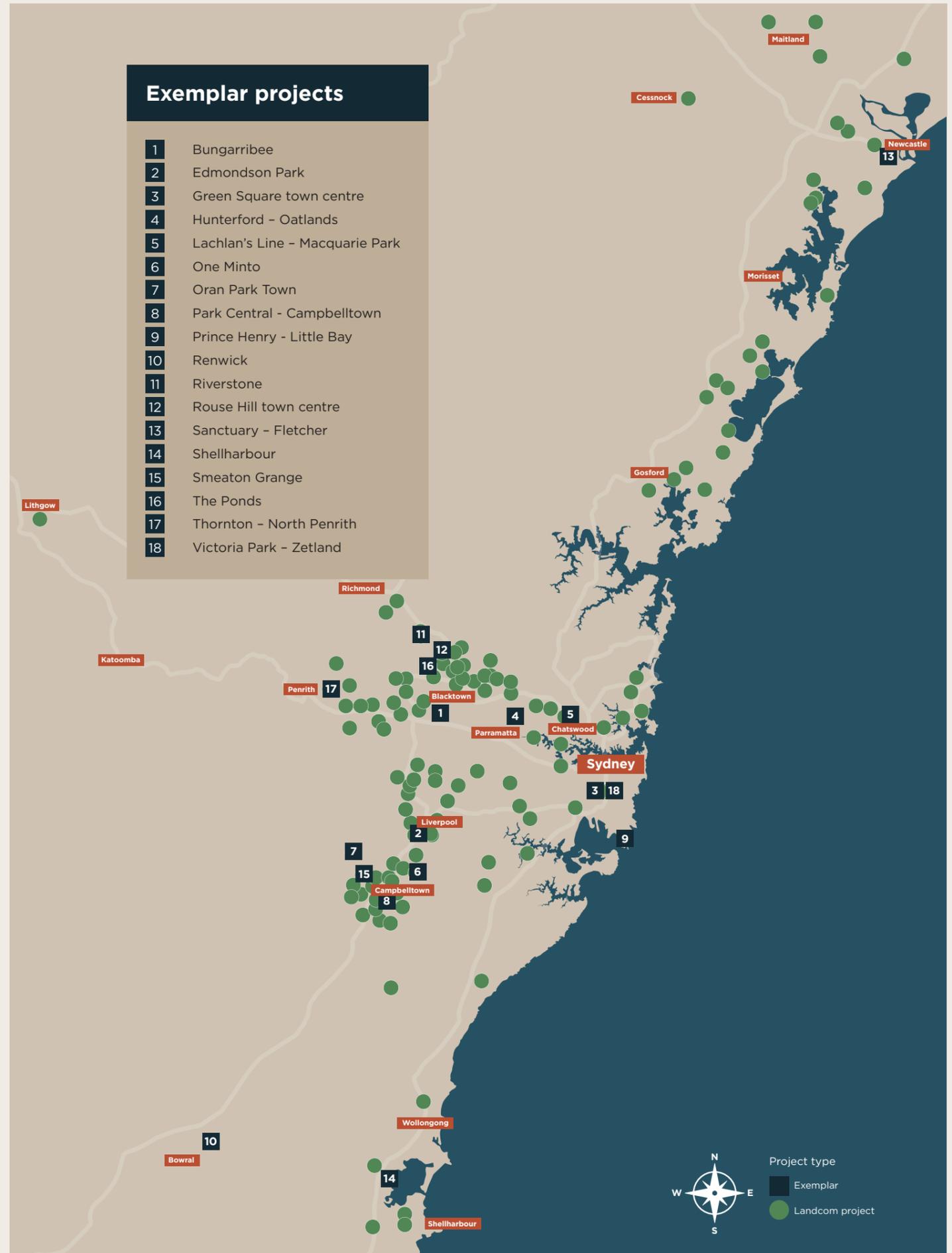
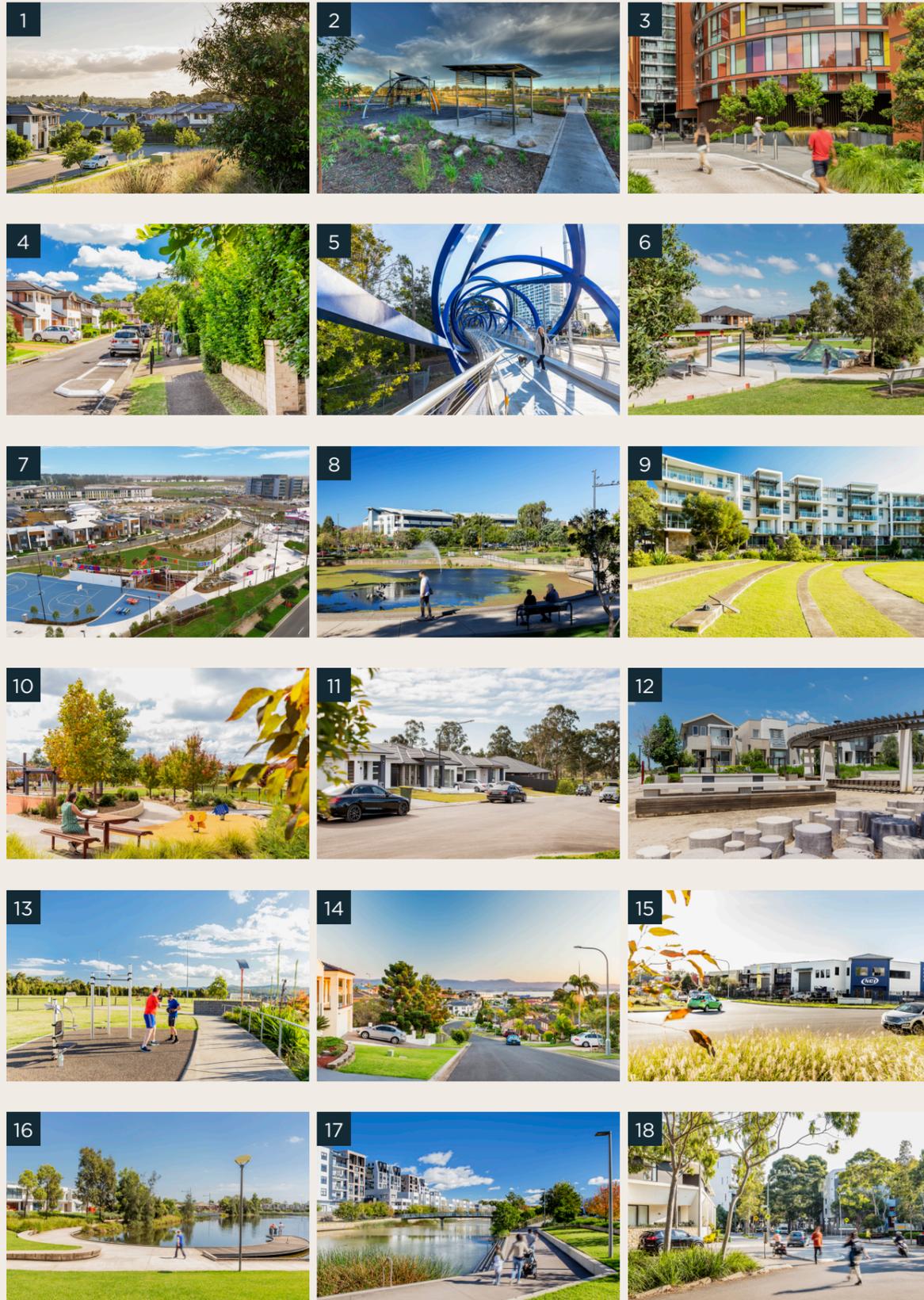
While our approach has changed over time, Landcom's mandate to address housing affordability and supply housing continues to be as important as ever.

In this complex COVID-19 environment, our response is to innovate and rethink the future of housing, workplaces and urban design. We continue to work with industry, government and university partners to explore what might be a new normal in housing and community. We will continue to trial and learn from new ideas and approaches to meet the community's changing needs and to support market and industry innovation.

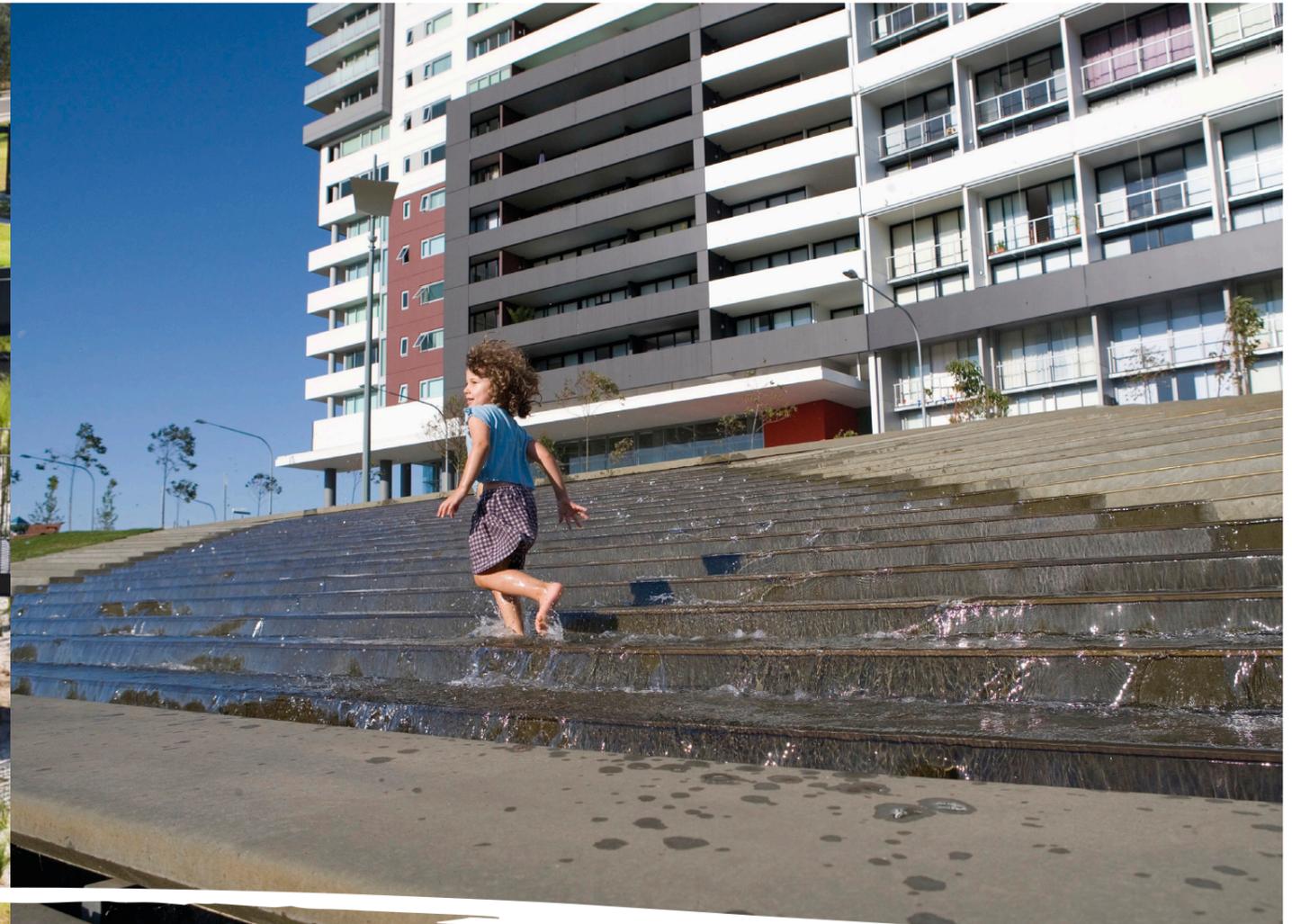
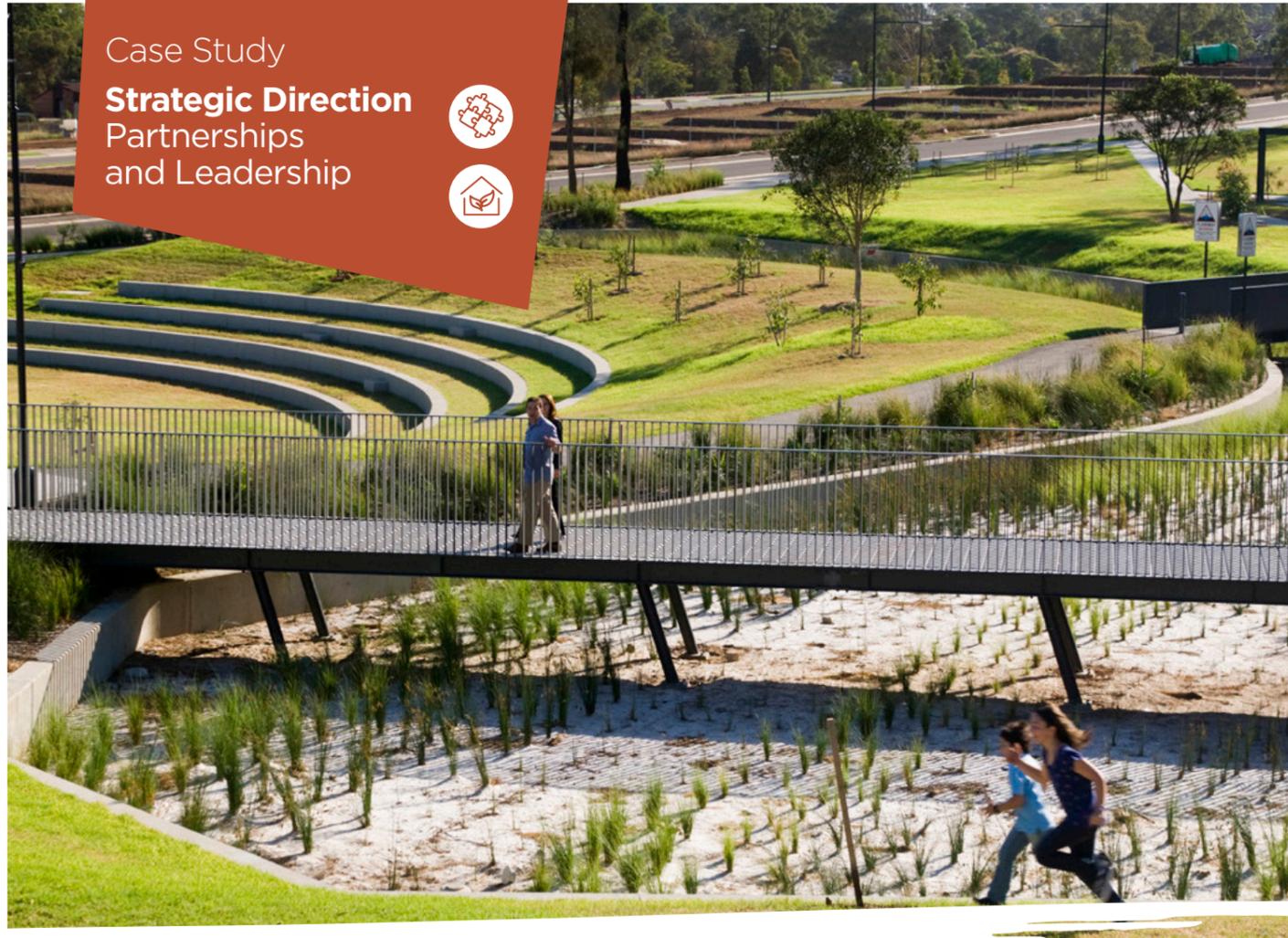
“In 2021, as we continue to build on our achievements, we invite you to join us in celebrating Landcom's 45 years of successful projects, partnerships and places.”

John Brogden, Chief Executive Officer

Celebrating our 18 award winning exemplar projects



Case Study
Strategic Direction
 Partnerships
 and Leadership



Redfern Park, One Minto

Storm Water by Jennifer Turpin & Michaelie Crawford, Victoria Park

Climate resilience leadership

In our Sustainable Places Strategy Landcom commits to delivering *climate resilient places* that are *low carbon, resource efficient and environmentally sensitive places*. This is enabled by a suite of resilience and adaptation targets applicable to all projects.

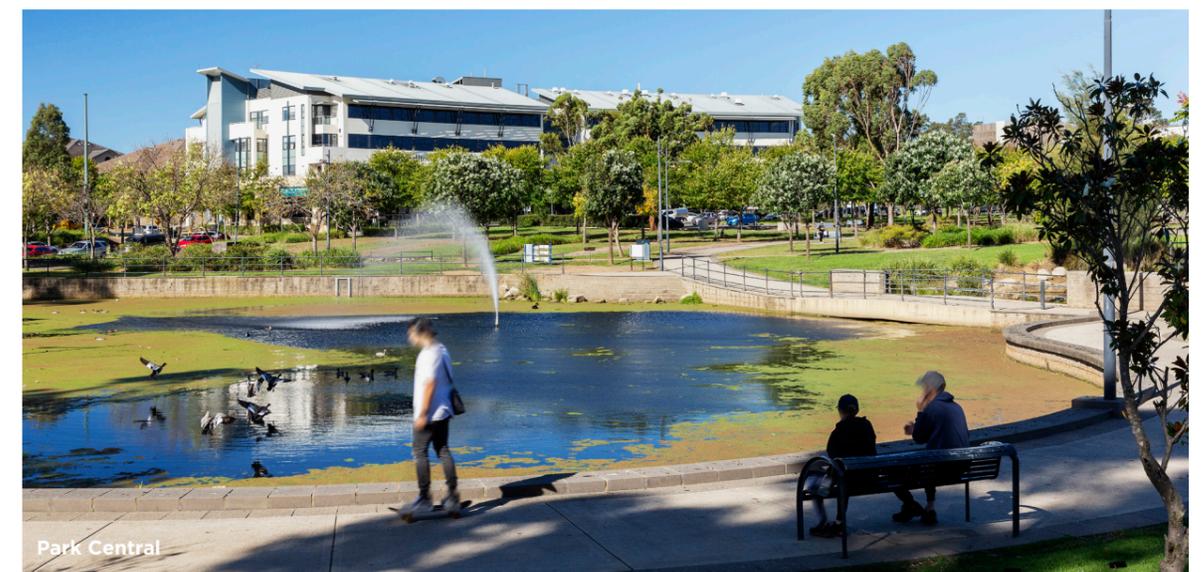
Informed by leading frameworks and resilience guidance, including the United Nations Sustainable Development Goals, 100 Resilient Cities *Resilient Sydney Strategy*, Green Building Council of Australia's Green Star Communities and Infrastructure Sustainability Council of Australia's *Infrastructure Sustainability Rating Tool*, Landcom's approach provides a consistent, comprehensive, and scalable methodology for understanding crucial system interdependencies and building resilience at the community scale.

Preliminary assessments of a site's exposure to climate risks are completed for all new and prospective projects and informs the decision on whether to approve a project. This includes a site assessment by Landcom sustainability experts and project development team members, to test and validate desktop findings and assumptions. These early investigations inform all prospective project business cases, and largely focus

on environmental factors - for example extreme heat or bushfire.

Once a new project is approved for development, opportunities or risks to critical infrastructure (water, power, telecommunications, transport) and emergency services are evaluated. Socio-economic composition, and availability of key amenities and services such as health care, education and employment are also considered. This includes identifying any underlying chronic stresses of a community and assessing the likelihood these could be exacerbated by acute shocks. By considering all factors, Landcom is able to develop a comprehensive view of all interdependencies.

Based on all the findings, a strategic and informed community resilience and adaptation plan is prepared for the project. This lasts from inception to completion of the development and will include a range of mitigation or adaptation initiatives tailored to project needs. A



Park Central

residual risk rating is also applied to each initiative, to monitor positive impacts of reduced climate risks and enhanced resilience.

Landcom continues to track resilience within the community once residents begin to move in, through our Healthy & Inclusive Places Survey. This annual survey

seeks resident feedback on their quality of life, with questions specific to community resilience.

Sustainability and learning

During FY21 Landcom achieved the significant milestone of being certified as a Carbon Neutral Organisation, under the Climate Active Neutral Standard. Our carbon offset strategy included the use of 100% Australian Carbon Credits from the rehabilitation of the Darling River Eco Corridor near Lowan in northern NSW. This site is a degraded sheep farm which was showing serious signs of over grazing, feral animal impact and soil erosion due to the overgrazing and loss of the land's original Brimble Box, Cypress Pine, Yarran and Turpentine tree species, which act as carbon sinks.

We also continued to advance our focus on climate resilience, with an emphasis on identifying, mitigating, and managing our transition risks. Landcom commenced reporting against the Task Force on Climate-related Financial Disclosures (TCFD) in FY20. This is a key component of our approach to addressing climate change physical, transition, and social risks. For more on this see pages 34 and 35 TCFD.

We're also proud to share our new Human Rights Statement. The purpose of this Statement is to affirm Landcom's commitment to human rights, acting to ensure our operations uphold and protect the rights of every person in our value chain. Our approach is informed by international best practice initiatives, including the United Nations Guiding Principles, United Nations Global Compact of which Landcom is a Participant, and the *Modern Slavery Act 2018* (Cth). We also disclose our contribution to the United Nations Sustainable Development Goals annually, within our Sustainability Report.

To read more about our sustainability achievements throughout FY21, see Landcom's FY21 Sustainability Report.



Water Canal, Thornton

Engaging communities to plan and deliver tomorrow's neighbourhoods

Our Join In Engagement Charter outlines Landcom's commitment to stakeholder engagement and continued learning and improvement in our engagement practice, to help us achieve our mandate.

In the midst of the COVID-19 pandemic we adapted the way we engaged with communities. We embraced new technologies to engage online, and we are continuing to invest in web-based tools to connect with communities virtually and enable them to engage with us from the comfort of their homes.

Examples of our work with local communities over the past year which highlight this shift towards more digital engagement methods include:

- To get feedback on our Cherrybrook project we undertook a telephone survey alongside an online survey hosted on our website. We also used a customised digital platform for community representatives to participate in a structured online discussion forum to learn about our plans. The forum encouraged participants to reflect on the relationship between building heights, design quality, infrastructure provision and development feasibility. We also produced a digital 'coffee table' conversation booklet that enabled friends and family to learn about the project together in their own time and place, consider issues associated with new development and provide us with structured feedback.
- On our Fennell Bay project we held digital focus groups to understand people's preferences for diverse housing in the Lake Macquarie area and hosted online community information sessions to provide information and invite feedback on our plans to subdivide the site.
- On our Queenscliff project, after cancelling a planned face-to-face community information session in response to public health guidelines, we used a digital platform to host a number of one-on-one meetings where we invited our neighbours to meet the project team, learn about the planning process for the site and ask questions.
- We produced a series of videos about our plans for Macarthur Gardens North and invited feedback via an online survey.

Throughout FY21 we relied on our digital channels to help us communicate and stay in touch with our communities.



Digital engagement

Looking forward, we will continue to build our capability to engage meaningfully online. We recently partnered with a new digital provider to host a virtual display room where we will be able to display project information and invite people to engage with us as if they were attending a face-to-face session.

Multicultural policies and services program

As a small agency defined under NSW Treasury Circular 15-18, in accordance with Section 18 of the Annual Reports (Statutory Bodies) Regulation 2015 (NSW) Landcom is required to include information about its multicultural policies and services program in its Annual Report once every three years. We reported in 2019 and the next report will be in 2022.

Task Force on Climate-related Financial Disclosures

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

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

While we continue to deliver on these commitments at our assets, Landcom is also taking steps to bolster our overall approach to mitigating the risks of climate change to our organisation. In FY20 Landcom adopted the recommendations of the Task Force on Climate-related Disclosures (TCFD) and began progressively

working towards full alignment. We are aligning with the TCFDs as it is leading practice, and our disclosures are presented with consideration to the interests of our stakeholders.

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

Where we are today		Future priorities
Governance	<p>Board oversight</p> <p>Executive General Manager Communications & Policy provides quarterly updates on climate-related issues to the Board</p> <p>Climate risks accompany all new project acquisition or development approval proposals requiring Board approval</p> <p>Board considers climate-related issues and performance as part of risk and corporate strategy and operational planning</p> <p>Board approves annual Sustainability and Annual Reports with relevant climate-related disclosure</p> <p>Audit & Risk Management Committee are updated on climate risks twice annually</p> <p>Management's role</p> <p>Director Sustainability & Learning oversees assessment and management of climate-related issues, and reports to Executive General Manager Communications & Policy</p> <p>Executive General Manager Communications & Policy provides monthly updates on climate-related issues to the Executive Committee</p> <p>Executive Committee oversees implementation of Climate Risk Management Plan</p> <p>Executive Committee, Director Audit & Risk and Director Sustainability & Learning monitor climate-related risks via Landcom's Strategic and Operational Risk registers</p> <p>Management endorses for Board approval Landcom's Sustainability and Annual Reports, with climate-related management approach and performance disclosures.</p> <p>Members of the Executive Committee, Director Sustainability & Learning and all Sustainability staff have Key Performance Indicators related to climate risk and resilience.</p>	<p>Continue to deliver on our Climate Risk Management Plan</p> <p>Continue all existing governance protocols</p>

	Where we are today	Future priorities	
Strategy	<p>Sustainable Places Strategy addresses project-based climate issues, including adaptation and resilience management, and transitioning our approach towards carbon neutral communities by 2028</p> <p>Landcom's Climate Risk Management Plan guides business approach to FY22</p> <p>Integration of climate-related issues into Landcom's Strategic Plan FY21-FY24</p> <p>Integration of climate-related issues in Landcom's Communications & Policy FY22 Divisional Plan</p> <p>All new projects (and prospective acquisitions) assessed for climate-related physical, social and interdependent risks against several timescales and scenarios, typically being 2030 (RCP4.5), 2070 (RCP 8.5) and 2090 (RCP 8.5)</p> <p>Roundtable Research Priorities includes a focus on funding proposals that advance resilience</p> <p>Certification as a Carbon Neutral Organisation, under the Climate Active Carbon Neutral Standard</p> <p>Identified our material transition risk for climate for financial scenario analysis</p>	<p>Finalise financial scenarios in line with TCFD recommendations to inform future business priorities</p> <p>Develop a transition risks and management business case for the organisation with key recommendations for adoption</p> <p>Develop a carbon positive roadmap for Landcom's project portfolio</p>	
Risk management	<p>Climate-related risks identified and integrated into Landcom's Strategic and Operational Risk registers</p> <p>Climate-related risks incorporated into future corporate strategic planning</p> <p>Climate-related risks integrated into Risk Appetite Statement</p> <p>Roundtable Research Priorities includes a focus on funding proposals that advance resilience</p> <p>All new projects (and prospective acquisitions) assessed for climate-related physical, social and interdependent risks are accompanied by recommended adaptation, mitigation or management actions</p> <p>Consistent risks being identified across our project portfolio disclosed in Sustainability Report (refer to Climate Change Risk and Community Resilience)</p> <p>Community resilience plans developed for all new projects</p> <p>Integrated identified climate-related risks into project business plans</p>	<p>Advance understanding and disclosures of response to climate-related transition risks</p> <p>Advance understanding and disclosures of climate-related financial impacts to the organisation</p>	
Metrics and targets	<p>Sustainable Places Strategy incorporates a suite of targets to address resilience and carbon reduction across Landcom's project portfolio, and performance is reported annually in the Sustainability Report (see Climate & Resilience Performance Results in Landcom's Sustainability Report).</p>		
	 <p>All new projects to undertake a Climate Resilience Assessment</p>	 <p>All new projects to prepare and implement an effective Climate Adaptation and Community Resilience Plan</p>	 <p>All new projects modelled to reduce Green House Gas emissions by 50%</p>

Compliments and complaints feedback system

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

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

During the year, we received 30 complaints and three compliments. The complaints primarily related to issues associated with construction works such as noise and flooding, difficulties with booking appointments for sales releases, and environmental concerns about potential impact of development activities on native flora and fauna.

FY21 Complaints and compliments Register

Category	Complaints	Compliments
Building and construction	14	1
General customer service	1	1
Marketing/sales	7	0
Environment	8	0
Community events/site visits	0	1
Total	30	3

Health, safety and environment

Our focus on health, safety and environment (HSE) means:

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

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

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

FY21 tested Landcom's commitment to HSE. Landcom responded to the COVID-19 pandemic in these ways;

- All our people were directed to work from home between March 2020 and February 2021 with rotational and split teams introduced for those needed in sales offices and critical staff in the Head Office;
- Our technology infrastructure was upgraded and enabled a seamless transition to remote work with further enhancements implemented rapidly to improve the experience. Our cyber security infrastructure was also strengthened;
- A central information hub was established for our people to access all pandemic-related communications, remote work instructions and resources, and information to support their mental

health and wellbeing. Specific programs to assist employees with mental fitness and to assist people managers to create resilient teams were undertaken;

- The Employee Assistance Program remained available to all employees and their immediate family members for those seeking confidential counselling support;
- We adapted our internal communications rhythm, increasing the frequency of CEO and Leadership Team updates and virtual employee town hall events;
- Workplace COVID-19 Safety sessions were offered to all employees to provide information about managing the pandemic in our workplace and asset environments;
- A remote working online training program was developed and rolled out to assist employees in creating a suitable working environment;
- Quarterly wellbeing check-ins with all staff while working remotely were done to identify and assist staff who may be struggling with remote working and pandemic stress. This included calling every employee for a conversation with the People & Culture team member;
- A wellbeing challenge program was very successful and improved cross team collaboration while working remotely, with close to 50% of the staff participating;
- Mental health training has been rolled out to all staff with focus on identifying team members who may be in stress and how to assist them with empathy. The feedback from the training is that 100% agree (47% strongly agree) they feel more confident to help a distressed teammate or loved one; and
- Fortnightly wellness classes available for all staff.



Construction, Green Square

Health Safety & Environment Management Systems

Landcom launched a new Integrated Health, Safety & Environment Management System (HSEMS) aligned to ISO45001 (Occupational health and safety management systems) and ISO14001 (Environmental management systems). The documentation was audited by EY Australia prior to launch.

The HSE Framework details Landcom's approach to HSE and is supported by the Health, Safety & Environment Policy (which includes wellbeing) and a suite of key Standards. Each Standard is supported by multiple procedures, forms and checklists. The key Standards are:

1. Strategic Planning;
2. Communication and Consultation;

3. Risk Management;
4. Incident Management;
5. Contractor Management; and
6. Performance Management.

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

The online data base Integrum has been upgraded to capture internal audits, Risk Assessments and Modern Slavery breaches with various forms available within Integrum.



Staff participating in Landcom wellbeing challenge

Landcom's new HSE Framework

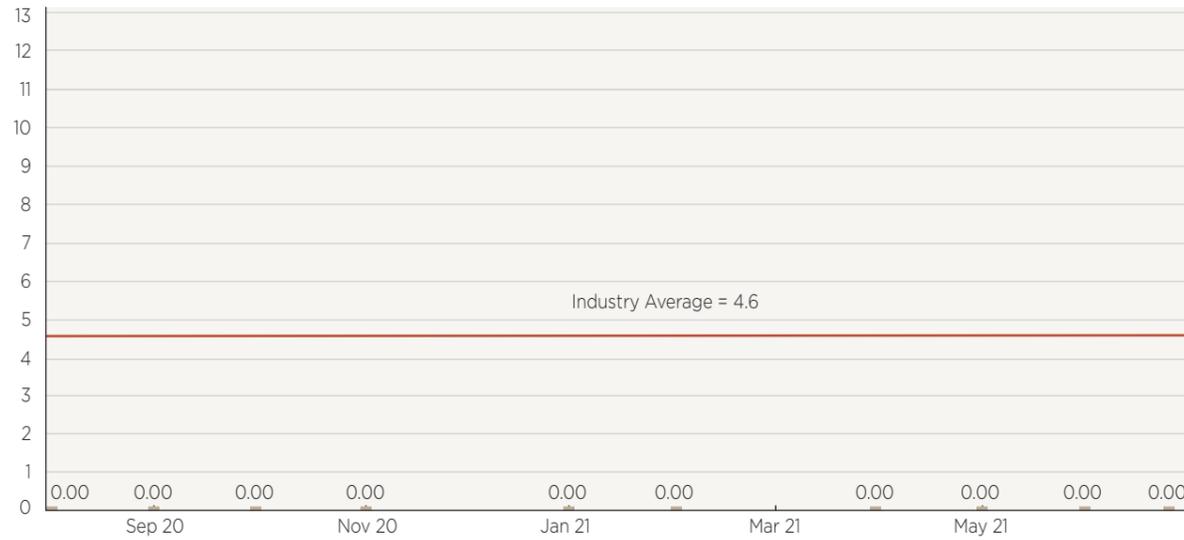


Incident statistics

The Lost Time Injury Frequency Rate – employees

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

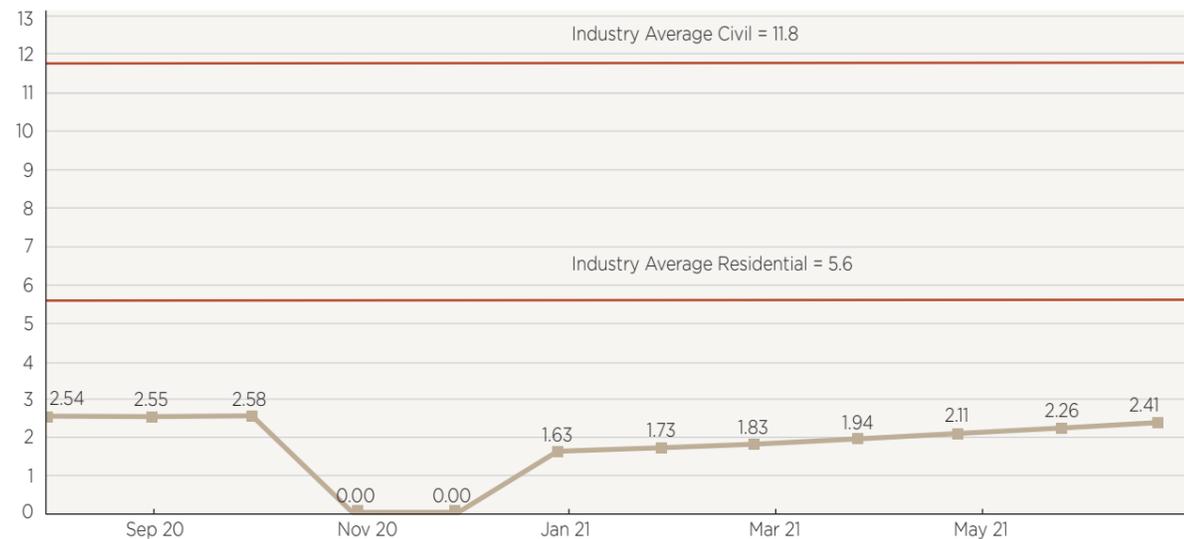
12 Month Rolling LTIFR - Landcom



The Lost Time Injury Frequency Rate – contractors

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

12 Month Rolling LTIFR - contractor



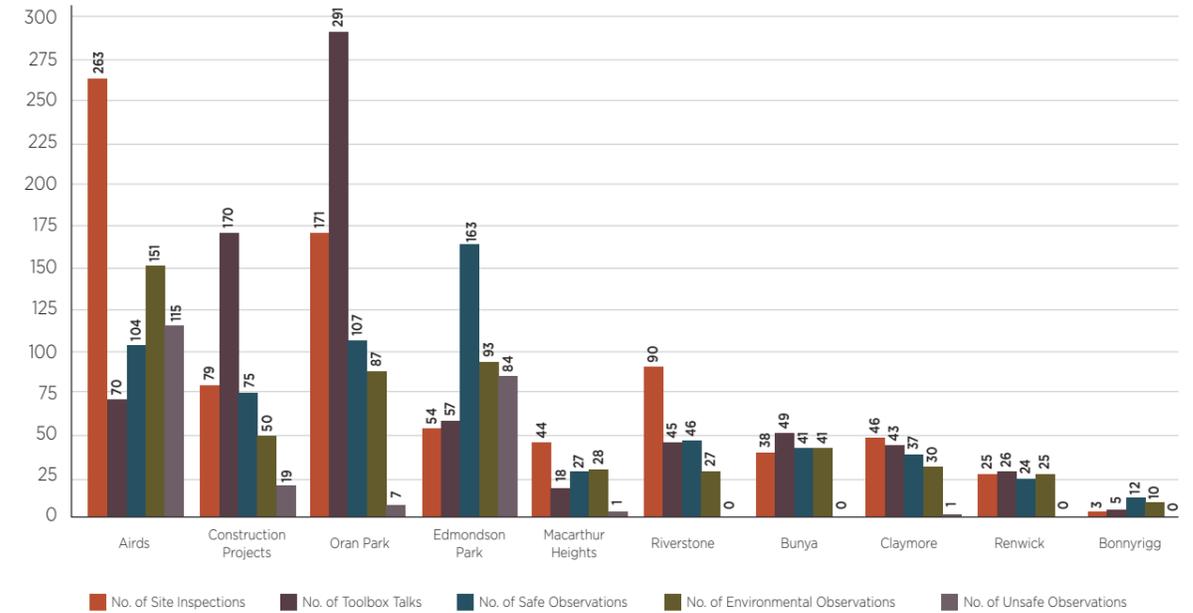
Lead safety indicators

Landcom measures lead indicators to demonstrate our commitment to Health, Safety & Environment. We proactively track safety performance to help us identify safety concerns so that we can act to mitigate these concerns and prevent incidents.

The more site inspections and safety observations we carry out, the less incidents. Unsafe and safe behaviours

are identified during site inspections and safety observations. These help ensure timely mitigation of any risks identified.

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



Workplace health and wellbeing

Landcom recognises that managing work, relationships, caring responsibilities, finances and other life needs can be challenging at times for us all.

Life Street is our Employee Assistance Provider and is accessible to all staff. Life Street offers usual assistance services to employees and immediate family members, and has resources and tools for staff to use in their lives more broadly.

Digitally based, users can access their own Life Street profile via a secure login, and use self-assessment tools

to help direct them to the appropriate resources on their platform. Topics span health and wellness, family and relationships, work and career, psychological and emotional wellbeing, carers needs, financial management and planning and purpose and contribution. Users can also be connected to coaches or medical professionals.

In FY21 Landcom responded to the impacts of the COVID-19 pandemic on our staff by encouraging our staff to engage more with Life Street.

Landcom's Health & Wellbeing Program



Shaping our year ahead

What is really important?

Landcom's role to create more affordable and sustainable communities has never been more crucial to the industry and the people of NSW.

We continue to put people and communities first. The COVID-19 pandemic has reinforced our focus on the basics: people, community, connection, compassion, health and wellbeing.

With the pandemic continuing, our homes, our public spaces and our local community have become our 'safe places'. Our homes are working harder than ever before, this year becoming makeshift schools, workplaces and places of recreation as well as safe havens. Our public and green spaces are also working harder now becoming more essential to our mental and physical wellbeing, community connection, and our experience of the environment and climate. This reinforces our mission to create more affordable and sustainable communities that contribute quality public spaces and more comfortable environments both within our homes and in our neighbourhoods. It reminds us of how important it is that everyone has a place to call home.

In our anniversary year we are revisiting our exemplar projects: those forward-looking projects that demonstrate our leadership in urban management and our value to the people of NSW.

Growing pipeline with new projects

We continue to build our pipeline of projects and provide new opportunities for industry. This year we secured a substantial land holding at North Wilton. Part of the Wilton Growth Area, Landcom is working to deliver an affordable, sustainable and amenable neighbourhood with affordable housing, high-quality open space, sports fields, new local centres and transport options.

Leadership guides our future

Our FY22-24 Strategic Plan is guiding our future leadership ambitions. This includes outcomes and targets for:

- affordable, diverse and accessible housing;
- meeting new demands for living and working locally; and
- delivery of climate resilient communities.

Our sustainability ambitions continue to evolve. Now as a Carbon Neutral Organisation, our FY22-24 Strategic Plan will guide our critical role in developing more sustainable communities in the future.

Addressing housing affordability continues to be critical to community wellbeing and a productive economy. Our updated Housing Policy guides us to deliver more accessible, affordable and diverse housing across our new projects.

We are thinking about the future of housing design and the new ways of living and working. We are exploring new connections, new opportunities and new ways of doing things. And we are continually learning.

We are thinking about future climate resilient communities with homes within walking distance to open space and amenities, tree canopy and urban heat island mitigation to increase comfort and lower energy use, and healthy and inclusive places that connect residents to green spaces and each other.

We are creating new opportunities for the year ahead.

New business, new partnerships, new flexibility

We are looking at innovative ways to support industry through these uncertain times. Our customers, community and industry partners and other stakeholders are more important than ever, and partnerships are the way ahead.

Relationships are essential to our success, with most of our projects now delivered through partnerships. In the year ahead we are reaching out to new stakeholders in local government and the community housing sector to navigate new pathways together and deliver more affordable and diverse housing supply.

Affordable housing partnerships

We continue to explore ways to address the increasing need for affordable housing through partnerships.

Local councils know their communities best. This is why we want to work closer with councils to identify specific local housing needs, and to identify new and local solutions to deliver more affordable housing. Through these projects and working with Community Housing Providers, we are exploring new replicable and scalable solutions to enable more affordable and more diverse housing.

Our affordable housing projects at Queenscliff, Schofields and Lachlan's Line are progressing.

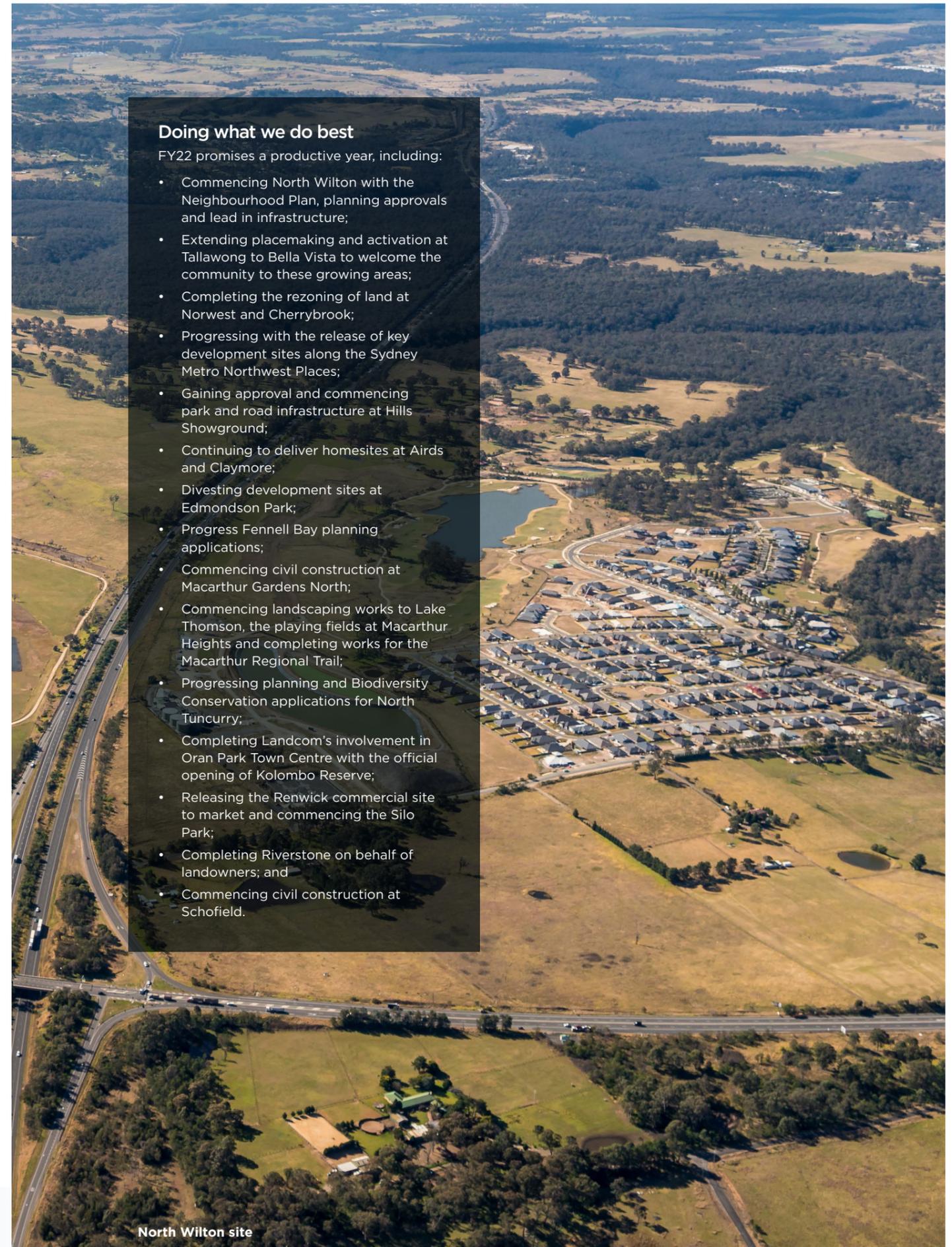
Trialling new ways

After working at our head office for part of the year, Landcom staff have again transferred their working lives into the home environment using technology to remain engaged, productive and collaborative. We continue to trial and test different approaches to work differently with our teams and our stakeholders.

Doing what we do best

FY22 promises a productive year, including:

- Commencing North Wilton with the Neighbourhood Plan, planning approvals and lead in infrastructure;
- Extending placemaking and activation at Tallawong to Bella Vista to welcome the community to these growing areas;
- Completing the rezoning of land at Norwest and Cherrybrook;
- Progressing with the release of key development sites along the Sydney Metro Northwest Places;
- Gaining approval and commencing park and road infrastructure at Hills Showground;
- Continuing to deliver homesites at Airds and Claymore;
- Divesting development sites at Edmondson Park;
- Progress Fennell Bay planning applications;
- Commencing civil construction at Macarthur Gardens North;
- Commencing landscaping works to Lake Thomson, the playing fields at Macarthur Heights and completing works for the Macarthur Regional Trail;
- Progressing planning and Biodiversity Conservation applications for North Tuncurry;
- Completing Landcom's involvement in Oran Park Town Centre with the official opening of Kolombo Reserve;
- Releasing the Renwick commercial site to market and commencing the Silo Park;
- Completing Riverstone on behalf of landowners; and
- Commencing civil construction at Schofield.



North Wilton site

Our performance - people



Our governance structure

NSW Government

Shareholder Ministers

The Hon Dominic Perrottet MP*
Treasurer

The Hon Matt Kean MP**
Treasurer

The Hon Damien Tudehope MLC
Minister for Finance and Small Business

Portfolio Minister

The Hon Rob Stokes MP
Minister for Planning and Public Spaces



Board of Directors

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



Audit & Risk Management Committee

Oversees appropriate financial and risk management frameworks

People & Culture Committee

Oversees people strategies and Board composition, renewal and succession planning

Chief Executive Officer

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



Executive Committee

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

Note: *During the FY21 reporting period. **From 5 October 2021.

Our leadership intent, culture and Code of Conduct

Code of Conduct

Our Code of Conduct applies to our Directors, employees, contractors and consultants, setting out how we should conduct ourselves every day.

The Code is supported by Landcom's policy framework and all Staff are required to acknowledge the Code through a formal declaration.

Guiding principles

The Code operates on six guiding principles that inform every decision and action taken:

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

Procedures for shareholder and employee consultation and feedback

We have procedures for our Shareholder and Portfolio Ministers to provide recommendations, feedback or direction to the Board and senior management.

The Portfolio Minister provides a statement of priorities for the Board which the Board considers in preparing the corporate plan.

Senior management engage with the Portfolio Minister to discuss progress against corporate objectives and Shareholder Ministers are also invited to discuss corporate performance.

All General Managers hold regular meetings with their staff.

Any matters arising that require the Board's attention are reported by the Chief Executive Officer in his regular update, which is a standing agenda item for every scheduled Board meeting.

Investing in talent, capability and employee experience

People & Culture Strategy

At Landcom we appreciate the passion and dedication of our staff, which informs our strategy to support them to continue to deliver high quality outcomes.

We continue to attract, develop and retain talented and capable people to support our competitive advantage in the property development sector. This holistic approach helps us maintain a positive and productive workplace and to continue to improve the employee experience.



Measuring employee experience and people performance

Employee performance and capability

We prioritise continuing professional development, compliance training and individual capability development to enable our staff to thrive. Staff learning is delivered on the job, through coaching and mentoring, via online and in-house modules, and industry participation. Our approach to professional development activities is focussed on exposure, experience and education.

Our People Portal Human Capital Management System promotes self-service learning and development options across strategic and operational areas. The digitised People Portal modules have improved productivity, efficiency, data availability and reporting.

In FY21 our People Portal has:

- Continued performance and development management for our employees;
- Supported compliance training and learning and development activities while staff have been working from home due to the COVID-19 pandemic;

- Helped us to increase formal performance and development conversations between managers and staff to 100%;
- Helped us to confirm that in FY21 staff completed an average of 12.7 hours of training and development. There were less opportunities available for training and development due to the COVID-19 pandemic. Face-to-face training was delayed due to the lockdown, and further delays experienced as facilitators convert programs to the virtual environment; and
- Helped us to confirm that in FY21 32 staff completed Fraud and Corruption training through an online course developed in accordance with the Fraud Control and Corruption Prevention Policy about Landcom's corruption policies and procedures.

FY21 Average hours of training per employee

Total average hours of training per employee	12.7 hours
Average hours of training by gender	
Female	14.2 hours
Male	11.0 hours
Average hours of training by contract type*	
Award staff	13.1 hours
Non-award contract staff	11.7 hours

*There are two contract types used for employees of Landcom, those who are covered under the Landcom Award (Award staff) and those who are not (Non-award contract staff). The provisions of the Landcom Award do not apply to senior managers above Level 8 salary point 23 and senior managers are engaged on Non-award contracts.

Learning initiatives in FY21 gave staff an opportunity to develop their competence and adapt to new ways of working. Initiatives included upskilling to use new technology and software to improve collaboration and interaction whilst working remotely.

The Women Leading @ Landcom program was rolled out for the second year in a row with 17 women graduating in early 2021.

In addition, we continued with delivery of internal session and compliance learning either via MS Teams or through the People Portal Learning Management System.

Employee engagement

Staff feedback informs actions and enhancements to the employee experience. Landcom took part in the People Matter Employee Survey that was open to all employees across the NSW Government sector in September to October 2020.

Landcom used the results to identify strengths and opportunities to improve our people practices.

Employee participation increased to 95%, up 10% since the previous survey in June 2019 indicating that our staff are more willing to provide feedback. Employee engagement increased to 76%, up 8% since the previous survey, and 9% higher than the overall Public Sector results.

Landcom is committed to a positive employee experience. This year our initiatives include:

- Reward and recognition - Individuals and teams were recognised for their achievements and for demonstration of Landcom's values through the Landcom Legends and Culture Champions Awards, announced in December 2020. Five individuals and five teams received awards for outstanding performance and demonstrating the Landcom values;
- Graduate Program - We participate in the NSW Government Graduate Program run by the Public Service Commission. Three graduates were selected in late 2020 after targeted recruitment. Our graduates commenced in February 2021 and work on a six-month rotation basis across different areas of the business to gain broad experience over the 18 month program;
- Support for staff during the COVID-19 pandemic - As staff transitioned to working from home following the Public Health Order, Landcom provided a broad range of proactive support to ensure staff could continue to be productive, engaged and healthy. Regular internal staff surveys indicate the success of these initiatives with the majority of staff indicating that their wellbeing was positive, they felt supported, and that their productivity was the same or better while working from home.

In November 2020 Landcom was awarded the UDIA NSW State Diversity and Inclusion Award for Excellence. The People and Culture team was also a finalist for the UDIA Diversity in Development National Award.

Landcom continues to recognise that the acknowledgement and celebration of significant days, festivals and events provides key opportunities for promoting greater diversity and inclusion. The Landcom Diversity and Inclusion Calendar prioritises selected events that reflect our strategic goals and the objectives of our Diversity and Inclusion Action Plan.

Staff support initiatives during the COVID-19 pandemic include:

- Through our Employee Assistance Program Life Street, staff have access to information, confidential support, and resources to help improve their wellbeing and proactively manage life events. This includes webinars and support services specific to managing COVID-19 anxiety and emerging from COVID-19;
- Landcom is providing online wellness and fitness classes for staff to help support their wellbeing;
- Staff are encouraged to continue to collaborate and check-in through a series of facilitated activities including a wellbeing challenge; and
- Our managers are being supported on managing remote teams.

The People & Culture team contacted all Landcom staff by video call to check in on their wellbeing. The purpose was to hear directly from our staff about how they were coping during the pandemic and with working remotely. 90% of staff self-rated their mood to be seven out of ten or higher. Our staff had proactive approaches to remote working including walking team huddles, virtual work trivia and making random phone calls to other staff to check in on them.



Wild cattle of the cow pastures, Oran Park Town

Workforce diversity performance

Workforce Diversity Group	Benchmark	FY21	FY20 ¹	FY19
Women	50%	53.5%	53.0%	50.6%
Aboriginal and/or Torres Strait Islander People	3.3%	0.6%	0.6%	0.6%
People whose first language spoken as a child was a not English	23.2%	29.6%	30.2%	24.0%
People with a Disability	5.6%	8.2%	4.9%	5.8%
People with a Disability, requiring work related adjustments	n/a	0%	0.6%	1.3%

Note 1 The FY20 figures reported in FY20 Annual Report were slightly different to that reported here. This is due to the delay of NSW Public Service Commission Workforce Profile Collection data caused by the COVID-19 pandemic. The FY20 figures shown here are updated and based on FY20 Public Service Commission data.

Diversity of employees

There are two contract types used for employees of Landcom, those who are covered under the Landcom Award (Award staff) and those who are not (Non-award contract staff). The Landcom Award does not apply to senior managers above Level 8 salary point 23. Senior managers are engaged on Non-award contracts.

Staff numbers by employment type	Female	Male	Total
Full time	81	77	158
Part time	11	1	12
Total	92	78	170

Staff numbers by contract type	Female	Male	Total
Award staff	72	52	124
Non-award contract staff	20	26	46
Total	92	78	170

Award staff breakdown	Female	Male	Total
Permanent	61	42	103
Fixed term	11	10	21
Total	72	52	124

Non-award contract staff breakdown	Female	Male	Total
Permanent	18	24	42
Fixed term	2	2	4
Total	20	26	46

Ratio of basic salary and remuneration of women to men

	Ratio
Award staff	0.93
Non-award contract staff	0.89

Parental leave

Total number of employees entitled to parental leave in accordance with the Landcom Award.

Gender	Entitled	Not entitled
Female	75	17
Male	68	10
Total	143	27

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	Taken Parental Leave
Female	13
Male	7
Total	20

Total number of employees returned to work from parental leave during the reporting period, or continue to be on parental leave at time of reporting.

Gender	Returned to work	Still on Parental Leave
Female	1	12
Male	6	1
Total	7	13

A return to work rate of 7.7% for females and 85.7% for males reported during this period. The Retention rate for females beyond 12 months was 0% based on one female employee. The Retention rate for males beyond 12 months was 66.7% based on six male employees.

Gender	Returned to work	Left within 12 Months
Female	1	100%
Male	2	28.5%

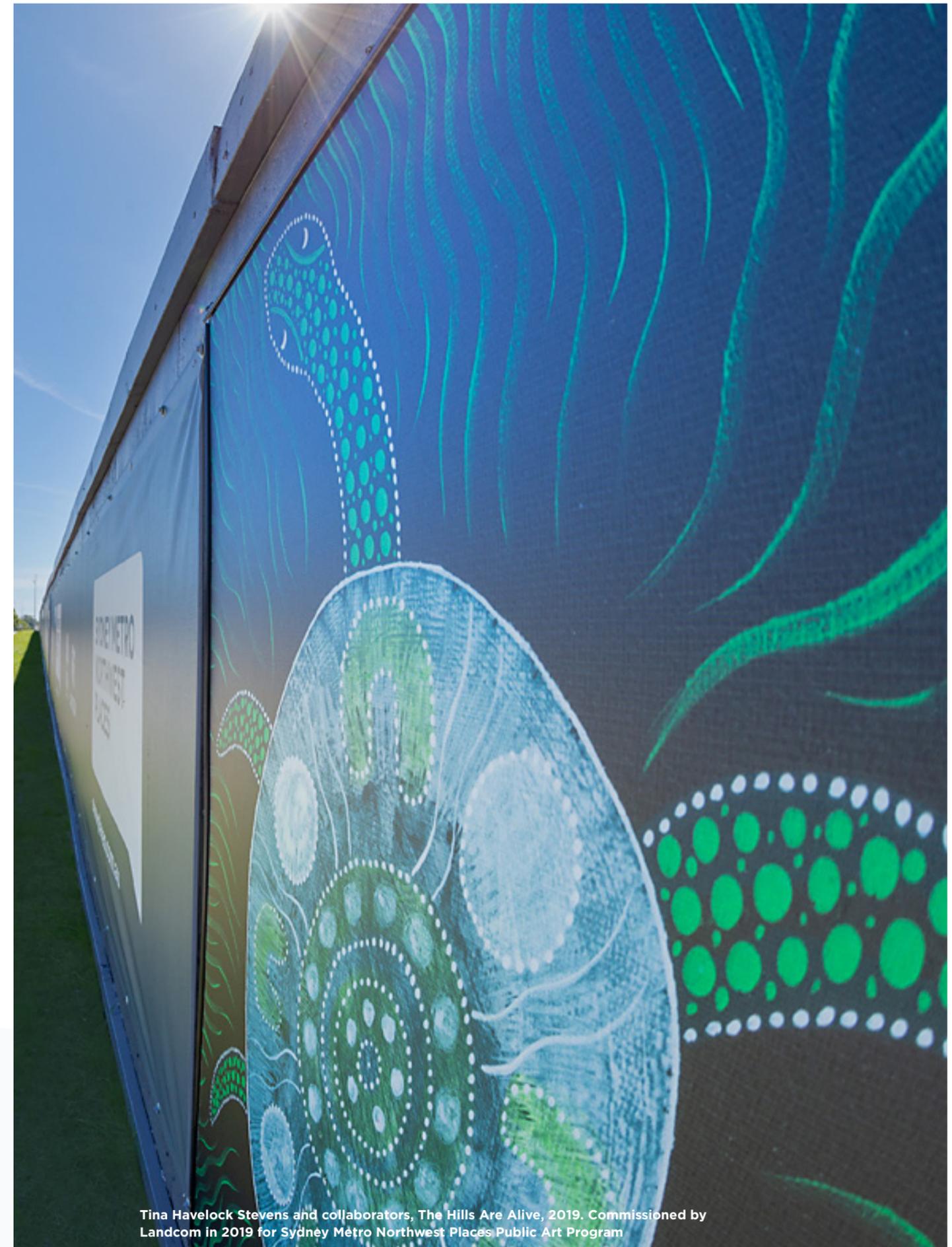
Location of employees and other workers (at last pay FY21)

Location	Female	Male	Total
Parramatta	90	75	165
Other	2	3	5

New employee hires and employee turnover

Age group	Gender	Employees	New starter	Turnover
<30 years	Female	10	4	0
	Male	8	3	1
		18	7	1
30-50 years	Female	67	10	10
	Male	50	7	7
		117	17	17
>50 years	Female	15	0	0
	Male	20	1	1
		35	1	1
Total		170	25	19
Rate			14.7%	11.2%

All new employees are based in Parramatta.



Tina Havelock Stevens and collaborators, The Hills Are Alive, 2019. Commissioned by Landcom in 2019 for Sydney Metro Northwest Places Public Art Program

Board of Directors



Peter Roberts

**Chair -
Independent Non-executive Director**

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

Committee Appointments:

**Member of the Audit & Risk Management Committee
Member of the People & Culture Committee**

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

He is Managing Director of PcRoberts Consulting services, an Independent Director of Western Sydney Parklands Trust and Chair of its Audit Committee and a Director of KU Children's Services and Chair of its Audit Committee.

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

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



John Barbeler

Independent Non-executive Director

Appointed to the Board in March 2018

Committee appointments:

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

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

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

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

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



Professor Pamela Hanrahan

Independent Non-executive Director

Appointed to the Board in October 2018

Committee appointments:

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

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

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

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

Landcom Executive

Robert Dodd

Executive General Manager,
Finance & Commercial



Christalla Michael

Executive General Manager,
People, Culture & Safety



Shauna Woodward

Company Secretary

Scott Gregg

Executive General
Manager, Projects



Sandra Lee

Executive General Manager,
Legal & Compliance



Tasha Burrell

Executive General Manager,
Projects



John Brogden

Chief Executive Officer



Matthew Beggs

Executive General Manager,
Partnerships & Business
Development



Anna Petersen

Executive General Manager,
Communications & Policy



Landcom Executive

John Brogden

Chief Executive Officer

John was appointed to the Board of Landcom in January 2012 as Chairman before accepting the permanent role of CEO in May 2018. Prior to this John was the Managing Director & CEO of the Australian Institute of Company Directors, CEO of the Financial Services Council and CEO of Manchester Unity.

He is also the Chairman of Lifeline Australia, President of LifeLine International, Chairman of Furlough House retirement Village and Patron of Sailability Pittwater, Bilgola Surf Lifesaving Club, Avalon Beach Surf Lifesaving Club and Kookaburra Kids.

John's previous non-executive directorships include Abacus Australian Mutuals (Chairman), BBI - The Australian Institute of Theological Education (Chairman), NIA Pty Limited (health.com.au), Sydney Ports Corporation, Australian Private Health Insurance Association and the Australian Friendly Societies Association.

From 1996 to 2005, John was the Member for Pittwater in the NSW Parliament.

In January 2014, John was made a Member of the Order of Australia (AM) for significant service to the community through representational roles with social welfare organisations, particularly Lifeline, to the business and financial sectors and to the Parliament of New South Wales.

John holds a Masters of Public Affairs (MPA) from the University of Sydney and is a Fellow of the Australian Institute of Company Directors (FAICD).

Matthew Beggs

Executive General Manager, Partnerships & Business Development

Matthew is responsible for leading, planning and strategic decision-making for the Partnerships & Business Development Division to develop strategic partnerships and relationships that unlock development opportunities and improve delivery, deliver property solutions that increase the affordability, supply and diversity of housing, and demonstrate excellence in sustainable development and planning practice.

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

Matthew joined Landcom in 2002 as part of the Business Development Team, before moving into Urban Development in 2005 where he worked on the One Minto and Oran Park Town projects. He was

appointed General Manager Development Retail in 2014 (Landcom trading as UrbanGrowth NSW), Head of Western Sydney Projects portfolio in 2015, Head of Projects in 2017 and Executive General Manager, Projects in 2018.

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

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

Tasha Burrell

Executive General Manager, Projects

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

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

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

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

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

Robert Dodd

Executive General Manager, Finance & Commercial

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

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

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

Scott Gregg

Executive General Manager, Projects

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

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

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

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

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

Sandra Lee

Executive General Manager, Legal & Compliance

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

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

Sandra has over 20 years' legal advisory, compliance and transactional experience across multiple real estate sectors, specialising in complex, structured transactions, including joint ventures, acquisitions, disposals and complex leasing. Sandra has worked in private legal practice, most recently as Special Counsel at Henry Davis York. Sandra has also worked as Senior Legal Counsel for the Goodman Group.

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

Christalla Michael

Executive General Manager, People, Culture & Safety

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

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

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

Landcom Executive

Anna Petersen

Executive General Manager, Communications & Policy

Anna is a specialist in stakeholder engagement and communications, sustainable urban planning and design, and urban strategy, with more than 25 years' experience in the urban planning and development industry.

Anna oversees the corporate marketing, communications, engagement, sustainability, learning, policy and strategy functions of the organisation. She joined Landcom in 2002 as a Senior Development Manager and then led our social sustainability practice, looking at the links between urban planning and design, and community wellbeing. Anna later held senior roles with Landcom in strategy, policy, communications and engagement.

Anna was appointed Executive General Manager, Communications & Policy in March 2019, after leading the former Communications & Community division since November 2018. Prior to this she was Acting Executive General Manager Corporate Affairs from May 2018.

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

Anna holds a Bachelor of Science (Arch) (Bsc (Arch)), Masters of Professional Communication (MPC) and a Masters of Urban and Regional Planning (MURP) from the University of Sydney and a Certificate in Public Participation from the International Association for Public Participation (Australasia).

Shauna Woodward

Company Secretary

Shauna is primarily responsible for Landcom's corporate governance function working closely with the Board and the broader Executive team. Shauna joined Landcom as Deputy Company Secretary in February 2017 and was appointed Company Secretary in March 2018, having acted in the role since September 2017.

Shauna has extensive experience in corporate governance across property development, real estate, managed investment schemes, banking and insurances. Prior to joining Landcom, Shauna was the Assistant Company Secretary at Vicinity Centres and before that at APRA-regulated Credit Union Australia.

Shauna is a Chartered Secretary and holds a Graduate Diploma in Applied Corporate Governance (GDACG) from the Governance Institute of Australia, Bachelor of Business (Finance) (BBus) from Swinburne University of Technology, and is a Graduate of the Australian Institute of Company Directors (GAICD).



Totem Poles, Brigade Park, Edmondson Park

Executive positions

Total remuneration for senior executives is calculated as the sum of the cost of employment, including contributions to a superannuation scheme by Landcom and novated lease payments for a motor vehicle, where such an option has been exercised. The Chief Executive Officer's performance is reviewed annually by the People & Culture Committee who report the outcomes of the review to the Board.

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

Staff employed, or acting, in recurrent senior executive roles represented 16.8% of total net employee related expenditure in FY21, compared with 17.3% in FY20. The percentage point decrease is largely attributable to a slight increase in the valuation adjustment related to Long Service Leave in FY21. Staff employed, or acting, in recurrent senior executive roles represented 10.9% (FY20: 11.2%) of total gross employee related expenditure in FY21.

Band		2021		2020		2019	
		Female	Male	Female	Male	Female	Male
Band 4	(Secretary)	0	1	0	1	0	1
Band 3	(Deputy Secretary)	3	3	3	(4)***	3	3
Band 2	(Executive Director)	1	0	1	0	0	1
Band 1	(Director)	1	0	(2)**	(1)*	1	(1)*
Totals		5	4	6	6	4	5

*Interim male replacement covering female substantive role holder 14 January 2019 – 13 July 2019

**Interim female replacement covering female substantive role holder 4 July 2019 – 20 March 2020

***Role of Executive General Manager held by two occupants

Executive remuneration

Band	remuneration	Range \$	Average		
			2021 \$	2020 \$	2019 \$
Band 4	(Secretary)	487,051 – 562,650	615,502	615,502	600,531
Band 3	(Deputy Secretary)	345,551 – 487,050	420,635	409,598	410,376
Band 2	(Executive Director)	274,701 – 345,550	335,000	335,000	335,000
Band 1	(Director)	192,600 – 274,700	224,037	224,037	218,663

Board diversity and remuneration

As at the time of publication Landcom's Board comprised three members, of which two are male over the age of 50, and one is female over the age of 50.

Board	Salary \$	Audit & Risk Management Committee \$	People & Culture Committee \$	Super \$	Total
Peter Roberts (Chair)	68,763	4,245	4,245	8,186	85,441
John Barbeler	39,564	6,378	4,245	4,768	54,956
Pamela Hanrahan	39,564	4,245	6,378	4,768	54,956

Miscellaneous activities

Promotional activities

During FY21 our promotional activities increased awareness and encouraged public participation that informs our projects. Activities to encourage public participation included:

- Social media and website updates;
- Digital newsletters;
- Advertising including print, online, outdoor and radio;
- Letterbox drops and direct mail; and
- Engagement opportunities promoted at public and stakeholder meetings.

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

- Advertising campaigns;
- Maintaining, creating and enhancing website advertising; and
- Fact sheets, information booklets and other print collateral.

Funds granted to non-government community organisations

We have a corporate sponsorship policy and annual program of activities. We made no unconditional grants, gifts or donations to organisations outside of the program.

Production cost of Annual Report

The FY21 Annual Report total cost of production is estimated at approximately \$12,000.

Consultancies

We spent \$199,000 in the reporting period on consultants. These engagements assisted us in decision-making mainly for our corporate strategy, affordable housing and diversity strategy and human resourcing strategy. This figure excludes project related consultancies.

Overseas visits

During the reporting period there was no overseas travel.



Blacktown City Council Mobile Library, Tallawong

Managing a successful business

Risk management

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

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

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

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

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

- Strategic and operational risks;
- Projects risks;
- Health, Safety & Environment; 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.

At the commencement of the COVID-19 pandemic, our Crisis Management Plan was implemented to ensure stabilisation in March 2020, where our staff were directed to follow the NSW Public Health Order to work from home. From April 2020 to February 2021 we operated under our Business Continuity Plan (which was renamed the Business Recovery Plan from January 2021), with most staff continuing to work from home. Skeleton staff in head office and sales centres operated under a COVID-19 Safe Workplace Plan. From February 2021 we determined it was safe for our staff to return to head office. In June 2021 our staff again followed the NSW Public Health Order to work from home.

We continue to follow our COVID-19 Safe Workplace Plan and NSW Public Health Orders.

Insurance

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

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

We completed our FY21-22 Renewal Declarations for the Treasury Managed Fund in October 2020 and all policies have been renewed for the current policy period.

Legal changes

In FY21, the following legislative changes were introduced which have impacted or will impact on areas of Landcom's business:

Building industry legislation

In 2020, the *Design and Building Practitioners Act 2020* (NSW) and the *Residential Apartment Building (Compliance and Enforcement Powers) Act 2020* (NSW) were introduced to drive accountability with regards to aspects of the construction industry. The Design & Building Practitioners Regulation 2021 (NSW) was subsequently passed in March 2021 and commenced on 1 July 2021. The Regulations include provisions relating to the registration of design practitioners, principal design practitioners, building practitioners and professional engineers (the practitioners), the form and content of certain regulated designs and compliance declarations, the classes of registration for practitioners and the qualifications, experience, knowledge and skills required for registration in a class of practitioner and the offences for which penalty notices may be issued.

Abolition of paper certificates of title

The *Real Property Amendment (Certificates of Title) Act 2021* (NSW) passed the NSW Parliament on Tuesday 11 May 2021. Under the legislation, existing certificates of title will be cancelled and new certificates of title will no longer be issued with the NSW Government working towards removing paper titles by the end of 2021.

Electronic execution

During the COVID-19 pandemic, the NSW and Australian Governments introduced temporary laws in respect of electronic execution. The temporary laws:

- Were in place until 22 March 2021 for companies executing under s127 of the Corporations Act 2001; and
- Are currently in place until 31 December 2021 in respect of e-witnessing requirements for individuals.



INDEPENDENT AUDITOR'S REPORT

Landcom

The electronic witnessing and attestation provisions were incorporated into Part 2B of the *Electronic Transactions Act 2000* (NSW) which is titled "Remote witnessing pilot scheme", and their operation extended to 31 December 2021. While the new electronic witnessing provisions expire at the end of 2021, the NSW Attorney General has indicated that this time will provide an opportunity to review and assess the merits of remote witnessing, with a view to determining whether they should be made permanent and extended beyond the COVID-19 pandemic.

First Home buyers

The 2021-22 Federal Budget included a number of measures to support housing affordability and home ownership, including:

- A 12-month extension of the HomeBuilder construction commencement period for existing applicants;
- An extra 10,000 places in the New Home Guarantee scheme for 2021-22;
- 10,000 Family Home Guarantees for eligible single parents with dependants to build a new home or purchase an existing home with a deposit of as little as two per cent; and
- An increase of the maximum amount of voluntary contributions that can be released under the First Home Super Saver Scheme, from \$30,000 to \$50,000.

Changes to Foreign Investment Review Board (FIRB) Legislation

On 1 January 2021, amendments to the *Foreign Acquisitions and Takeovers Act 1975* (Commonwealth) and the Foreign Acquisitions and Takeovers Regulations 2020 (Commonwealth) (together the FIRB Policy) introduced a new national security test which:

- Imposes mandatory notification requirements in relation to the acquisition of national security land and national security businesses by foreign entities; and
- Gives the Treasurer new 'call-in' and 'last-resort' powers to review and/or revoke FIRB clearances where there are national security concerns.

As of 1 January 2021, monetary thresholds for FIRB reviews were lowered as follows:

- For developed commercial land that is not sensitive land—\$281 million (indexed from \$275 million pre-29 March 2020);
- For developed commercial land which is sensitive land—\$61 million (indexed from \$60 million pre-29 March 2020); and
- For (the newly introduced) national security land—\$0.

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 2021, the Statement of Financial Position as at 30 June 2021, the Statement of Changes in Equity and the Statement of Cash Flows, for the year then ended, notes comprising a Statement 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)
- presents fairly the Corporation's financial position, financial performance and cash flows.

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

Basis for Opinion

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

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

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

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

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies
- precluding the Auditor-General from providing non-audit services.

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

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial statements for the year ended 30 June 2021. 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	
<p>At 30 June 2021, the Corporation's Statement of Financial Position reported \$480 million in inventories. The Corporation has a portfolio of long- term land development projects, classified as inventory, that are being developed for future sale. This inventory is measured at the lower of cost and net realisable value, which is assessed at each reporting date.</p> <p>The cost of inventory includes land acquisition costs and other development and construction costs associated with bringing the inventory to its present location and condition.</p> <p>Net realisable value is calculated based on the estimated selling price of the inventory, less the estimated costs of completion. Where a project's net realisable value is lower than cost it is written down to its net realisable value.</p> <p>I considered this to be a key audit matter because:</p> <ul style="list-style-type: none"> inventories are financially significant the measurement of net realisable value requires the use of significant judgements and estimates related to future project sales and costs to complete. <p>Further information on recognition and measurement of inventories is disclosed in Note 11.</p>	<p>Key audit procedures included:</p> <ul style="list-style-type: none"> reviewed profitability forecasts for each of the projects and assessed management's review and certification of the recoverability of recognised inventories at reporting date based on the above, and my knowledge of the business, I selected a sample of projects to perform the following further procedures: <ul style="list-style-type: none"> made inquiries of management to understand the current status of the selected project and key project risks and opportunities reviewed documentation to assess management's basis for determining the net realisable value of the project including the reasonableness of significant judgements and estimates made to forecast future sales and costs to complete. I did this with regard to independent market reports and evidence of sales data during the year for comparable properties in similar locations. I also reviewed current contract rates, future costs committed under contract and other agreements to support costs to complete tested additions to the cost of inventory, on a sample basis, to ensure they were attributable to the relevant project compared the carrying value to the selected project's net realisable value to assess whether any write down was required.
Provision to complete projects	
<p>At 30 June 2021, the Corporation's Statement of Financial Position reported \$93.4 million in provisions to complete projects (the provision).</p> <p>The provision captures future development costs based on the original land development schedule and estimates of other known obligations expected to be incurred when the land is ready for settlement.</p> <p>I considered this to be a key audit matter because:</p> <ul style="list-style-type: none"> the provision is financially significant the measurement of the provision requires the use of significant judgements and estimates that are subject to revision. 	<p>Key audit procedures included:</p> <ul style="list-style-type: none"> reviewed the nature and value of the provision to complete projects and any changes from the prior year to determine the reasonableness of the current year provision based on the above, and my knowledge of the business, I selected a sample of projects to perform the following further procedures: <ul style="list-style-type: none"> made inquiries of management to understand the current status of the selected projects and basis for recognition of a provision

Key Audit Matter	How my audit addressed the matter
<p>Further information on recognition and measurement of the provision to complete projects is disclosed in Note 17 (iii) and a reconciliation of the movements in the balance is disclosed in Note 17 (ii).</p>	<ul style="list-style-type: none"> reviewed management's certification of the accuracy of the provision balance at reporting date reviewed documentation to assess the reasonableness of significant judgements and estimates made to calculate the project provision with regard to current contract rates and committed contract costs tested payments made from the provision, on a sample basis, to ensure they were attributable to the relevant project provision reviewed the appropriateness of the rate used to index future cost estimates and discount the provision, and the mathematical accuracy of the calculation.
Valuing of defined benefit superannuation liabilities	
<p>At 30 June 2021, the Corporation's Statement of Financial Position reported defined benefit superannuation liabilities totalling \$11.3 million. This liability balance is provided to the Corporation by the Administrator of the SAS Trustee, based on an independent actuarial assessment.</p> <p>I considered this to be a key audit matter because:</p> <ul style="list-style-type: none"> the defined benefit superannuation liability is financially significant the underlying liability valuation model (the model) is complex due to the significant degree of judgement required to determine key assumptions used to value the liability the value of the liability is sensitive to minor changes in valuation inputs. <p>Further information on the significant actuarial assumptions and sensitivity analysis is disclosed in Note 18.</p>	<p>Key audit procedures included:</p> <ul style="list-style-type: none"> obtained an understanding of the processes and key controls in place supporting the: <ul style="list-style-type: none"> membership data used in the model defined benefit superannuation liability calculation assessed the completeness and accuracy of the membership data used in the model with the assistance of actuarial experts, reviewed the methodology and key assumptions for reasonableness assessed the qualifications, competence and objectivity of actuarial experts evaluated the adequacy of financial statement disclosures against the requirements of applicable Australian Accounting Standards and Treasurer's Directions.

Directors' Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

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

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



Caroline Karakatsanis
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

26 August 2021
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 2021 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* (NSW), the *Government Sector Finance Act 2018* (NSW), the *Government Sector Finance Regulation 2018* and Treasurer's Directions mandated by the Treasurer.

(b) We are not aware of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.

(c) At the date of this statement, there are reasonable grounds to believe that Landcom will be able to pay its debts as and when they fall due.

Signed in accordance with a resolution of the Directors:



Peter Roberts
Chair



John Barbeler
Director

25 August 2021
Sydney

Statement of Comprehensive Income

for the year ended 30 June 2021

	Notes	2021 \$'000	2020 \$'000
Revenue from contracts with customers	2	161,469	167,574
Cost of sales	11(i)	(92,379)	(93,823)
Gross profit		69,090	73,751
Other revenue	3	399	5,382
Finance income	4(a)	1,446	7,292
Employee related expenses	5	(21,910)	(19,567)
Marketing and selling expenses	6(a)	(2,237)	(1,962)
Other expenses	6(b)	(17,852)	(21,813)
Depreciation and amortisation expense	7	(4,254)	(4,334)
Finance costs	4(b)	(156)	(558)
Profit before income tax equivalent expense		24,526	38,191
Income tax equivalent expense	8(i)	(7,358)	(11,458)
Net profit for the year		17,168	26,733
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Superannuation actuarial gain on defined benefit plans	18(vi)	2,761	1,865
Income tax equivalent on items that will not be reclassified to profit or loss	8(i)	(827)	(559)
Total items that will not be reclassified to profit or loss		1,934	1,306
Other comprehensive income for the year (net of income tax equivalent)		1,934	1,306
Total comprehensive income for the year		19,102	28,039

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 2021

	Notes	2021 \$'000	2020 \$'000
Assets			
<i>Current Assets</i>			
Cash and cash equivalents	9	228,011	278,180
Trade and other receivables	10	102,859	102,586
Inventories	11	87,383	49,012
Current tax asset	8(iv)	-	275
Prepayments	12	5,395	7,900
Total Current Assets		423,648	437,953
<i>Non-Current Assets</i>			
Inventories	11	392,170	338,886
Property, plant and equipment	13	1,595	1,336
Right-of-use assets	16	4,420	5,977
Intangible assets	14	1,912	4,761
Deferred tax assets	8(ii)	40,734	39,026
Total Non-Current Assets		440,831	389,986
TOTAL ASSETS		864,479	827,939
Liabilities			
<i>Current Liabilities</i>			
Trade and other payables	15	54,783	58,435
Lease liabilities	16	2,282	2,027
Current tax liabilities	8(iv)	9,691	-
Provisions	17	89,156	67,884
Total Current Liabilities		155,912	128,346
<i>Non-Current Liabilities</i>			
Trade and other payables	15	18,306	-
Provisions	17	44,206	58,845
Lease liabilities	16	2,920	4,871
Deferred tax liabilities	8(iii)	1,201	2,227
Total Non-Current Liabilities		66,633	65,943
TOTAL LIABILITIES		222,545	194,289
NET ASSETS		641,934	633,650
Equity			
Contributed capital	19	272,827	272,827
Retained earnings		369,107	360,823
TOTAL EQUITY		641,934	633,650

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 2021

	Notes	2021 \$'000	2020 \$'000
Cash flows from operating activities			
Receipts from customers		188,104	94,553
Interest received		1,448	11,798
Payments to suppliers and employees		(217,088)	(301,688)
Income tax (paid)/refund		(953)	12,104
Finance costs		(156)	(225)
Net cash flows used in operating activities	20	(28,645)	(183,458)
Cash flows from investing activities			
Payments for property, plant and equipment and intangibles		(2,267)	(665)
Proceeds from sale of property, plant & equipment		47	-
Net cash flows used in investing activities		(2,220)	(665)
Cash flows from financing activities			
Payment of lease liabilities		(2,104)	(1,904)
Dividends paid to NSW Treasury		(17,200)	(200,000)
Net cash flows used in financing activities		(19,304)	(201,904)
Net decrease in cash and cash equivalents		(50,169)	(386,027)
Cash and cash equivalents at the beginning of the year		278,180	664,207
Cash and cash equivalents at the end of the year	9	228,011	278,180

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 2021

	Notes	Contributed capital \$'000	Retained earnings \$'000	Total equity \$'000
Balance as at 1 July 2020				
		272,827	360,823	633,650
Profit for the year ended 30 June 2021				
		-	17,168	17,168
Other comprehensive income				
Superannuation actuarial gain on defined benefit plans	18(vi)	-	2,761	2,761
Income tax relating to components of other comprehensive income	8(i)	-	(827)	(827)
Total other comprehensive income		-	1,934	1,934
Total comprehensive income for the year		-	19,102	19,102
Transactions with owners in their capacity as owners				
Dividends to Treasury	15	-	(10,818)	(10,818)
Total transactions with owners in their capacity as owners		-	(10,818)	(10,818)
Balance as at 30 June 2021		272,827	369,107	641,934
Balance as at 1 July 2019				
		272,827	349,984	622,811
Profit for the year ended 30 June 2020				
		-	26,733	26,733
Other comprehensive income				
Superannuation actuarial gain on defined benefit plans	18(vi)	-	1,865	1,865
Income tax relating to components of other comprehensive income		-	(559)	(559)
Total other comprehensive income		-	1,306	1,306
Total comprehensive income for the year		-	28,039	28,039
Transactions with owners in their capacity as owners				
Dividends to Treasury	15	-	(17,200)	(17,200)
Total transactions with owners in their capacity as owners		-	(17,200)	(17,200)
Balance as at 30 June 2020		272,827	360,823	633,650

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

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1.1 Reporting entity

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

Landcom works with the NSW Government to improve the supply, diversity and affordability of housing across the state. Landcom is focused on supporting this government priority and delivering the local infrastructure to help communities grow and thrive. Landcom unlocks surplus or underutilised government-owned sites or large land holdings to create vibrant urban places with housing choices, community facilities, open spaces and access to services. Landcom has a long history of building award-winning sustainable urban developments and delivering civic projects that add economic and social value to the state.

Landcom brings expertise to masterplanning strategic and complex residential projects on vacant or established sites. Landcom operates across Greater Sydney and regional areas as directed by the NSW Government. Landcom also provides management services to other government agencies.

These financial statements for the year ended 30 June 2021 have been authorised for issue by the Landcom Board of Directors on 25 August 2021.

1.2 Basis of preparation

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

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

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

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

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

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

1.3 Statement of compliance

The financial statements and notes comply with Australian Accounting Standards Board (**AASB**) requirements, 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.

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 item of expense;
- 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.

1.5 Changes in accounting policy, including new or revised Australian Accounting Standards

(i) Changes in accounting policy - Software-as-a-Service (SaaS) arrangements

During the year, IFRS Interpretations Committee issued an updated interpretation impacting cloud computing arrangements including software as a service (SaaS) arrangements. SaaS arrangements are service contracts providing Landcom with the right to access the SaaS supplier's application software over a contracted period. The interpretation provided further clarity whether SaaS implementation costs (such as configuration or customisation costs) can be capitalised or expensed. Implementation costs are capitalised as an intangible asset if they meet the recognition criteria. If the recognition criteria for an intangible asset is not met but the SaaS supplier provides the implementation service and their service is not distinct from the underlying use of the SaaS application software, a prepayment asset is recognised and amortised over the term of the arrangement, otherwise the costs are expensed immediately.

Landcom's accounting policy has been to capitalise all software implementation costs for SaaS arrangements as intangible assets in the Statement of Financial Position. The adoption of the above interpretation has resulted in a reclassification of Oracle software from intangible assets to prepayments for \$0.8m, and to expense for \$1.7m. Retrospective application of the change was not required having considered materiality for reporting purposes. Landcom's accounting policy for such arrangements has subsequently been updated to reflect the new requirements (refer to Note 14).

(ii) New and amended standards adopted

AASB 1059 Service Concession Arrangements: Grantors (AASB 1059)

AASB 1059 Service Concession Arrangements has been adopted for the financial year ended 30 June 2021. The standard aims to provide accounting treatment for service concession arrangements. Service Concession Arrangements are contracts between an operator and a grantor, where the operator provides public services related to a service concession asset on behalf of the grantor for a specified period of time and manages at least some of those services.

Landcom does not have service concession arrangements or service concession assets, therefore the adoption of AASB 1059 did not have a material impact on Landcom's financial statements. Several other amendments and interpretations apply for the first time for the year ended 30 June 2021, but do not have an impact on the financial statements of Landcom.

(iii) Accounting standards/interpretations issued but not yet effective

Apart from above, new and revised accounting standards, amendments, and interpretations have been published, but are not yet mandatory and have not been early adopted by Landcom for the annual financial year ended 30 June 2021. Based on the Landcom's early assessment, none of these are expected to have a material impact on the Corporation's financial statements.

Notes to and forming part of the Financial Statements for the year ended 30 June 2021

2 Revenue from contracts with customers

	2021 \$'000	2020 \$'000
Land sales	88,628	110,542
Managed land sales	58,657	47,009
Management fees	14,184	10,023
	161,469	167,574
Timing of revenue recognition		
Transferred at a point in time	147,285	157,551
Transferred over time	14,184	10,023
Revenue from contracts with customers	161,469	167,574

Landcom bills amounts that typically align directly with the value the customer derives. As a result, Landcom does not disclose information about remaining performance obligations.

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

(i) Recognition and measurement

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

Sale of land

Landcom develops and sells its own land (land sales). Landcom also develops and sells the land owned by other parties (managed land sales). Revenue, for both type of land sales, is recognised at a point in time when control over the land has been transferred to the customer. Revenue is measured at the transaction price agreed under the sale contract. Landcom's performance obligations to its customer are completed when control has passed to the customer.

Property development management fees

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

3 Other revenue

	2021 \$'000	2020 \$'000
Rental income	184	410
Holding cost recoveries	119	4,943
Income from forfeiture of reservation/exchange fees	96	29
	399	5,382

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

Notes to and forming part of the Financial Statements for the year ended 30 June 2021

4(a) Finance income

	2021 \$'000	2020 \$'000
Interest from bank	1,395	7,215
Unwinding of the discount rate	49	67
Interest from late settlement	2	10
	1,446	7,292

Interest income is recognised as the interest accrues, using the effective interest rate method. The unwinding of the discount, which was expensed on initial recognition over the life of the asset, is also treated as finance income.

4(b) Finance costs

	2021 \$'000	2020 \$'000
Interest expense from lease liabilities	156	203
Unwinding of the discount rate	-	333
Other Interest	-	22
	156	558

Finance costs consist of interest incurred on lease liabilities and interest incurred on discounting assets & liabilities using the effective interest rate method. Interest expenses are recognised as expenses in the period in which they are incurred.

5 Employee related expenses

	2021 \$'000	2020 \$'000
Salaries and wages	25,053	25,035
Termination payments	467	-
Superannuation - defined benefit plans	489	613
Superannuation - defined contribution plans	2,350	2,195
Long service leave	600	(621)
Annual leave	2,049	1,894
Payroll tax and fringe benefits tax	1,499	1,552
Other employee related expenses	754	811
	33,261	31,479
Transfer of capital costs to inventories	(11,351)	(11,912)
	21,910	19,567

(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 annual leave

Liabilities for salaries and annual leave (including non-monetary benefits) that are due to be settled within 12 months after the end of the period in which the employee renders the service are recognised and measured in respect of employees' services up to the reporting date at undiscounted nominal amounts based on the amounts expected to be paid when the liabilities are settled. Employees are expected to settle annual leave within twelve months and as such, no present value measurement is required.

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

5 Employee related expenses (continued)

Non-vesting sick leave

Unused non-vesting Sick Leave and COVID-19 pandemic Special Leave does not give rise to a liability.

Long service leave

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

Superannuation

Landcom has an obligation for the defined benefit contribution which becomes payable on retirement of staff. Contribution is made to the State Superannuation Scheme (SSS), the State Authorities Superannuation Scheme (SASS) and the State Authorities Non Contributory Superannuation Scheme (SANCS). Mercer Administration advises Landcom of the level of liability for Landcom's defined benefit superannuation commitments to its employees who are members of the various divisions of the scheme. The calculation of the superannuation position is based on Mercer's independent actuarial reviews completed in December and June of each financial year. The main drivers of the actuarial calculations are the level of investment return, discount rate, salary inflation and CPI increases. Amounts representing prepaid superannuation contributions are recognised as an asset. Amounts representing unfunded superannuation are recognised as a net liability. The assets and liabilities are netted off in the financial statements. Actuarial gains and losses are recognised immediately as other Comprehensive Income in the year in which they occur. Landcom contributes a defined contribution to the First State Superannuation Scheme for current employees under the scheme.

Termination payments

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

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

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

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

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 where the employee benefits to which they relate to have been recognised.

6 (a) Marketing and selling expenses

	2021 \$'000	2020 \$'000
Advertising and marketing	2,160	1,825
Sales contractors and commission	52	104
Other selling costs	25	33
	2,237	1,962

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

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

6 (b) Other expenses

	Note	2021 \$'000	2020 \$'000
Auditor's remuneration – audit of financial statements		237	242
Operating lease rental and outgoings		409	458
General administration		9,473	9,396
Council rates		579	1,125
Land tax		8,531	12,900
(Recovery of)/allowance for expected credit losses		(108)	157
Adjustment of inventories to net realisable value		3,179	2,015
Intangible asset derecognised	14/1.5(i)	1,684	-
Project establishment costs		1,879	4,194
Property and accommodation		27	82
Consultancy		199	549
Gain on sale of property, plant and equipment		(10)	-
		26,079	31,118
Transfer of capital costs to inventories		(8,227)	(9,305)
		17,852	21,813

(i) Recognition and measurement

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

Transfer of capital costs to inventories

Landcom charges all direct expenditure on development works to relevant projects. Other administrative overhead is initially charged to and disclosed in the Statement of Comprehensive Income when it is incurred. Subsequently, some salary charges and related expenses are capitalised to projects together with other administrative overheads to the extent they are attributable to the projects.

7 Depreciation and amortisation expense

	2021 \$'000	2020 \$'000
Right-of-use assets	1,965	1,888
Leasehold improvements	12	190
Plant and equipment	357	278
Intangible assets	1,911	1,960
Motor vehicles	9	18
	4,254	4,334

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

Notes to and forming part of the Financial Statements for the year ended 30 June 2021

8 Income tax equivalent

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

	2021 \$'000	2020 \$'000
Current income tax charge/(benefit)	10,919	(67)
Origination and reversal of temporary differences	(3,561)	11,525
Income tax equivalent expense reported in the Statement of Comprehensive Income	7,358	11,458

	2021 \$'000	2020 \$'000
Deferred income tax (benefit)/expense included in income tax expense comprises:		
(Increase)/decrease in deferred tax assets	(2,535)	11,601
Decrease in deferred tax liabilities	(1,026)	(76)
	(3,561)	11,525

Income tax expense recognised directly in equity

	2021 \$'000	2020 \$'000
Deferred income tax related to items charged or credited directly to equity:		
Superannuation actuarial gain	827	559
Income tax equivalent expense reported in equity	827	559

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:

	2021 \$'000	2020 \$'000
Accounting profit before income tax	24,526	38,191
At the statutory income tax rate of 30% (2020: 30%)	7,358	11,457
Deductions not allowable for income tax purposes	-	1
Income tax expense reported in the Statement of Comprehensive Income	7,358	11,458

(ii) Deferred tax assets

	2021 \$'000	2020 \$'000
The balance comprises temporary differences attributable to		
Depreciation and amortisation	471	535
Provisions	39,841	37,844
Sundry	187	371
Right-of-use assets	235	276
	40,734	39,026
Movements		
Carrying amount at beginning of the year	39,026	51,186
Credited/(charge) to the Statement of Comprehensive Income	2,535	(11,601)
Credited/(charge) to equity	(827)	(559)
Carrying amount at end of the year	40,734	39,026

Notes to and forming part of the Financial Statements for the year ended 30 June 2021

8 Income tax equivalent (continued)

(iii) Deferred tax liabilities

The balance comprises temporary differences attributable to:

	2021 \$'000	2020 \$'000
Fair value adjustments	40	26
Prepayments	1,161	2,201
	1,201	2,227

Movements

Carrying amount at beginning of the year	2,227	2,303
Credited to the Statement of Comprehensive Income	(1,026)	(76)
Carrying amount at end of the year	1,201	2,227

(iv) Current tax (liability)/asset

	2021 \$'000	2020 \$'000
Carrying amount at beginning of the year	275	12,312
Income tax equivalent expense	(7,358)	(11,458)
Movement in deferred tax assets and liabilities	(3,561)	11,525
Net tax payment/(refund)	953	(12,104)
Carrying amount at end of the year	(9,691)	275

(v) Recognition and measurement

Landcom is subject to notional taxation, income tax equivalent ("income tax"), in accordance with the *State Owned Corporations 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 by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the year. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior years is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax

Deferred tax is accounted for all temporary differences. Temporary differences are differences between the tax base of an asset or liability and its carrying amount in the Statement of Financial Position. The tax base of an asset or liability is the amount attributed to that asset or liability for tax purposes.

Deferred tax assets are recognised to the extent that it is probable that sufficient future profits and taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. Future taxable profits are influenced by a variety of assumptions embedded in approved budgets and forecast for future years. A change in those assumptions could have an impact on the future profitability and may affect the recovery of deferred tax. Deferred tax assets and liabilities are, however, not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date.

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

8 Income tax equivalent (continued)

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and they relate to income taxes levied by the same taxation authority and the company intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the year

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

9 Cash and cash equivalents

	2021 \$'000	2020 \$'000
Cash at bank and on hand	212,166	243,827
Restricted cash	15,845	34,353
	228,011	278,180

Included in the cash and cash equivalents is restricted cash, held on behalf of project partners.

10 Trade and other receivables

	2021 \$'000	2020 \$'000
Current		
Trade receivables from contracts with customers	101,350	101,641
Development bonds	533	540
Loan receivables	108	108
Interest receivable	75	126
GST receivable	839	328
Other receivables	4	-
	102,909	102,743
Less Allowance for expected credit losses	(50)	(157)
	102,859	102,586

Further details regarding credit risk and expected credit losses are disclosed in Note 21 (a).

(i) Recognition and measurement

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These financial assets are recognised initially at fair value, usually based on cost or face value. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value.

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

10 Trade and other receivables (continued)

Landcom holds receivables with the objective to collect the contractual cash flows and therefore measures them, subsequently, at amortised cost using the effective interest method, less any impairment. Changes are recognised in the net result for the year when impaired, derecognised or through the amortisation process.

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

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

11 Inventories

	2021 \$'000	2020 \$'000
Current		
Work in progress	69,529	38,998
Developed land	17,854	10,014
	87,383	49,012
Non-current		
Work in progress	392,170	338,886
	392,170	338,886
Total	479,553	387,898

The COVID-19 pandemic has resulted in increased uncertainty over the accounting estimates including inventories Net Realisable Value (NRV). In undertaking the NRV assessments as at 30 June 2021, consideration has been given to the impact of COVID-19 on key assumptions. These include sales rates, pricing, government policy responses, timing of settlements, access to construction sites and estimated cost to complete. At this stage, the effects of COVID-19 on those estimates and the results in general have not been significant, particularly with the ongoing strong demand for residential land.

(i) Recognition and measurement

Inventories comprise undeveloped land, work in progress and developed land. Land is classified as work in progress while it is under development.

Inventories is expensed as cost of sales in the Statement of Comprehensive income when the associated revenue is recognised and is apportioned using an appropriate method such as sales revenue.

Landcom capitalises costs associated with pursuing development opportunities. Where there is a likelihood that the project will not progress then the net realisable value of the project is considered to be nil and capitalised costs are written off and recognised as an expense in the Statement of Comprehensive Income during the financial year.

All land is valued at the lower of cost or net realisable value. Cost includes acquisition, development and capitalised overhead. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. At each reporting date, management reviews these estimates by taking into consideration the most reliable evidence and any events which confirm conditions existing at the year end and cause any fluctuations of selling price and costs to sell.

Landcom reviews its inventories balances periodically and writes off inventories where the net realisable value is less than the carrying amount in the accounts based on the latest forecast. When the circumstances that previously caused inventories to be written down below cost no longer exist due to change in economic circumstances, the amount of the 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.

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

12 Prepayments

	2021 \$'000	2020 \$'000
Current		
Prepayments	5,395	7,900
	5,395	7,900

(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 except where another systematic basis is more representative of the time pattern in which economic benefits from the prepayments are consumed.

13 Property, plant and equipment

	2021 \$'000	2020 \$'000
Leasehold improvements		
At gross carrying amount	2,499	2,315
Accumulated depreciation	(2,264)	(2,252)
Net carrying amount	235	63
Motor vehicles		
At gross carrying amount	51	150
Accumulated depreciation	(32)	(105)
Net carrying amount	19	45
Plant and equipment		
At gross carrying amount	3,423	3,542
Accumulated depreciation	(2,082)	(2,314)
Net carrying amount	1,341	1,228
Total net carrying amount	1,595	1,336

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

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

13 Property, plant and equipment (continued)

Reconciliation (continued)

30 June 2020	Leasehold improvements \$'000	Motor vehicles \$'000	Plant & equipment \$'000	Total \$'000
Net carrying amount				
Beginning of year	341	63	1,410	1,814
Additions	-	-	8	8
Transfers	(88)	-	88	-
Depreciation expense	(190)	(18)	(278)	(486)
End of the year	63	45	1,228	1,336

(i) Recognition and measurement

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

Where applicable, cost is also the amount attributed to that asset when initially recognised in accordance with the requirements of other Australian Accounting Standards. Cost includes acquisition cost, including any costs directly attributable to the asset, major improvement and renovation, and any restoration costs associated with the asset. Costs are capitalised in line with the guidance provided by TPP06-06 *Guidelines for Capitalisation of Expenditure on Property, Plant and Equipment*.

Depreciation on all property, plant and equipment is calculated on the basis of the useful life of the asset to Landcom using the straight line method. The written down value of property, plant and equipment approximates fair value. The following estimated useful lives, reviewed annually, are used in the calculation of depreciation for major items:

- Computer equipment: three to five years;
- Office equipment: five to twenty years; and
- Motor vehicles: eight years.

Impairment

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances arise, which indicate the carrying value may not be recoverable.

Derecognition

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

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

14 Intangible assets

	Note	2021 \$'000	2020 \$'000
Computer software and website			
Gross carrying amount			
Gross carrying amount at beginning of the year		13,350	12,997
Additions		1,581	353
Transfer out to prepayment	1.5(i)	(835)	-
Derecognised	1.5(i)	(1,684)	-
Disposal		(4,596)	-
Gross carrying amount at end of the year		7,816	13,350
Accumulated amortisation and impairment			
Carrying amount at beginning of the year		(8,589)	(6,629)
Disposal		4,596	-
Amortisation expense	7	(1,911)	(1,960)
Accumulated amortisation and impairment at the end of the year		(5,904)	(8,589)
Net carrying amount at end of the year		1,912	4,761

Transfer out and derecognition of costs above arise from the impact of a revised accounting policy for cloud computing arrangements. Note 1.5(i) details the impact to the financial statements.

(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.

Subsequently, as there is no active market for Landcom's intangible assets, the assets are at cost less any accumulated amortisation and impairment losses where an indicator of impairment exists.

The useful lives of intangible assets are assessed to be finite. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

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

Computer software costs (licences) and website costs are treated as intangible assets. The useful lives of these intangible assets are estimated as finite and the straight-line method over a period of four to five years is utilised.

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 contract where the cloud provider provides both the SaaS configuration and customisation, and the SaaS access over the contract term, the judgement is applied to determine if they are distinct. Where the services are not distinct, the configuration and customisation costs incurred are capitalised on the Statement of Financial Position as a prepayment and amortised over the SaaS contract term.

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

14 Intangible assets (continued)

(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.

15 Trade and other payables

	Note	2021 \$'000	2020 \$'000
Current			
Trade payables		662	764
Contract liabilities (unearned income and deposits)	15(i)	2,918	18,653
Bonds held		1,927	817
Accrued expenses		25,120	13,200
Payables to Project Partners		12,476	6,939
Dividend payable to NSW Treasury		10,818	17,200
Retentions		862	862
		54,783	58,435
Non-current			
Contract liabilities (unearned income and deposits)	15(i)	18,306	-
		18,306	-

Note 21 discloses information regarding liquidity risk as well as a maturity analysis of the above payables.

(i) Reconciliation of contract liabilities

	2021 \$'000	2020 \$'000
Opening balance	18,653	39,240
Additions	18,628	24,923
Utilisation	(16,057)	(45,510)
Closing balance (current and non-current)	21,224	18,653

Non-current contract liability, \$18.3m (30 June 2020: nil), is expected to be utilised in FY23 and FY24.

(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 transactional cost or face value. Subsequent measurement is at amortised cost using the effective interest rate method. Short-term payables are measured at the original invoice amount where the effect of discounting is immaterial.

A contract liability is the obligation to transfer goods or services to a customer from whom Landcom has received consideration. Where a customer pays consideration before the transfer goods or services, a contract liability is recognised. Landcom's balance of contract liabilities relates to advances received from project partners and also monies paid by prospective buyers of land, as either holding deposits or on exchange of contracts pending settlement. Landcom recognises revenue from contract liabilities when the obligations under the agreements are fulfilled. Where revenue is expected within 12 months, the contract liabilities are reported as current.

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

15 Trade and other payables (continued)

(ii) Recognition and measurement (continued)

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 Financial Distribution Policy for Government Business TPP16-04 and Section 205 of the *State Owned Corporations Act 1989*. The Shareholding Ministers have accepted and authorised the dividend recommendation for the 2020-21 financial year of \$10.8m.

16 Leases

Amounts recognised in the Statement of Financial Position	Note	2021 \$'000	2020 \$'000
Right-of-use assets - Leased buildings			
Balance at 1 July 2020		5,977	-
Additions		408	7,865
Depreciation expense	7	(1,965)	(1,888)
Balance as at 30 June 2021		4,420	5,977
Lease liabilities (current and non-current)			
Balance at 1 July 2020		6,898	-
Additions		408	8,802
Interest expense	4(b)	156	203
Gross lease payments		(2,260)	(2,107)
Balance as at 30 June 2021		5,202	6,898
Depreciation - Right-of-use assets	7	1,965	1,888
Interest expense on lease liabilities	4(b)	156	203

Amount recognised in the statement of comprehensive income for short term leases, low value leases and other lease outgoings is \$409,000 (2020: \$458,000). The maturity profile of the undiscounted lease liability is included in Note 21 Financial instruments.

(i) Recognition and measurement

Entity as a lessee

Landcom leases various offices, car parks, sales offices and printers with terms ranging from one month to four years. At the commencement date of the lease, where required by AASB 16 Leases, 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 profit or loss over the lease period. In addition, the carrying amount of lease liabilities is remeasured if there is a material modification or a change in the lease parameters.

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

16 Leases (continued)

(i) Recognition and measurement (continued)

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

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

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

17 Provisions

(i) Provisions balance

	Note	2021 \$'000	2020 \$'000
Current provisions			
Employee benefits			
Provision for annual leave		2,079	1,820
Provision for long service leave			
- Expected to be settled within 12 months		307	280
- Expected to be settled after 12 months		3,536	3,219
Provision for on-costs		582	541
Other employee benefit provisions		450	235
		6,954	6,095
Other provisions			
Provision to complete projects		62,195	60,364
Provision for rebates		1,673	1,425
Provision for other		18,334	-
	17(ii)	82,202	61,789
Total current provisions		89,156	67,884

Notes to and forming part of the Financial Statements for the year ended 30 June 2021

17 Provisions (continued)

(i) Provisions balance (continued)

		2021 \$'000	2020 \$'000
Non-current provisions			
Employee benefits			
Provision for superannuation liability	18(v)	11,266	14,553
Provision for long service leave		1,214	1,106
Provision for on-costs		84	82
		12,564	15,741
Other provisions			
Provision to complete projects		31,167	26,714
Provision for other		475	16,390
	17(ii)	31,642	43,104
Total non-current provisions		44,206	58,845
Total provisions		133,362	126,729

(ii) Reconciliation of other provisions

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

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

30 June 2020	Provision for rebates	Provision to complete projects	Provision for other	Total
	\$'000	\$'000	\$'000	\$'000
Carrying amount at beginning of the year	1,070	150,557	475	152,102
Additions	364	31,415	15,915	47,694
Utilisation	(9)	(94,894)	-	(94,903)
Carrying amount at end of the year	1,425	87,078	16,390	104,893

Notes to and forming part of the Financial Statements for the year ended 30 June 2021

17 Provisions (continued)

(iii) Recognition and measurement

Provisions are recognised when Landcom has a present obligation (legal or constructive) as a result of a past event, it is probable that Landcom will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows using the high quality corporate bond rate.

Provision for rebates is recognised when a lot is sold. As part of the conditions of sale, Landcom may be committed to make a payment to the purchaser provided certain design criteria are met and applied for within a specified period by the purchaser. This payment represents reimbursement for additional costs incurred by the purchaser in complying with the design criteria set by Landcom.

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

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

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

18 Superannuation

(i) Fund information

The Pooled Fund holds in trust the investments of the closed NSW public sector superannuation schemes:

- State Authorities Superannuation Scheme (**SASS**);
- State Authorities Non-contributory Superannuation Scheme (**SANCS**); and
- 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.

(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.

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

18 Superannuation (continued)

(ii) Compliance (continued)

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.

(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 a number of 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 year.

(v) Superannuation balance

30 June 2021 (\$'000)	SASS	SANCS	SSS	TOTAL
Defined benefit obligation (Accrued liability - Note 1)	3,037	630	31,177	34,844
Fair value of fund assets (Estimated reserve)	(3,331)	(301)	(19,946)	(23,578)
Net liability in Statement of Financial Position	(294)	329	11,231	11,266

30 June 2020 (\$'000)	SASS	SANCS	SSS	TOTAL
Defined benefit obligation (Accrued liability)	3,014	636	31,800	35,450
Fair value of fund assets (Estimated reserve)	(2,326)	(194)	(18,377)	(20,897)
Net liability in Statement of Financial Position	688	442	13,423	14,553

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

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

18 Superannuation (continued)

(vi) Reconciliations

Reconciliation of the net defined benefit liability	Note	2021 \$'000	2020 \$'000
Net defined benefit liability at start of year		14,553	16,906
Current service cost		72	117
Net Interest on the net defined benefit liability		417	496
+ Total expense recognised in the Statement of Comprehensive Income	5	489	613
Actual (gains)/losses on fund assets less interest income		(2,060)	125
Actuarial gains arising from changes in demographic assumptions		(332)	-
Actuarial losses/(gains) arising from changes in financial assumptions		646	(1,654)
Actuarial gains arising from liability experience		(1,015)	(336)
+ Gain recognised in other comprehensive income		(2,761)	(1,865)
(-) Employer contributions		(1,015)	(1,101)
Net defined benefit liability		11,266	14,553

Reconciliation of the total defined benefit obligation	2021 \$'000	2020 \$'000
Present value of defined benefit obligations at beginning of the year	35,450	38,646
Current service cost	72	117
Interest cost	1,022	1,135
Contributions by participants	65	89
Actuarial gains arising from changes in demographic assumptions	(332)	-
Actuarial losses/(gains) arising from changes in financial assumptions	646	(1,654)
Actuarial gains arising from liability experience	(1,015)	(336)
Benefits paid	(1,096)	(2,419)
Taxes, premiums & expenses paid	32	(128)
Present value of defined benefit obligations at the end of the year	34,844	35,450

Reconciliation of the fair value of fund assets	2021 \$'000	2020 \$'000
Fair value of fund assets at beginning of the year	20,897	21,740
Interest income	605	639
Actual gains/(losses) on fund assets less interest income	2,060	(125)
Employer contributions	1,015	1,101
Contributions by participants	65	89
Benefits paid	(1,096)	(2,419)
Taxes, premiums & expenses paid	32	(128)
Fair value of fund assets	23,578	20,897

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

18 Superannuation (continued)

(vii) Fair value of Pooled Fund assets

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

Pooled Fund asset category, as at 30 June 2021	Total (\$'m)	Level 1 (\$'m)	Level 2 (\$'m)	Level 3 (\$'m)
Short term securities	5,109	2,399	2,710	-
Australian fixed interest	904	-	904	-
International fixed interest	1,755	45	1,710	-
Australian equities	8,310	8,308	2	-
International equities	13,890	13,885	5	-
Property	3,288	627	-	2,661
Alternatives	8,530	1	2,710	5,819
Total	41,786	25,265	8,041	8,480

Pooled Fund asset category, as at 30 June 2020	Total (\$'m)	Level 1 (\$'m)	Level 2 (\$'m)	Level 3 (\$'m)
Short term securities	4,097	1,890	2,207	-
Australian fixed interest	1,067	-	1,067	-
International fixed interest	1,909	30	1,879	-
Australian equities	7,294	6,902	392	-
International equities	11,950	11,487	463	-
Property	3,352	645	16	2,691
Alternatives	10,523	23	4,337	6,163
Total	40,192	20,977	10,361	8,854

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

The fair value of the Pooled Fund assets as at 30 June 2021 includes \$41.4m in NSW government bonds. Of the direct properties owned by the Pooled Fund:

- SAS Trustee Corporation occupies part of a property 100% owned by the Pooled Fund with a fair value of \$328m (30 June 2020: \$340m).
- Health Administration Corporation occupies part of a property 50% owned by the Pooled Fund with a fair value (100% interest) of \$443m (30 June 2020: \$343m).

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

18 Superannuation (continued)

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

The percentage invested in each asset category of the Pooled Fund	2021 \$'000	2020 \$'000
Short term securities	12.2%	10.2%
Australian fixed interest	2.2%	2.7%
International fixed interest	4.2%	4.8%
Australian equities	19.9%	18.1%
International equities	33.2%	29.7%
Property	7.9%	8.3%
Alternatives	20.4%	26.2%
Total	100.0%	100.0%

Significant actuarial assumptions as at the reporting date	30 June 2021	30 June 2020
Discount rate	3.10% per annum	2.97% per annum
Salary increase rate (excluding promotional increases)	2.74% per annum for 2021/26; 3.20% pa thereafter	3.20% per annum
Rate of CPI Increase	1.50% for 2020/21; 1.75% for 2021/22 and 2022/23; 2.25% for 2023/24, 2024/25 and 2025/26; 2.50% for 2026/27; 2.75% for 2027/2028; 3.00% for 2028/29; 2.75% for 2029/30; 2.50% pa thereafter	1.00% for 2019/20; 0.25% for 2020/21; 1.50% for 2021/22; 1.25% for 2022/23; 1.75% for 2023/24; 2.00% for 2024/25 and 2025/26; 2.25% pa to 2029/30; 2.50% pa thereafter
Pensioner mortality	As per the 2021 Actuarial Investigation of the Pooled Fund. These assumptions are disclosed in the actuarial investigation report available from the trustee's website. The report shows the pension mortality rates for each age.	As per the 2018 Actuarial Investigation of the Pooled Fund. These assumptions are disclosed in the actuarial investigation report available from the trustee's website. The report shows the pension mortality rates for each age.

(viii) Sensitivity analysis for the defined benefit obligation

Landcom's total defined benefit obligation as at 30 June 2021 under several scenarios is presented below. The total defined benefit obligation disclosed is inclusive of the contribution tax provision which is calculated based on the asset level as at 30 June 2021. 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	34,844	37,195	32,708

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

18 Superannuation (continued)

(viii) Sensitivity analysis for the defined benefit obligation (continued)

	Base case	Scenario C +0.5% CPI increase	Scenario D -0.5% CPI decrease
Discount rate	as above	as above	as above
Rate of CPI increase	as above	above rates plus 0.5% pa	above rates less 0.5% pa
Salary inflation rate	as above	as above	as above
Defined benefit obligation \$'000	34,844	37,149	32,733

	Base case	Scenario E +0.5% Salary increase	Scenario F -0.5% Salary decrease
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 plus 0.5% pa	above rates less 0.5% pa
Defined benefit obligation \$'000	34,844	34,927	34,761

	Base case	Scenario G +Lower mortality*	Scenario H -Higher mortality**
Defined benefit obligation \$'000	34,844	35,391	34,479

*Assumes the short term pensioner mortality improvement factors for years 2021-2026 also apply for years after 2026.

**Assumes the long term pensioner mortality improvement factors for years post 2026 also apply for the years 2021 to 2026.

The defined benefit obligation has been recalculated by changing the assumptions as outlined above, whilst retaining all other assumptions.

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.

(ix) 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.

a) Surplus/deficit

The following is a summary of the 30 June 2021 financial position of the Fund calculated in accordance with AASB 1056 "Superannuation Entities".

30 June 2021 (\$'000)	SASS	SANCS	SSS	TOTAL
Accrued benefits*	2,933	533	19,176	22,642
Net market value of Fund assets	(3,331)	(301)	(19,946)	(23,578)
Net (surplus)/deficit	(398)	232	(770)	(936)

*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.

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

18 Superannuation (continued)

(ix) Funding arrangements (continued)

b) Economic assumptions

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

Weighted-average assumptions	2021	2020
Expected rate of return on Fund assets backing current pension liabilities	6.5% pa	7.0% pa
Expected rate of return on Fund assets backing other liabilities	5.7% pa	6.0% pa
Expected salary increase rate (SASS, SANCS, SSS)	2.74% pa 21/22 to 25/26; 3.2% pa thereafter	3.2% pa
Expected rate of CPI increase	2.0% pa	2.0% pa

Due to the COVID-19 pandemic, there is the potential for increased volatility in terms of expected outcomes. For AASB 1056, the sensitivity results and assumptions for CPI, Salary and demographics are broadly similar to AASB 119, except the expected rate of return on fund assets backing current pension liabilities and other liabilities. The Accrued benefits (\$000) become \$23,587 (2020: \$23,130) (0.5% decrease discount rate) or \$21,768 (2020: \$21,324) (0.5% increase discount rate).

c) Expected contribution

	SASS 2021	SANCS 2021	SSS 2021	TOTAL 2021
Expected employer contributions to be paid in the next reporting period (\$'000)	732	128	155	1,015

Maturity profile of defined benefit obligation

The weighted average duration of the defined benefit obligation is 12.8 years.

19 Contributed capital

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

20 Reconciliation of profit after income tax to net cash flows from operating activities

	2021 \$'000	2020 \$'000
Net cash flows used in operating activities	(28,645)	(183,458)
Depreciation and amortisation	(4,254)	(4,334)
Intangible asset derecognised	(1,684)	-
Unwinding of discount rate income and expense	49	(266)
Change in assets and liabilities		
(Increase)/decrease in provisions	(9,443)	66,627
Increase in payables and tax balances	(27,441)	(10,836)
Increase in receivables	273	78,463
Increase in inventories and prepayments	88,313	80,537
Net profit for the year	17,168	26,733

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

21 Financial instruments

Landcom's principal financial instruments and risks are outlined below together with its processes for managing risk. These financial instruments arise directly from its operations. It does not enter or trade in financial instruments including derivative financial instruments for speculative purposes.

The Board has overall responsibility for the establishment and oversight of risk management. It reviews and agrees on policies for managing each of these risks. Risk Management policies are established to identify and analyse the risks faced by Landcom to set the risk limits, controls and to monitor risks. The Audit & Risk Management Committee has responsibility for overseeing and monitoring of compliance with policies.

Financial instrument categories

Financial assets	Note	Category	Carrying amount 2021 \$'000	Carrying amount 2020 \$'000
Class				
Cash and cash equivalents	9	Financial assets measured at amortised cost	228,011	278,180
Trade and other receivables	10	Financial assets measured at amortised cost	102,020	102,258
Financial liabilities				
Financial liabilities	Note	Category	Carrying amount 2021 \$'000	Carrying amount 2020 \$'000
Class				
Trade and other payables	15	Financial liabilities measured at amortised cost	37,462	32,026
Lease liabilities	16	Financial liabilities measured at amortised cost	5,202	6,898

Note: This analysis excludes statutory receivables and payables, prepayments and contract liabilities as these are not within the scope of AASB 7 Financial Instruments: Disclosure.

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.

(a) 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 the entity. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for credit losses or allowance for impairment). Credit risk arises from Landcom's financial assets mainly trade receivables and contract assets.

Landcom is not materially exposed to concentration of credit risk to a single debtor or group of debtors as at 30 June 2021, other than one contracted receivable amounting to \$91.7m. This receivable is not due until May 2022 and there are no indicators of impairment in relation to the debtor. Most of Landcom's debtors are major Corporations and Government entities with low credit risk. Further, collectability of trade receivables and contract assets is reviewed on an ongoing basis.

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

21 Financial instruments (continued)

(a) Credit risk (continued)

Aging of receivables

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

As at 30 June 2021	\$'000 Total	\$'000 Past due but not impaired	\$'000 Considered Impaired
Not yet due	99,038	-	-
< 3 months overdue	349	349	-
3 months to 6 months overdue	2,525	2,525	-
> 6 months overdue	108	108	-
As at 30 June 2020			
As at 30 June 2020	\$'000 Total	\$'000 Past due but not impaired	\$'000 Considered Impaired
Not yet due	102,072	-	-
< 3 Months overdue	5	5	-
3 months - 6 months overdue	181	181	-

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

Expected credit loss (ECL)

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

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

The expected loss rates are based on historical observed loss rates adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. Landcom has also considered the impact of COVID-19 Pandemic on its trade debtors however with the Landcom's customer profile the credit risk is relatively low. The loss allowance for trade receivables as at 30 June 2021 was \$49,500 (30 June 2020: \$157,000). The loss allowance decreased for the year ended 30 June 2021 by \$107,500 from a recovered debtor.

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

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

21 Financial instruments (continued)

(b) 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.

(c) 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 2021, Landcom has an undrawn Facility with TCorp of \$355m. Along with the existing financial assets, these facilities are sufficient to meet financial obligations as and when they fall due. Landcom has also given TCorp letters of undertaking to various councils/government agencies that certain infrastructure works will be carried out. The maximum risk exposure of these TCorp letters of undertaking is \$14.1m (30 June 2020: \$27.0m).

During the current year there were no defaults or breaches on any loans payable or borrowings. No asset has been pledged as collateral. Landcom's exposure to liquidity risk is therefore deemed low.

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

Maturity of financial liabilities	Carrying amount \$'000	Nominal amount \$'000	< 1 Year \$'000	1 – 5 Years \$'000	> 5 Years \$'000
30 June 2021					
Trade and other payables	37,462	37,462	37,462	-	-
Lease liabilities	5,202	5,354	2,385	2,969	-
	42,664	42,816	39,847	2,969	-
30 June 2020					
Trade and other payables	32,026	32,026	32,026	-	-
Lease liabilities	6,898	7,194	2,180	5,014	-
	38,924	39,220	34,206	5,014	-

Note: The nominal amounts disclosed are the contractual undiscounted cash flows of each class of financial liability. Therefore, the amounts disclosed will not reconcile to the Statement of Financial Position. Payables are non-interest bearing whilst leases have fixed interest. This analysis also excludes statutory payables, as these are not within the scope of AASB 7 Financial Instruments: Disclosure.

(d) Interest rate risk

Interest rate risk is the risk that the value of the financial instrument will fluctuate due to changes in market interest rates. Landcom does not have financial instruments for which interest risk is a significant risk. Landcom's exposure to variable (market driven) interest rate risks is therefore minimal and limited to bank interest on cash and cash equivalent balance. Whilst Landcom has available debt facilities, \$355m, it has drawn nil balance to date. When Landcom draw on the facility, TCorp is usually the appointed debt Manager.

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

21 Financial instruments (continued)

(e) Fair value measurements

Landcom's financial assets are measured and reported in the financial statements at amortised cost. The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values.

22 Expenditure commitments

Landcom has various leases for office buildings, car parks, sales offices and printers with terms ranging from one month to four years. Lease liabilities and right-of-use assets are recognised for these leases except for short term and low value leases, no further commitment disclosures are required.

23 Contingent assets and liabilities

At the reporting date, there were no significant contingent assets or liabilities incurred in the normal course of business (2020: nil).

24 Related party transactions

All transactions by Landcom with key management personnel are conducted on an arm's length basis in the normal course of business and on commercial terms and conditions. Compensation paid to the key management personnel of Landcom was \$3.663m (2020 \$3.736m).

	2021 \$'000	2020 \$'000
Short term employee benefits	3,472	3,535
Post-employment benefits	191	201
Total compensation paid to key management personnel	3,663	3,736

Outstanding balances relating to any key management personnel was \$Nil (2020: \$Nil). There have been no guarantees provided or received for any key management personnel.

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

Inter-agency revenue	2021 \$'000	2020 \$'000
NSW Ageing and Disability Commission	-	49
NSW Land and Housing Corporation	41,760	28,453
Department of Communities and Justice	10,343	12,511
Roads and Maritime Services	139	2,232
Inter-agency purchases		
Transport for NSW	(14,500)	-

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

24 Related party transactions (continued)

	2021 \$'000	2020 \$'000
Inter-agency receivables		
Roads and Maritime Services	2,213	2,061
Sydney Water	145	-
NSW Land and Housing Corporation	-	1,166
Inter-agency payables		
NSW Ageing and Disability Commission	(140)	(140)
Transport for NSW	(14,500)	-
NSW Land and Housing Corporation	(11,056)	(6,506)

25 Joint arrangements

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

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

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

Details of these arrangements, all of which are joint operations, are as follows:

Name of joint arrangement	List of parties involved	Project location	Agreement existed	
			2021	2020
Macarthur Heights	University of Western Sydney	Campbelltown, NSW	Yes	Yes
Rouse Hill Town Centre	Department of Planning, Industry and Environment	Rouse Hill, NSW	Yes	Yes
Oran Park Town Centre	Greenfield Development Corporation Ltd Leppington Pastoral Co Pty Ltd	Oran Park, NSW	Yes	Yes
Green Square Town Centre	Mirvac Green Square Limited	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

26 Events after reporting period

There has been no material post balance date events which would require disclosure or adjustments to the 30 June 2021 Financial Statements.

27 Segment information

For the 12 months to the 30 June 2021 and 30 June 2020 Landcom operated in one business segment and one geographical segment. Consequently, segment information for 2021 and 2020 has not been reported.

End of Financial Statements

Corporate directory

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

For general enquiries contact:
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Our office is open 8.30am to 5:30pm
Monday to Friday (except public holidays)

We have COVID-19 measures in place at all our offices. Please phone prior to attending.

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Heritage Silos, Renwick

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 NSW Government's expectations for standards of corporate governance that should be adopted by all governing boards of NSW 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 TPP17-10 not appropriate, or Landcom has not adopted the recommendation, the Board must explain how its practices are consistent with the spirit of the relevant recommendation.

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

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

Government Boards include any Board or Committee positions held within NSW Government or Local Government, including Landcom.

In addition to Landcom, Director John Barbeler sits on three local government Audit, Risk and Improvement Committees. The Board has determined that the total time commitment required for Mr Barbeler to hold these positions does not impact on his ability to fulfil his duties as a Director of Landcom, and those committee positions do not impact on his independence. All other Directors do not sit on more than three government boards.

Board of Directors

The *Landcom Corporation Act 2001* (NSW) requires the Board to consist of seven Directors. The process of appointment of new Directors is the responsibility of NSW Treasury.

Directors are appointed by the Governor of NSW on the recommendation of the Shareholder Ministers and after consultation with the Portfolio Minister.

The Constitution sets out the procedures to be followed by 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 and the delivery of our Strategic Directions, the Statement of Corporate Intent under the *State Owned Corporations Act* and the Statement of Priorities under the *Landcom Corporation Act*. In doing this, the Board aims to deliver on the NSW Government's housing affordability objectives across metropolitan and regional NSW, including by:

- Increasing affordability, supply and diversity of new housing;
- Partnering with others to unlock development opportunities and improve delivery; and
- Demonstrating excellence in sustainable development and planning practice.

Board performance review

The Board is committed to undertaking annual performance reviews, with the 2020 Board Performance Review being conducted internally in March 2021. Recommendations arising from each review address common themes identified from the evaluation and the Board establishes a program to implement the Recommendations.

The 2021 Board Performance Review will be conducted internally, and the 2022 Board Performance Review will be conducted by an external and independent facilitator.

Board meetings

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

Board and Board Committee attendance (FY21)						
Director	Board		Audit & Risk Management Committee		People & Culture Committee	
	A	B	A	B	A	B
Peter Roberts (Chair)	10	10	6	6	4	4
John Barbeler	10	10	6	6	4	4
Pamela Hanrahan	10	10	6	6	4	4

A: Meetings attended

B: Meetings eligible to attend

Gender diversity breakdown for the Board at the start and end of the reporting period (1 July 2020 – 30 June 2021)

	1 July 2020	30 June 2021
Female	33%	33%
Male	67%	67%

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 to deliver excellence in more sustainable and affordable NSW housing. 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 organisation enabling all staff to thrive and do their best work.

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		
Composition	Membership in FY21	Purpose and responsibilities
<p>Comprises three Directors, each of whom are independent non-executive directors.</p> <p>The Committee is chaired by an independent Chair who is not the Chair of the Board.</p>	<p>Current members:</p> <p>John Barbeler (Chair) Peter Roberts Pamela Hanrahan</p>	<p>The Committee operates under a Charter and the role of the Committee is directed towards and includes oversight review of the effectiveness of:</p> <ul style="list-style-type: none"> • Systems of internal control of Landcom; • External accountability, reporting and financial management; • The work health and safety framework; • Risk management; • External and internal audit capability; and • Compliance with applicable legislation.

People & Culture Committee		
Composition	Membership in FY21	Purpose and responsibilities
<p>Comprises three Directors, each of whom are independent non-executive directors.</p> <p>The Committee is chaired by an independent Chair who is not the Chair of the Board.</p>	<p>Current members:</p> <p>Pamela Hanrahan (Chair) Peter Roberts John Barbeler</p>	<p>The Committee operates under a Charter and is responsible for making recommendations to the Board with respect to:</p> <ul style="list-style-type: none"> • Board Composition: Developing a composition framework for the Board having regard to the appropriate diversity, skills and expertise, tenure, and cohesion in order to fulfill its responsibilities to Landcom, and as a consequence make appropriate recommendations to Government for the appointment of new Directors; and • People and Culture: Fulfilling its oversight responsibilities in relation to significant people and culture matters.

Recognise and manage risk

Enterprise Risk Management Framework

The Board has adopted a consolidated approach to risk management which incorporates governance, compliance and risk appetite. This approach is consistent with the Australian and New Zealand Standard on Risk Management (ISO31000:2018). The Enterprise Risk Management Framework was last reviewed by the Audit & Risk Management Committee in January 2021 (FY21) and is reviewed at least annually for currency and to ensure the approach to risk management continues to be sound.

The Board oversees that an effective Enterprise Risk Management Framework is in operation and has delegated to management responsibility for risk management activities, following a 'three lines of defence' model:

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

Internal audit

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

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

Material risk

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

Disclosure of approved exemptions

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

Statutory requirements		
Annual reporting exemptions	Act/regulation references	Comments
Budgets: <ul style="list-style-type: none"> Detailed budget for the year in review; Outline budget for next year; and Particulars of material adjustments to detailed budget for the year in review. 	s.7(1) (a) (iii) <i>Annual Reports (Statutory Bodies) Act 1984</i> cl. 7 Annual Reports (Statutory Bodies) Regulation 2015	-
Report of operations		
Annual reporting exemptions	Act/regulation references	Comments
Summary review of operations: <ul style="list-style-type: none"> Narrative summary of significant operations; and Selected financial and other quantitative information associated with the administration of programs or operations. 	Schedule 1 Annual Reports (Statutory Bodies) Regulation 2015	Exemption subject to a condition that comments and information relating to the 'summary review of operations' are to be disclosed in a summarised form.
Management and activities: <ul style="list-style-type: none"> Nature and range of activities; Measures and indicators of performance; Internal and external performance reviews; Benefits from management and strategy reviews; Management improvement plans and achievements; Major problems and issues; Major works in progress, cost to date, estimated dates of completion and cost overruns; and Reasons for significant delays etc to major works or programs. 	Schedule 1 Annual Reports (Statutory Bodies) Regulation 2015	Exemption subject to a condition that comments and information relating to 'management and activities' are to be disclosed in a summarised form.
Research and development: <ul style="list-style-type: none"> Completed research including resources allocated; and Continuing research and development activities, including resources allocated unless that information could adversely affect operations. 	Schedule 1 Annual Reports (Statutory Bodies) Regulation 2015	-
Human resources: <ul style="list-style-type: none"> Number of employees by category and comparison 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	-
Consultants: <ul style="list-style-type: none"> For each engagement costing more than \$50,000: <ul style="list-style-type: none"> name of consultant; title of project; and actual cost. For each engagement costing less than \$50,000: <ul style="list-style-type: none"> total number of engagements; total cost; and If applicable, a statement that no consultants were engaged. 	Schedule 1 Annual Reports (Statutory Bodies) Regulation 2015	Exemption subject to a condition that the total amount spent on consultants is to be disclosed along with a summary of the main purposes of the engagements.

Statutory requirements		
Annual reporting exemptions	Act/regulation references	Comments
Land disposal: <ul style="list-style-type: none"> Properties disposed of during the year: <ul style="list-style-type: none"> total number; and total value If value greater than \$5 million and not by public auction or tender: <ul style="list-style-type: none"> list of properties; and for each case, name of person who acquired the property and proceeds from disposal. Details of family or business connections between the purchaser and the person responsible for approving the disposal; Statement giving reasons for the disposal; Purpose/s for which proceeds were used; and Statement indicating that access to the documents relating to the disposal can be obtained under the <i>Government Information (Public Access) Act 2009</i>. 	Schedule 1 Annual Reports (Statutory Bodies) Regulation 2015	-
Consumer responses: <ul style="list-style-type: none"> Extent and main features of complaints; and Services improved/changed in response to complaints/ suggestions. 	Schedule 1 Annual Reports (Statutory Bodies) Regulation 2015	Exemption subject to a condition that comments and information relating to 'consumer responses' are to be disclosed in a summarised form.
Payment of accounts: <ul style="list-style-type: none"> Performance in paying accounts, including action to improve payment performance. 	Schedule 1 Annual Reports (Statutory Bodies) Regulation 2015	This exemption only applies to statutory state-owned corporations as they are not subject to the payment of accounts provisions in s.13 of the Public Finance and Audit Regulation.
Time for payment of accounts: <ul style="list-style-type: none"> Reasons for late payment; and Interest paid due to late payments. 	Schedule 1 Annual Reports (Statutory Bodies) Regulation 2015	As above.
Report on risk management and insurance activities	Schedule 1 Annual Reports (Statutory Bodies) Regulation 2015	Exemption subject to a condition that the comments and information are to be disclosed in a summarised form.
Disclosure of controlled entities: <ul style="list-style-type: none"> Details of names, objectives, operations, activities of controlled entities and measures of performance. 	Schedule 1 Annual Reports (Statutory Bodies) Regulation 2015	Exemption subject to a condition that the names of the controlled entities be disclosed along with a summary of the controlled entities' objectives, operations, activities and measures of performance.
Investment performance	Schedule 1 Annual Reports (Statutory Bodies) Regulation 2015	-
Liability management performance	Schedule 1 Annual Reports (Statutory Bodies) Regulation 2015	-

Public access to information and the protection of privacy

Government Information (Public Access) formal access publications

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

The following tables contain statistical information about the formal access applications decided in FY21.

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

*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 B.

Table B — Number of applications by type of application and outcome

	Access granted in full	Access granted in part	Access refused in full	Information not held	Information already available	Refuse to deal with application	Refuse to confirm/deny whether information is held	Application withdrawn
Personal information applications*	0	0	0	0	0	0	0	0
Access applications (other than personal information applications)	0	0	0	0	0	0	0	0
Access applications that are partly personal information applications and partly other	0	0	0	0	0	0	0	0

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

Table C — Invalid applications

Reason for invalidity	Number of applications
Application does not comply with formal requirements (Section 41 of the Act)	1
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	1
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 ¹¹
Overriding secrecy laws	0
Cabinet information	0
Executive Council information	0
Contempt	0
Legal professional privilege	0
Excluded information	0
Documents affecting law enforcement and public safety	0
Transport safety	0
Adoption	0
Care and protection of children	0
Ministerial code of conduct	0
Aboriginal and environmental heritage	0
Information about complaints to Judicial Commission	0
Information about authorised transactions under <i>Electricity Network Assets (Authorised Transactions) Act 2015</i>	0
Information about authorised transaction under <i>Land and Property Information NSW (Authorised Transaction) Act 2016</i>	0

¹¹More 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 time (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 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 persons to whom information the subject of access application relates (see Section 54 of the Act)	0

Table I — Applications transferred to other agencies under Division 2 of Part 4 of the Act (by type of transfer)

	Number of applications for review
Agency-initiated transfers	0
Applicant-initiated transfers	0

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

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

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

During the year, Landcom:

- Considered the informal requests for information received;
- Determined that there were no specific additional categories of information that were being regularly requested in the informal requests for information;

- Consulted with staff about categories of information that are frequently requested or which have been proactively released in FY21; and
- Consulted with staff through attendance at team meetings and legal updates.

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

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

We will review this requirement for proactive release of information within the next 12 months.

Privacy

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

- Only collect relevant personal information for lawful purposes directly related to our activities;
- Take reasonable steps to protect personal information from misuse and unauthorised access;
- Take reasonable steps to check the accuracy of personal information before we use it;
- Do not give personal information to other organisations for marketing purposes;
- Only use personal information for the purposes it was collected;
- Protect privacy, with targeted training provided to those staff who handle personal information; and

- Only disclose personal information to third parties if:
 - 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; and
 - There is a danger of injury or loss of life.

In FY21, we:

- Completed a Privacy Self-Assessment to review our privacy maturity and identify whether any actions are required to address any gaps;
- Delivered an online Privacy Framework which allows staff to access Landcom's Privacy Policy, template collection notices, links to the NSW privacy legislation, factsheets and checklists;
- Continued with the ongoing delivery of an online privacy awareness training module which all staff are required to complete; and
- Participated in privacy practitioner's network events and seminars.

Public Interest Disclosures Act 1994

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

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

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 2021 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 FY21 Sustainability Report and 'Other Information' in the Landcom's 2021 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 2020 - 30 June 2021. 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 2021.

Subject matter

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

- Chair's review
- Chief Executive Officer's review
- Our organisation
- Our principal objectives and function
- Major projects
- FY21 economic and financial highlights
- Awards and recognition
- Our performance – people
- Executive positions
- Miscellaneous activities
- Managing a successful business
- Appendix: Corporate governance
- Appendix: Disclosure of approved exemptions
- Appendix: Public access to information and the protection of privacy
- Our performance – managing our projects

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 300 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 managements 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 FY21 Sustainability Report.
- Reviewed the presentation of information relevant to the selected performance data and statements in the Report to ensure consistency with the assurance findings and observations.

Limitations of assurance

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

Use of our assurance statement

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

On behalf of the assurance team.



Alan Dayeh
Managing Principal, NSW
Point Advisory, Sydney
12 October 2021





Creating more affordable
and sustainable communities

landcom.com.au