

2020 Annual Report



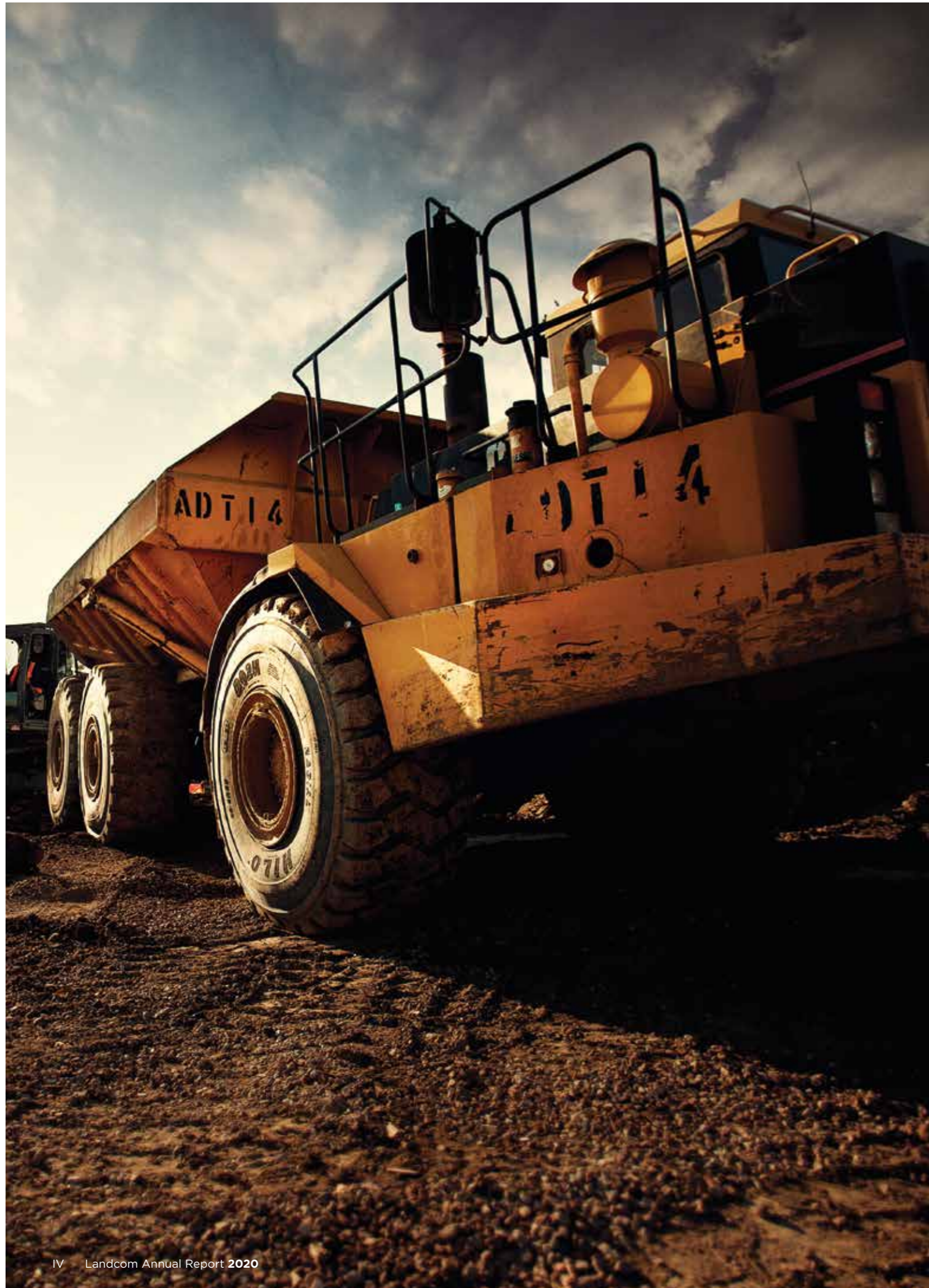
Creating more affordable
and sustainable communities

Creating more affordable and sustainable communities



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Letter to Shareholder Ministers

30 November 2020

The Hon Dominic Perrottet MP

Treasurer

The Hon Damien Tudehope MLC

Minister for Finance and Small Business

Parliament House

Sydney NSW 2000

Dear Treasurer and Minister

We are pleased to submit to you the Annual Report for Landcom for the year ended 30 June 2020 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*, the *Annual Reports (Statutory Bodies) Act 1984* and the applicable provisions of the *Public Finance and Audit Act 1983*.

Yours sincerely

Peter Roberts
Acting Chair

John Barbeler
Director

Chair and CEO's reviews

John Brogden
Chief Executive Officer

Peter Roberts
Acting Chair

Chair's review

FY20 has been an extraordinary year, from the Black Summer bushfire crisis, through to the impacts of a global and ongoing pandemic, and onset of the first recession in 30 years. 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.

This year our projects supplied 2,263 new home sites to the market. This has 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 met our financial results while delivering on our broader objectives and addressing new challenges. Sales revenue this year was \$168 million, with net profit after tax of \$27 million. \$29 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 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.

This year we witnessed the typical home change significantly. 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 affordable and efficient to operate.

Whilst it is too early to make predictions, it is clear that we will emerge from the COVID-19 pandemic with different expectations of how we live and work. Physical distancing has reminded all of us about the importance of community connection and localness. We are working to better understand what influences our clients' expectations for quality of life and work.

Landcom continues to be a leader in sustainability. This year we were recognised as third most sustainable residential developer in Australia by the GRESB Real Estate Assessment, and within the top 12% of all developers globally. This is an outstanding achievement and reflects our proud history in sustainability. We have also voluntarily adopted the Task Force on Climate-related Financial Disclosures, and share our response in this report, as we seek to proactively manage climate-related risks in accordance with leading international practice.

This year the Board approved Landcom's first Modern Slavery Statement, in accordance with the Modern Slavery Act 2018.

Landcom is well positioned to innovate and rethink the future of housing, workplaces and urban design in the context of our evolving landscape. With uncertainties about future economic and market conditions, Landcom is also 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.

The Board has been particularly pleased with the corporation's seamless transfer to work from home at the beginning of the COVID-19 pandemic. Our serious commitment to business continuity and crisis response over recent years delivered a swift and effective response to the significant events of this year. Landcom has maintained a stable operational environment throughout FY20.

In closing, I would like to acknowledge Suzanne Jones' contribution over the period of four years, firstly as a Director and then as Chair.

As Acting Chair and 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, Acting Chair

Chief Executive Officer's review

As the NSW Government's land and housing developer, Landcom exists to create more affordable and sustainable communities.

Landcom has performed strongly this year amid exceptional and unanticipated circumstances, and we are proud to have met our financial targets. What I have found most impressive this year is the ability for our people to embrace rapid and disruptive change and continue to demonstrate extraordinary resilience.

During the COVID-19 pandemic we have prioritised the wellbeing of people in our communities. Our placemaking and community development approaches pivoted to ensure family and friends remain connected. We moved free fitness and education classes online and brought amenities like the Blacktown mobile library to Tallawong. We also helped our communities to virtually connect with new amenities like the Bella Vista pocket park, where painting of a public art mural was filmed to be shared online. Over time the need to physically distance will change, and we will be there to support our communities with local activation events in person again.

Landcom also quickly adapted our sales process to ensure the health and safety of our people and the public. Interested buyers now register online for land releases and are offered scheduled appointments in our sales offices. This approach has proven so successful we are now implementing automated technology to unite the registration and sales processes even further and see this as the way of the future for our customer sales journey.

We have supported 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. Beyond this, the way our people have reached out across the corporation to help each other has been magnificent. Staff morale has been strong throughout the pandemic.

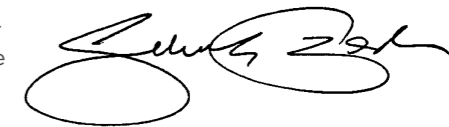
Throughout the year our focus on housing and leadership continued. NSW has an undersupply of affordable housing for low-income earners who are unable to qualify for government housing but cannot afford to buy a house or thrive in the current rental market. Landcom is expanding our partnerships with the community housing sector to explore new, replicable, and scalable solutions to enable more affordable and more diverse housing across NSW.

Our first demonstration projects at Queenscliff, Schofields and Lachlan's Line were announced this year. Each project is different, such as the adaptive reuse of the former Queenscliff Community Health Centre. Across Sydney's Northern Beaches there are around 1,500 women aged 55 and over who are in housing stress and at risk of homelessness due to family breakdown, underemployment and lack of superannuation. We are taking this opportunity to increase the range and supply of affordable rental housing needed in the area.

In the coming year we face continued uncertainty across society and specifically in housing and the way we live. Landcom will continue to play the counter-cyclical role 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.

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



John Brogden,
Chief Executive Officer



Landcom team with Portfolio Minister the Hon Rob Stokes MP, Minister for Planning and Public Spaces

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

Increase the affordability, supply and diversity of housing



Partnerships

Partner with others to unlock development opportunities and improve delivery



Leadership

Demonstrate excellence in sustainable development and planning practice

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.



Julia Reserve, Oran Park

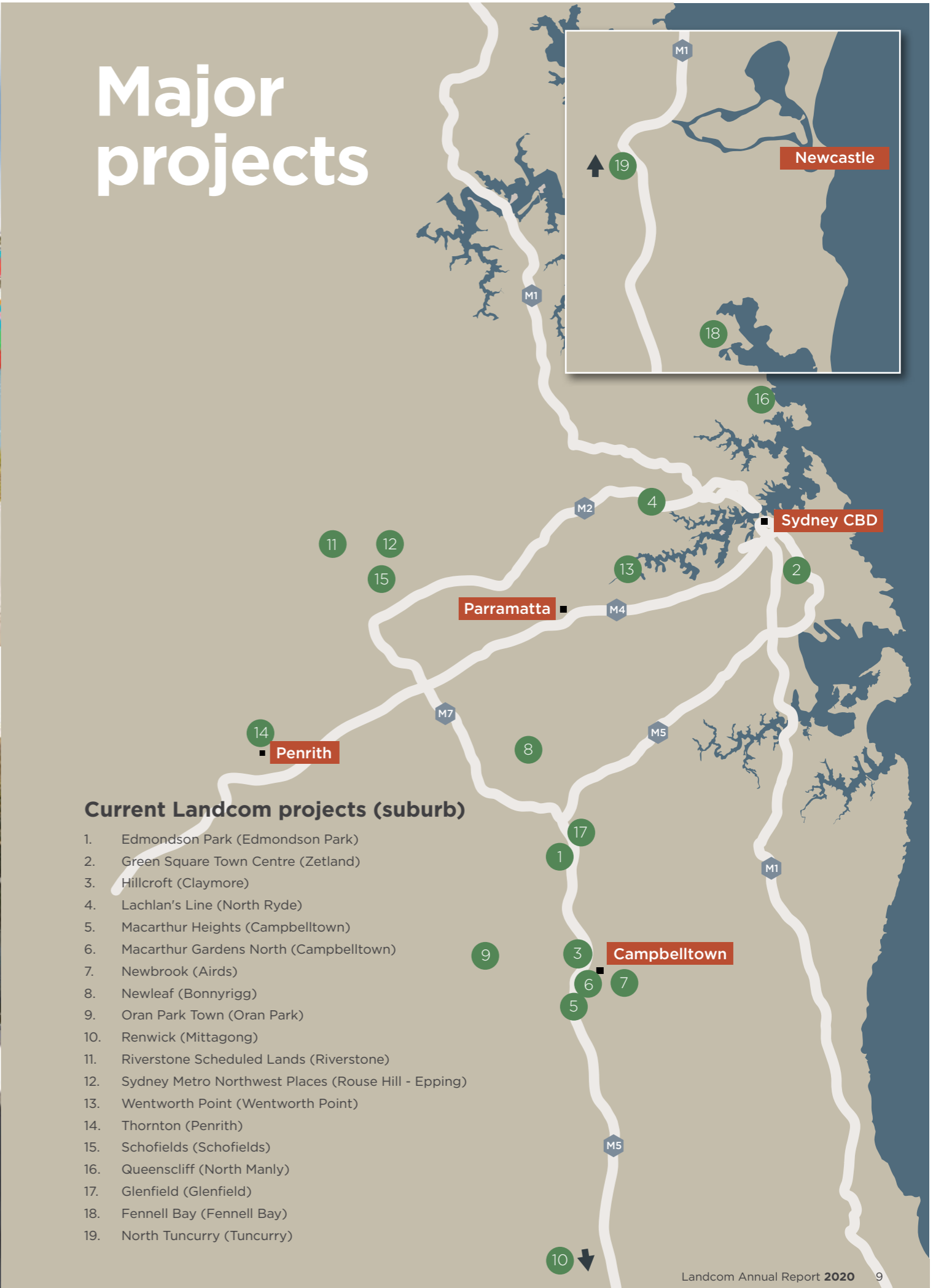


Macarthur Heights

Major projects

Current Landcom projects (suburb)

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



FY20 economic and financial highlights

\$29

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

\$200

million dividend paid
(in relation to 2019)

supplied

2,263

new home sites

first

Task Force on Climate-related Financial Disclosures report

\$27

million net profit after tax

\$168

million sales revenue

first

Modern Slavery Statement delivered

Pemulwuy "Butu Wargun" (Crow, lawman) by Jason Wing, Tallawong Station

Awards and recognition

We received recognition and awards across broad categories in FY20:

- The 2020 GRESB Real Estate Assessment ranked us as third most sustainable residential developer in Australia, and within the top 12% of all developers globally.

In past years Landcom has been the only government land organisation in the world to participate alongside publicly listed and private companies in GRESB (formerly known as the Global Real Estate Sustainability Benchmark). In 2020 we have been joined by three peers from Europe and one from the United States. We welcome the diversity and leadership this represents from government developers.
- Julia Reserve in Oran Park won a Parks and Open Space Award from the Australian Institute of Landscape Architects (NSW). JMD Design led the award application.
- Gateway Park, now Vanguard Park, at Edmondson Park, won Honourable Mentions in both the Lighting and Night Experience, and Art and Sculpture categories by the International Federation of Landscape Architects (Asia Pacific), in an award application led by eco-design.
- Newleaf Renewal project at Bonnyrigg won the Chairman's Prize for Social Infrastructure from the Western Sydney Leadership Dialogue along with NSW Land and Housing Corporation.
- We won an Inclusive Employer Award 2019 from the Diversity Council of Australia.
- The Blacktown Native Institution consultation won the International Association for Public Participation Australasian Project Award for Indigenous Engagement. This award was won jointly with Dharug Strategic Management Group, GHD, Blacktown Arts (Blacktown City Council) and C3West (a program of Museum of Contemporary Art Australia).
- Recognition for individual staff include Director Sustainability & Learning Lauren Kajewski being recognised as a Green Star Champion 2020 by the Green Building Council of Australia and Senior Development Manager Ray Fard winning the Western Sydney University Dean's Medal (School of Business and Law) and the Dean's List Award 2019.

GRESB Real Estate Assessment 2020

Ranked third in Australia and within the top 12% of all developers globally

Australian Institute of Landscape Architects (NSW) Parks and Open Space Award

Julia Park Youth Reserve
Oran Park

International Federation of Landscape Architects (Asia Pacific)

Honourable Mention
Gateway Park
Edmondson Park

Western Sydney Leadership Dialogue Chairman's Prize for Social Infrastructure

Newleaf Renewal Bonnyrigg

Diversity Council of Australia

Inclusive Employer
Award 2019

International Association for Public Participation IAP2 Australasian Project Award for Indigenous Engagement

Blacktown Native
Institution consultation

Edmondson Park

Our performance – managing our projects



Spire by Matthew Harding, Lachlan's Line

This year's achievements

Despite the unprecedented challenges 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. Strong working relationships with industry and councils are essential to driving housing supply and achieving 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 are charting the path to recovery and getting the project portfolio right to progress our mission to create 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 deliver, innovate and lead.

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, including our Urban Futures startups, 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 in this evolving landscape.

Delivering quality housing and communities

This year our projects supplied 2,263 new home sites 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** - We celebrated the opening of the spectacular helix pedestrian and cycle bridge that connects this new urban community precinct to Sydney Metro stations and shopping areas. We also delivered more community infrastructure including the bridge park, and placemaking continued with the installation of sculptural artworks and community activities.

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.

- **Edmondson Park** - We are developing sites suitable for diverse housing types and providing new housing with industry partners. We commenced works on the New Buchan Avenue including cycle lanes, pedestrian paths and parking and we continue to leverage our infrastructure investment including our \$22 million contribution towards the upgrade to Campbelltown Road.
- **Bonnyrigg, Airds and Claymore** - We have been working with NSW Land and Housing Corporation to create diverse communities where:
 - o Social housing blends in with private and Affordable Housing; and
 - o Residents have access to transport, improved community facilities and quality parklands.



Julia Reserve, Oran Park

John Brogden, Cllr Theresa Fedeli - Mayor of Camden and Tony Perich - Greenfields Development Company CEO

Partnering with others

Partnerships with the development industry, councils, landowners and other parties like Community Housing Providers 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 FY20 includes:

- **Green Square town centre (City of Sydney LGA)** - Our partnership with Mirvac continues to provide new homes and bring Green Square town centre to life, founded on sustainability, placemaking and design quality. Council facilities and new retail facilities are being provided, and Mirvac has commenced construction of the next stage.
- **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 stage and the first Riverstone lots were offered for sale. We have resolved complex problems through this

first project to open up approximately 100 home sites 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 are working to deliver 960 home sites and more than 40 hectares of regenerated public space including natural watercourses, new sportsfields, and public recreation areas.
- **Thornton (Penrith LGA)** - We dedicated award-winning community facilities to Penrith City Council. Our approach to supply more housing on the remaining sites will be undertaken with development partners.
- **Oran Park (Camden LGA)** - Our longstanding partnership with Greenfields Development Company is nearing completion. A highlight this year was opening the award-winning Julia Reserve and youth precinct including a skate park, parkour area and a new youth and recreation centre.
- **Sydney Metro Northwest Places (Rouse Hill to Epping)** - Landcom and Sydney Metro are working together on the long-term planning and development of government-owned land surrounding eight new Sydney Metro Northwest stations from Tallawong in Rouse Hill to Epping.

This year masterplanning progressed on a number of projects, and community consultation is underway. 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 enhances our capabilities to apply a strategic and holistic approach to complex problem solving.

Notable examples of leadership in FY20 include:

- **Macarthur Gardens North (Campbelltown LGA)** - We lodged an application for terrace lots while masterplanning for the remainder of the project site continues and will establish Macarthur Gardens North as a showcase for affordable, universal and diverse housing close to public transport. In response to COVID-19, we are planning online community consultation to support our planning for Macarthur Gardens North. The project is also registered for a Green Building Council of Australia 'Green Star Certification' this year, with results to be shared in 2021.
- **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. We plan to progress this project with a Community Housing Provider partner.

Adaptive reuse of the existing building offers significant sustainability benefits.

- **Schofields (Blacktown LGA)** - Our Schofields project will showcase diverse 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 island.

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

- Targeting a minimum 5% Affordable Housing and a minimum 20% of housing with universal design, certified as 'silver level' by Livable Housing Australia, through our project partnering agreements;
- Our recognition in the GRESB 2020 Real Estate Assessment;
- Our recognition for Indigenous engagement by the International Association for Public Participation for the Blacktown Native Institute consultation; and
- Our continuing partnership with Department of Planning, Industry and Environment (DPIE) to advise government and inform policy about property development contributions.

For more information see The Landcom Way - case studies.



Queenscliff, North Manly

Indicative artist impression subject to change and subject to approvals

The Landcom Way - case studies

Strategic Direction Housing



The Ponds

Our mission to create more affordable and sustainable communities is guided by three Strategic Directions:



Housing: Increase affordability, supply and diversity of new housing;



Partnerships: Partner with others to unlock development opportunities and improve delivery;



Leadership: Demonstrate excellence in sustainable development and planning practice.

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.

Market context

In FY20 we supplied 2,263 dwellings to the market directly or through our partners.

FY20 evolved as a year of two distinct halves. The first was positive with green shoots of recovery from the declines of FY18 and FY19. Confidence was improving in the market and our sales were recovering.

The second half of the year saw the COVID-19 pandemic bring sales to a complete halt in late March, driven by public distancing restrictions and economic uncertainty. A very low level of sales occurred in April and the beginning of May.

Despite these conditions we finished the year with an increase in activity in June on the back of Australian Government stimulus measures targeted at lower income earners and house and land packages under a \$750,000 limit. These measures supported our target markets in the northwest and southwest of Sydney.

We entered FY21 with the Federal Treasurer conceding that the country is in recession and with governments at all levels looking at measures to stimulate a post-COVID-19 recovery. The pandemic will continue to impact most aspects of the economy, including the housing markets.

While these market conditions impacted Landcom and all developers in the NSW residential market, the targeted incentives announced to date have had a positive impact in areas where our product fits within the price caps (\$750,000).

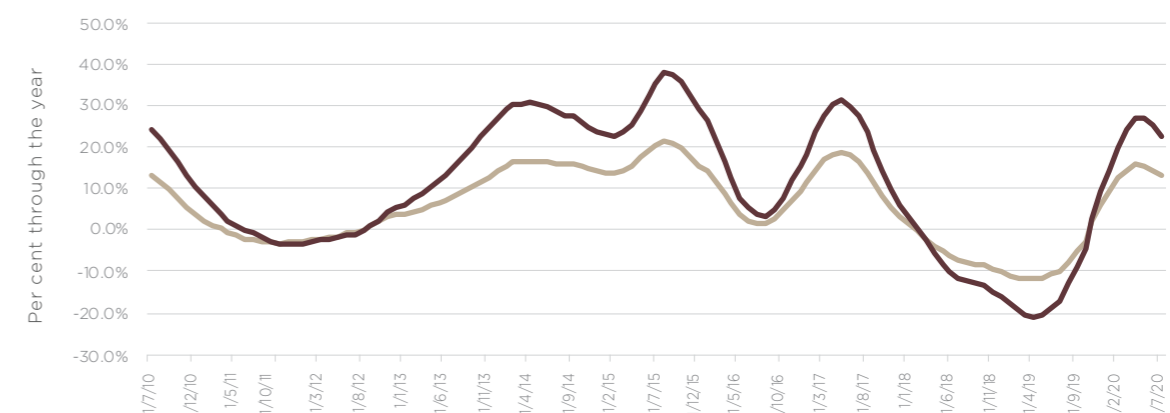
Despite the conditions, we maintained our financial results while successfully delivering housing supply, affordability, diversity and sustainability.

FY21 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 as well as prepare for post COVID-19 recovery.

Our expertise in a tightening market and in boosting housing and economic activity when the industry is under stress will be essential in the year ahead. 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.

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.

Sydney Property Price Growth



Source: CoreLogic 2020 — Units — Houses



Delivering on our Strategic Objectives

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

We are updating our Housing Affordability and Diversity Policy during FY21, informed by the lessons and work achieved through our partnerships.

Our Housing Affordability and Diversity 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;
- Combine 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, we are required to meet the NSW Government's urban management objectives. These objectives 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 96 Affordable Housing dwellings for future development at Lachlan's Line, and registered 70 social housing dwellings in partnership with NSW Land and Housing Corporation;
- **Housing supply** - Our projects supplied 2,263 new dwellings including 1,052 at Lachlan's Line, 438 at Menangle Park, 392 at Edmondson Park, 130 at Newleaf and 88 at Newbrook; and
- **Housing diversity** - Our projects supplied more than 50 new dwellings 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. Our projects also supplied more than 170 new dwellings that are affordable to upper to moderate income households including houses, secondary dwellings and terrace housing. We also supplied new homesites for diverse housing typology including over 100 low rise and medium density terrace homes. A small number of rural residential lots also added to the diverse housing supplied in FY20.
- **Housing accessibility** - Our projects supplied 125 new dwellings with Universal Housing Design to a minimum of Silver level Livable Housing Australia design standards to help improve housing accessibility.

Housing leadership

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

Notable examples of leadership across our approach this year include:

- 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, Community Housing Providers and other industry partners to increase the affordability, supply and diversity of new housing;
- Challenging ourselves to enhance design and quality through our Design Advisory Panel of external advisers including expert architects, designers and planners; 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, new Design and Place SEPP, the place-based infrastructure compact for Greater Parramatta to Olympic Peninsula and Western Sydney and infrastructure contribution reforms.

New challenges

COVID-19 has raised 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.



Case Study

Strategic Direction Housing and Leadership



Indicative artist impression subject to change and subject to approvals

Housing affordability and diversity

We embrace the challenges that limit housing diversity and affordability with projects that demonstrate innovative delivery approaches for communities.

We are cultivating a comprehensive and workable range of development models to increase housing affordability options for people on low to moderate incomes. This includes households caught between social housing and market rental housing that are under housing stress.

Our approach is driven by innovation and partnering with like-minded councils, Community Housing Providers and development partners.

We create pathways through this new landscape by sharing and learning with others and have appointed a Reference Panel of external industry specialists to support us.

Our Housing Affordability and Diversity industry event in November 2019 supported productive and exciting conversations across council, community housing and industry stakeholders, and the opportunities to work together to support housing affordability and diversity solutions.

Our Schofields project is part of this innovation and will showcase typologies that reflect the changing needs of diverse communities including single people, retirees, couples with and without children, extended families and downsizers.

Its location in Sydney's northwest makes the Schofields project ideal to demonstrate the need for more liveable green streets that address the climatic effects of urban heat island. It will see an increase in the tree canopy compared with traditional developments.

The project also seeks to reinvent the road reserve with a focus on verges and landscaping that provides a cool, green and comfortable streetscape creating places for informal social interactions and incidental play. These become places where communities engage, are socially connected and gain a greater sense of belonging.

At Macarthur Heights affordability is being considered in two ways. Diverse lots sizes and smaller lots offer affordability and diversity. Our Sustainability Rebate



incentivises residents to build sustainable new homes. The rebate is designed to be a market-based lever to lower emissions and improve the cost of living in established communities, while driving sales.

Schofields and Macarthur Heights demonstrates how we continue to innovate and work to unlock opportunities to drive housing affordability and diversity.

Case Study

Strategic Direction Partnerships and Leadership



Lachlan's Line Bridge

Lachlan's Line precinct

Lachlan's Line is the gateway to Macquarie Park's employment corridor with new housing close to two Sydney Metro stations and retail amenities

Our vision to transform a redundant industrial site into an attractive, accessible and connected local destination with apartments, high quality open spaces, parks playgrounds and retail spaces is being realised with thousands of people able to call Lachlan's Line home.

We are leading this new urban precinct in partnership with the private sector, with new apartment buildings and retail spaces being delivered by others to complement the extensive community infrastructure we delivered prior to residents moving in.

Our significant infrastructure investment at Lachlan's Line includes regional and local traffic upgrades, a globally unique pedestrian bridge, and open spaces comprising a skate park, performance stage, rehabilitated riparian area, dog park, community garden, boardwalk and lawn areas.

The public domain maximises accessibility and includes major public artworks including Spire by international artist Matthew Harding, and Town Lights, by local artist Peter McGregor. We also support many community events.

This year we celebrated the opening of Lachlan's Line pedestrian and cycling bridge. This iconic bridge was designed to strikingly mark and define the public realm identity of Lachlan's Line for the community. Its will also encourage active and public transport use. The sinuous and spiralling electric blue, first-of-its-kind helix design delivers a unique and memorable landmark.

The next exciting phase for Lachlan's Line is to build more Affordable Housing for key workers like nurses and retail workers. A partnership project guided by the principles of co-design is underway with a Community Housing Provider, to be selected through a Request for Proposal process.



John Brogden at the opening of Lachlan's Line bridge in June 2020



Case Study

Strategic Direction Housing, Partnerships and Leadership



Lake Thomson, Macarthur Heights

Indicative artist impression subject to change and subject to approvals

Macarthur Heights

This partnership with Western Sydney University will provide 960 home sites and over 40 hectares of regenerated public space including natural watercourses, new sportsfields, public recreation areas and embellishment of Lake Thomson.

Macarthur Heights is located in the south west of Sydney, walking distance to Macarthur train station and Macarthur Square Shopping Centre, with views over Campbelltown and close to The Australian Botanic Garden. Pedestrian and cycle links provide access to Campbelltown TAFE and Western Sydney University.

After completing masterplanning in 2012, we have been constructing community infrastructure and delivering quality residential lots since 2014. Construction of civil works for Stage 5 is near completion and will offer a diversity of housing lots for purchase.

Different sized housing sites at different price points offer affordability to suit families of all types, sizes and incomes. This supports a healthy and diverse community where families and people with different housing needs are catered for and feel welcome.

This year, completion of landscaping works for the new Claremont Park, and commencement of works on a new family friendly park alongside Lake Thomson add to the already impressive public open space at Macarthur Heights. A competition-grade sportsfield and training oval within the sports precinct continue is the new home for the Macarthur Football Club.

In response to feedback from the community, we are planning for play equipment at Main Ridge Park next year to further support the growing Macarthur Heights community.

Toward the end of FY19 Landcom launched its first Sustainability Rebate to home buyers at Macarthur Heights. This is a new incentive to encourage greater sustainability and resilience of new homes in Landcom communities.



The Sustainability Rebate supplements Landcom's existing Landscaping and Fencing Rebate and offers a \$15,000 incentive to buyers who build their homes to meet or exceed Landcom's standards. Homes that meet the requirements for the rebate can save up to \$1,300 per year on utility costs.

We also support social sustainability through community development initiatives. We supported The Macarthur Heights Residents Group to become incorporated, and we also support the local Heart Foundation walking group.

In response to COVID-19 we took our community development activities at Macarthur Heights online, with many people enjoying cooking, gardening and other online activities with their virtual neighbours.

Case Study

Strategic Direction Partnerships and Leadership



Hasta La Bella Vista Baby, cultural event



The Plant Library at Tallawong

Sydney Metro Northwest Places precincts and placemaking

Landcom and Sydney Metro are working together on the long-term planning and development of government-owned land surrounding the eight new Sydney Metro Northwest stations from Tallawong in Rouse Hill through to Epping.

The program, called Sydney Metro Northwest Places, focuses on creating diverse, well-designed places for current and future communities.

This cross-government collaboration will see us deliver diverse housing, retail and commercial spaces, public spaces and community facilities in well-designed inspiring places close to state-of-the-art transport.

Planning and concept masterplanning is underway with ongoing consultation planned for FY21.

We are committed to excellent design and collaborate with the Government Architect NSW, local councils, Sydney Metro and future developers to leverage their expertise. Guided by our Housing Affordability and Diversity Policy, we are investigating opportunities for different home types, from high rise to low rise medium density, as well as townhouses and small lot housing.

Celebrating an active year in placemaking

Our placemaking team created several great events and initiatives during FY20 to bring new communities together.

This people-centred approach to the planning, design and management of public spaces builds on a local community's assets, inspiration, and potential and reflects community and cultural values. It creates lively neighbourhoods and inviting public spaces where people want to live, work, shop and play.

In FY20, the Sydney Metro Northwest Places placemaking program:

- Delivered more than 125 'activations' and engaged more than 3,000 locals across events, workshops, fitness programs and competitions;

- Worked with nine artists to celebrate local culture and heritage; and
- Installed public artworks on hoardings that run over 1km when combined.

In addition, Tallawong pocket park hosted playgroups and activities of all kinds. The success of these activities has been demonstrated with the community now coming to Landcom to use the space for activities.

Our creative hoardings and installations have been well received and feature a painted mural and ground plane at Bella Vista by Sam Songailo - Blue and Pink Oasis, and The Northwest Pole Christmas installation with wonderful drawings by local children at Tallawong. The Hills Are Alive banner at Bella Vista was developed by Tina Havelock Stevens and collaborators included Dharug language Indigenous artwork by local artist Leanne Watson, and poetry by local community members.

The partnerships continued with Museum of Contemporary Art's C3West.

The Plant Library by Lauren Brincat at Tallawong was a 10-day installation of a purpose-built library showcasing edible native plants for local community members to use in their cooking. It was supported by a five-month program of community workshops.

Hasta La Bella Vista Baby by Tina Havelock Stevens saw the production of a Bollywood film through the

streets of Bella Vista featuring local dancers, with local musicians creating a sound track for the film. This cultural festival project targeted people aged 18 to 40 to understand their desires to live in the area. A TV style talk show pop-up engaged local community to explore and understand their concerns and aspirations. The project culminated in an after-dark community festival at Bella Vista where the film was premiered, supported by live performances.

Although COVID-19 restricted early placemaking activities, our team has addressed social distancing requirements and adapted the placemaking program. COVID-19 has highlighted an emerging need to re-evaluate permanent place outcomes to benefit future communities.

The placemaking program will continue respond to existing and emerging communities' needs and desires, and encourage people's connection to these places as they evolve over time, to inform and shape the legacy of these places.

Case Study

Strategic Direction
Partnerships and
Leadership



Landcom Urban Futures property industry technology accelerator

We are partnering with Western Sydney University to support innovation in the property sector through our Urban Futures accelerator program.

This property technology accelerator is a six-month, property industry-specific program designed to support selected startups to fast-track product development and commercialisation opportunities in the property sector.

The purpose of this leadership initiative is to seed and grow innovation within the property development industry in support of Landcom's and the University's strategic priorities and aspirations for enhanced urban living in Western Sydney, NSW and Australia.

Urban Futures is supported through Western Sydney University's Launch Pad Incubator. Our investment and commitment to innovation programs like Urban Futures are now even more important in our support for a post-COVID-19 recovery in the property sector.

The accelerator is leveraging the rapid growth of Western Sydney and the property development ecosystem

across Landcom, the University and a range of partners to promote innovation in urban living design and development.

Through the program, Urban Futures accelerator startups and small to medium enterprises have access to a range of our industry specialists and Western Sydney University Launch Pad Entrepreneur-in-residence, mentors and commercialisation experts.

The 10 startups focus on creative approaches to address challenges in property development, construction and urban design areas including:

- Community and education;
- Liveability;
- Sustainability;
- Markets and finance; and
- Compliance and regulation management.



In FY21 our Urban Futures startups will present their progress in a showcase demonstration event, and the program concludes in late 2020.

The Urban Futures program demonstrates our investment in industry innovation and reflects the mutual benefits of the ongoing relationship with Western Sydney University.



Early works at Riverstone

Riverstone Scheduled Lands – Precinct A (Stages 1-3)

Landcom and 51 Riverstone landowner groups are working together to unlock this early paper subdivision.

This land at Riverstone was subdivided on paper back in the late 1800s but was never developed due to the land's highly fragmented ownership and a lack of essential infrastructure such as streets, roads, electricity, water, sewerage and drainage. The first application of the paper subdivision process was introduced in 2013 through amendments to the NSW Environmental Planning and Assessment Regulations.

Our role in Precinct A (stages 1-3) has been to coordinate the subdivision and development of the land to facilitate the provision of this essential infrastructure so we can ensure the necessary urban services are provided in this growing part of Sydney's northwest.

FY20 reached an historic milestone with the first of 100 developed lots of the former paper subdivision soon to be available for sale.

This project aligns with our broader strategic goals of:

- Increasing housing affordability and supply;
- Leading partnerships to unlock development opportunities and improve project delivery; and
- Continuing to demonstrate our excellence in sustainable development and planning practice.

Ongoing problem solving through this project included managing the legislative processes across landowners and working with Blacktown City Council to remediation. It will deliver approximately 300 homes sites and inform future partnerships across NSW to unlock paper subdivisions.

Working closely with landowners and relevant authorities such as local councils makes it possible to plan and release complex, constrained and fragmented land.



There are more than 10,000 paper subdivision lots across NSW, including in Blacktown, Lake Macquarie, Port Stephens, Wollongong, Wyong and Sutherland Shire local government areas.

After 20 years of planning and more than two years of construction, the first registration of serviced lots within the Riverstone Scheduled Lands is a step closer to reality.

Sustainability, learning and community engagement

Our Sustainable Places Strategy sets a vision to create innovative and productive places that demonstrate global standards of liveability, resilience, inclusion, affordability and environmental quality.

Our Sustainable Places Strategy is directly informed by the United Nations Sustainable Development Goals, COP21 Paris Agreement, and Resilient Sydney Strategic Directions. We are also a Signatory of the United Nations Global Compact for Human Rights, and disclose management of climate change physical, social and transition risks in accordance with the Task Force on Climate-related Financial Disclosures.

In 2020 Landcom achieved a score of 90/100 in the GRESB Real Estate Assessment, and ranked as third most sustainable developer in Australia. We also maintained our Green Star rating and 5 Star entity status. Overall Landcom also significantly exceeded the global average performance.

This year extensive updates to the GRESB structure were adopted. Last year Landcom ranked 4th globally in the Developer Assessment, compared to 41 international peers. As publicly communicated by GRESB, results from FY20 are not comparable to performance in past years. This year the Developer Assessment was phased out, and replaced with the Real Estate Assessment. This includes all participants with standing investments and development activities with a total of 448 participants. Within this new assessment, Landcom has ranked 54th globally. Despite the assessment changes, Landcom's remains within the top 12% of global participants.

During the reporting period we registered to become a carbon neutral organisation under the Climate Active Carbon Neutral Standard. The Standard is Australia's government-managed offset scheme for certifying organisations, products and services, and events.

A summary of Landcom's response to major industry or legislative changes in the reporting period is provided below, and detailed achievements are available in our FY20 Sustainability Report.

Modern slavery

The Commonwealth *Modern Slavery Act 2018* commenced on 1 January 2019. The Act requires entities with an annual revenue of \$100 million or more, based or operating in Australia, to prepare annual statements on potential modern slavery risks in their operations and supply chains, and disclose the steps they have taken in addressing those risks. As of FY20, Landcom is a reporting entity under the Act.

In FY20 we adopted a Modern Slavery Management Plan to guide the way our organisation identifies, mitigates, and remedies the risks of modern slavery within our operations and supply chain. During the reporting period our Directors, Executives and Senior Leaders completed modern slavery training.

We also continued our membership of the Property Council Modern Slavery Working Group throughout the reporting period. The Group continues to collaborate on an industry wide approach to supply chain due diligence and engagement, in response to the Act.

Uncle Wes Marne leads the smoking ceremony at The Plant Library Party. Lauren Brincat, The Plant Library, 2019. Installation view, Rouse Hill, NSW. Co-commissioned by C3West on behalf of the Museum of Contemporary Art Australia and Landcom. Image courtesy and © the artist. Photograph: Anna Kučera



Shaping and delivering plans with community engagement

In keeping with our Join In Engagement Charter we strive to engage communities in collaborative, proactive, inclusive, accountable and purposeful ways.

Often our engagement involves general communication through newsletters and media releases that provide information about our projects. Sometimes it involves public consultation required for development approvals when we work with local communities to shape projects.

Highlights from our engagement with local communities over the past 12 months include:

- In Sydney's north west we consulted on plans for new neighbourhoods along the Sydney Metro Northwest in Kellyville, Bella Vista, Hills Showground and Epping. We held information sessions giving residents opportunities to provide feedback either directly to us or to the Department of Planning, Infrastructure and Environment.
- In Macarthur we asked residents for feedback on principles shaping plans for a new neighbourhood next to Macarthur Station. In response to feedback we are exploring ways to change the mix of housing and retain more of the site's natural landscape and we will seek further feedback before finalising our plans.
- In Ryde we worked across government to coordinate communications to close two of Sydney's busiest roads so we could construct the new Lachlan's Line pedestrian and cycle bridge that connects to Ryde Station. We issued media releases, door-knocked businesses, distributed construction notifications, sponsored radio and print advertising and posted on social media to ensure people knew about the road closures and diversions.
- In Oran Park we worked with Greenfields Development Company to keep the local community informed about works to

construct a new skate park and youth centre at Julia Reserve and we supported an open day hosted by Camden Council to celebrate the opening of the world-class community facility.

- In Riverstone we kept landowners informed with regular progress reports about approvals, works and delivery costs. We tailored our communications approach and met with landowners or translated materials into other languages when needed.

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.

Climate change response

In FY20 we commenced public reporting in accordance with the Task Force on Climate-related Financial Disclosures (TCFD). Developed in 2015 by the Financial Stability Board, an international body that monitors and makes recommendations about the global financial system, the TCFD responds to a growing need to develop recommendations for more effective climate-related disclosures that could promote informed investment decisions.

Our strong approach to identifying the physical risks to our new projects is enabled by sustainability targets requiring all new projects to complete a Climate Change Risk Assessment in line with the Intergovernmental Panel on Climate Change Fifth Assessment Report climate projections for 2030 and 2090.

We will be increasing our focus on identifying and managing transition risks in FY21.



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.

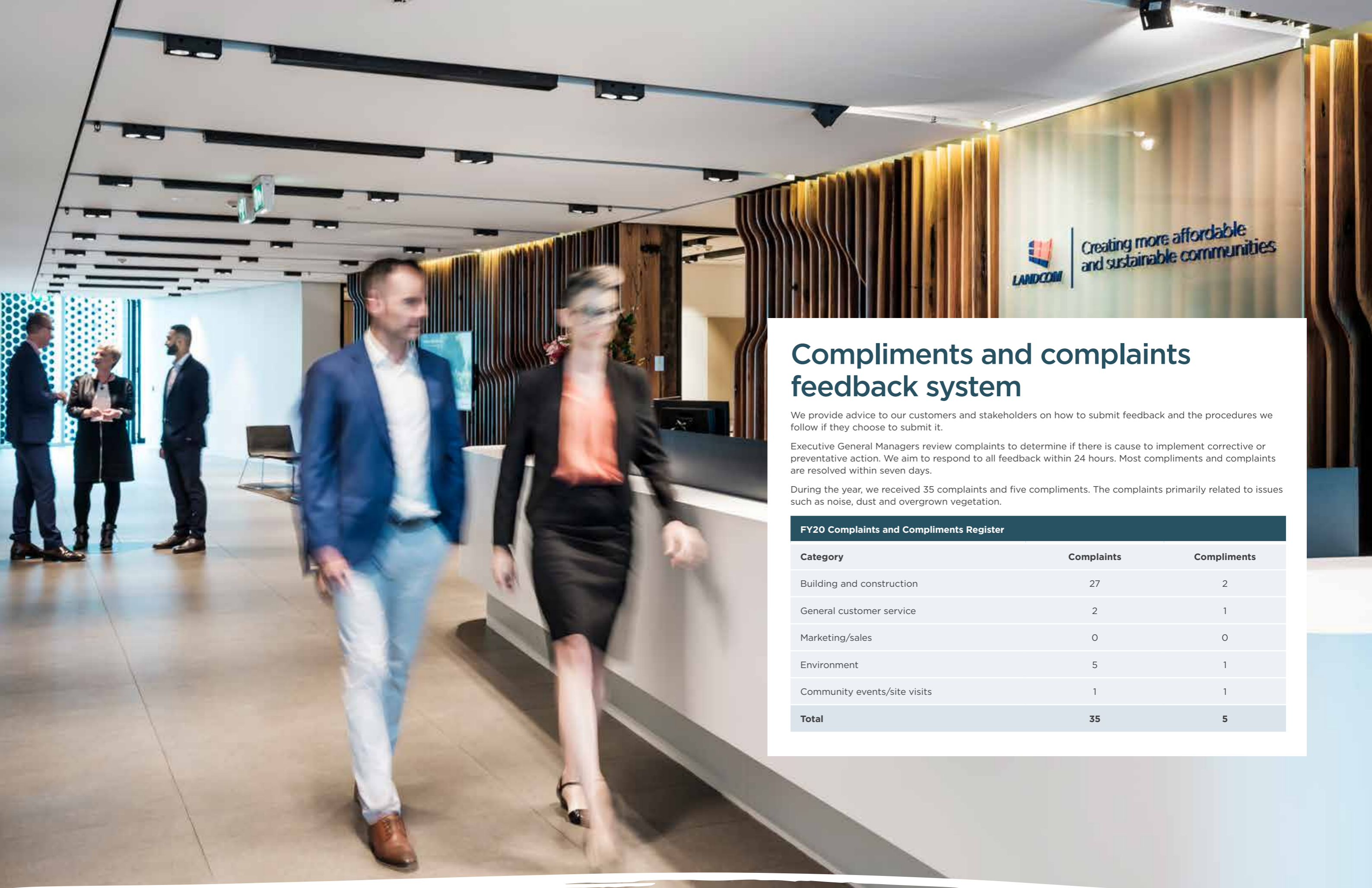
While we continue to deliver on these commitments at our assets, Landcom is also taking steps to bolster our overall approach to mitigating the risks of climate change to our organisation. From FY20 Landcom is adopting the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)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

be 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>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>Audit & Risk Management Committee</p> <p>Annual review of transition risks, or portfolio-wide physical and social risk trends</p>	<p>Continue to deliver on our Climate Risk Management Plan</p> <p>Develop climate-related key performance indicators for senior business leaders</p> <p>Establish a forum within the business to drive leadership and raise the internal profile of climate-related issues management</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 in Landcom's Communications & Policy FY21 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>Registration as Climate Active Carbon Neutral Standard addresses organisational carbon neutral approach</p>	<p>Develop climate scenarios in line with TCFD recommendations to inform future business priorities</p> <p>Certify Landcom under the Climate Active Carbon Neutral Standard</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>Integrate 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 & 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.</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>



LANDCOM | Creating more affordable and sustainable communities

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 35 complaints and five compliments. The complaints primarily related to issues such as noise, dust and overgrown vegetation.

FY20 Complaints and Compliments Register

Category	Complaints	Compliments
Building and construction	27	2
General customer service	2	1
Marketing/sales	0	0
Environment	5	1
Community events/site visits	1	1
Total	35	5

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 of 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.

To this end, in FY20 the Board, Executive Management team and HSE Committee strengthened our commitment to HSE by adopting a three year HSE Strategy that focuses on four key areas:

- Visibly committed leadership;
- A strong and simple HSE system;
- Communication, consultation and training; and
- Health and wellbeing.

As a part of the HSE Strategy, we have:

- Commenced integration of Landcom's Work Health & Safety System (aligned to ISO45001) and Environment Management System (aligned to ISO14001);
- Published a new HSE framework and Policy;
- Launched a new and improved HSE reporting system called Integrum; and
- Launched an holistic wellbeing program.

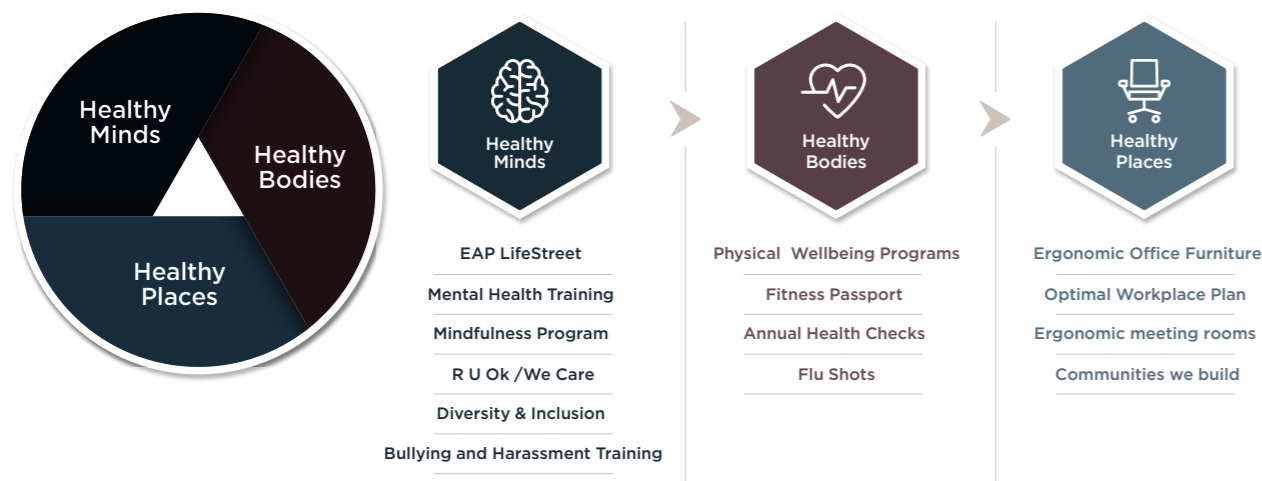


Construction, Lachlan's Line

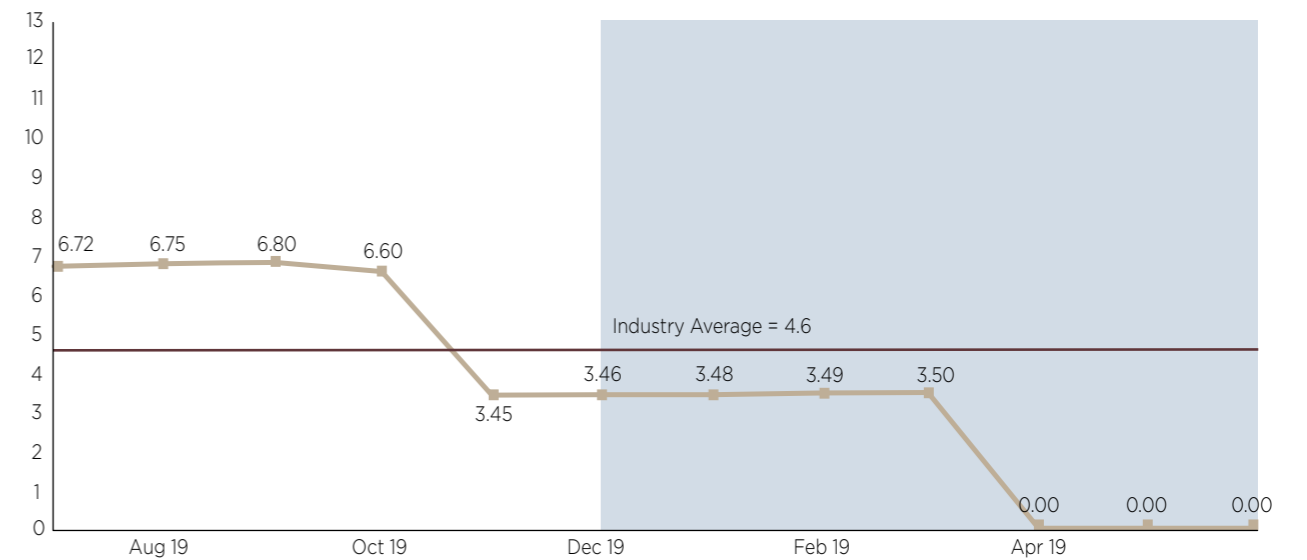
Landcom's new HSE Framework



Landcom's Health & Wellbeing Program



The Lost Time Injury Frequency Rate for FY20



Industry average (Public Administration and Safety) is 4.6 (as reported by Safe Work Australia), and our average is 3.7.

In FY20 our project teams (including Superintendents and Principal Contractors) have improved their HSE performance as demonstrated by our lead indicators shown below.

Indicator	FY19	FY20
Site Inspections	312	867
Safety Observations	228	696 586 Safe Observations 110 Unsafe Observations
Environment Observations	245	371

During FY20 there were no prosecutions under the *Workplace Health and Safety Act 2011* or NSW Work Health Safety Regulations 2015.

Shaping our year ahead

What is really important?

This year we are reminded of what is most important. We have always put people and communities first. COVID-19 has reinforced our focus on the basics - those important details that make homes and neighbourhoods feel right, and help people and communities to thrive.

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 creating new opportunities for the year ahead.

New business, new partnerships, new flexibility

We are looking at innovative ways to support industry through the uncertain times before us. Our customers, community and industry partners and 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 work alongside them 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 underway include Queenscliff, Schofields and Lachlan's Line.

Pushing ahead in a different way

Landcom staff have transferred their working lives into the home environment and have adapted to new technologies to remain engaged, productive and collaborative. We continue to trial and test different approaches to work differently with our teams and our stakeholders.

These are some of the ways we have responded to COVID-19:

- All-staff webinars;
- Online fitness and wellbeing classes for staff;
- Staff wellbeing surveys and regular staff updates;
- Digital enablement to streamline online procurement and online tendering;
- Online community consultation; and
- ICT improvements.

Connecting with locals and localness

Our new circumstance offers new possibilities for work, home and community. We are responding with new approaches to community making, placemaking, and project delivery while exploring new opportunities for future housing.

COVID-19 has compelled us to identify priorities and look for meaning. As a community we are tuning into the significance of what it means to be a healthy and connected community, and the importance of individual and community wellbeing to the social fabric that we share. As always, we apply a people-first approach to addressing these priorities in our business and our projects.

Community development, placemaking and supporting community wellbeing is as important as ever. We have shifted our activities online and are continuing to learn on the job about what works.

We continue to explore new financial and delivery models and housing types to inspire more opportunities to work with industry partners and deliver delightful places where people want to work, live and play.

For example:

- We are planning theatre-based activities with local high schools focussed on mental health and wellbeing across our regeneration project communities;
- We are employing genuine and thorough COVID safe stakeholder engagement for planning stage projects; and
- We are also planning a mobile library activation with Blacktown City Council at Tallawong.

Doing what we do best

FY21 promises a productive year, including:

- Bringing a 100% Affordable Housing site at Lachlan's Line to market for delivery through a selected Community Housing Provider following a Request For Proposals process;
- Progressing infrastructure works at our regeneration projects at Hillcroft and Newbrook, including constructing the playing fields and completing Campbellfield Avenue construction at Newbrook;
- Continuing Buchan Avenue construction, servicing a future school site and remediating a sewage treatment plant at Edmondson Park;
- Progressing masterplanning at Fennell Bay and North Tuncurry;
- Undertaking online consultation about a concept plan for Macarthur Gardens North;
- Constructing infrastructure at Macarthur Heights towards sale release of Stage 5 including diverse and affordable lots;
- Continuing the Doohan Reserve construction works at Oran Park;
- Supporting our Urban Futures startups to deliver their Demonstration Day showcase;
- Extending placemaking and activation at Tallawong to Bella Vista to welcome the community to these growing areas; and
- Delivering the 2.5 hectare Julia Reserve with Youth Recreation Centre, and 10.5-hectare Doohan Reserve and sporting complex at Oran Park.

Continued investment in our people

In the year ahead our focus remains on enhancing the People Experience at Landcom through targeted development and by continuing to support the wellbeing and safety of our people as they work from home.

Our focus areas include:

- Continuing to build an inclusive, values-driven and productive culture that supports high levels of employee engagement; and
- Growing our people through capability development at all levels, with a focus on strategic programs including the CEO Challenge, Graduate Program and Women Leading @ Landcom.

We also have a number of enhancements underway to streamline systems and processes that will enable our people to be more efficient and agile.

Julia Reserve, Oran Park

Our performance - people



Our governance structure



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 Board updated the Code in August 2019.

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 of the employee experience. The digitised People Portal modules have improved productivity, efficiency, data availability and reporting.

In FY20 our People Portal has:

- Enhanced performance and development management for our employees;
- Supported compliance training and learning and development activities while staff have been working from home due to COVID-19;
- Helped us to double the number of formal performance and development conversations between managers and staff to 100%; and
- Helped us to confirm that in FY20 staff completed an average of 38 hours of training and development, and people managers completed an additional 10 hours of training to enhance skills in effectively leading their teams.

Learning initiatives in FY20 gave our people managers and selected future leaders opportunity to develop their competence and confidence in leading the business and their staff. Initiatives included the Future Leaders program, the inaugural Women Leading @ Landcom program and three additional leadership development modules. Seven people participated in the Future Leaders program and 19 women participated in the inaugural Women Leading @ Landcom program.

The additional leadership development modules to enhance capability focus on:

- Delivering results through crucial conversations;
- Planning and accountability through neuroscience; and
- Leading teams and maintaining performance through agile change.

We are continuing these successful programs in FY21.

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 June 2019.

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

Employee participation increased to 85%, up 13% since the previous survey in June 2018 indicating that our staff are more willing to provide feedback. Employee engagement increased to 68%, up 1% since the previous survey, and 2% 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 2019. Four individuals and three 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 FY20 after targeted recruitment. Our graduates work across different areas of the business on a six-month rotation basis to gain broad experience over the 18 month program;
- Support for staff during COVID-19 - 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.

Staff support initiatives during COVID-19 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 also 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; and
- Our managers are being supported on managing remote teams.

Workforce diversity performance

The Landcom Diversity & Inclusion Policy was updated in 2019 to better reflect our commitment and focus areas. This update was informed by staff consultation and industry analysis. A staff based Diversity & Inclusion Working Group continues to plan and implement actions against priority areas.

Diversity and inclusion initiatives include:

- Participation in the Property Council of Australia 500 Women in Property program for three staff members in the Projects divisions;
- Updates to our Recruitment & Selection Policy to enhance diversity and inclusion practices and reduce unconscious bias;
- Launch of inaugural Flexible Working Policy with staff learning and change support; and
- Establishment and implementation of the inaugural Women Leading @ Landcom program aimed at accelerating our female talent.

Gender pay audit

Mercer completed a Landcom Pay Equity Audit Report with guidance from the Workplace Gender Equality Agency framework. The independent review found that, in terms of both female representation and gender pay comparisons, Landcom compares well against other similar sized organisations and against industry and sector benchmarks. The review confirms that our staff are well above average in female representation and in managing gender pay equity with ongoing improvements of practices, policies and strategy.

Inclusion@Work survey

In FY20 Landcom was recognised with an Inclusive Employer Award 2019 awarded by the Diversity Council of Australia based on the results of the *Inclusion@Work* survey of our staff. The *Inclusion@Work* survey assesses a broad range of factors that contribute to an inclusive workplace. Landcom's 2019 results exceed the national benchmark in five out of six of the measures which are awareness, engagement, inclusive organisational climate, inclusive leadership, inclusive team and exclusion.

Flexible working

We launched a Flexible Working Policy and Procedure in June 2019 to help support an agile, flexible and inclusive workplace. The Policy and Procedure were informed by consultation with staff, the Diversity & Inclusion Working Group, the Senior Leadership Team, and people managers. The Policy has been important in supporting all staff working from home during COVID-19.

Addressing discrimination in the workforce

Our Discrimination, Harassment & Bullying-Free Workplace Policy was relaunched this year and followed up with training and education workshops for all staff. Managers received additional training in their role as custodians of our culture.

Both the Discrimination, Harassment & Bullying Free Workplace Policy and Managing Concerns and Grievances Procedure were updated to reflect language in the relevant legislation and bring clarity.

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), we are required to include information about our multicultural policies and services program in its Annual Report once every three years. We reported in 2019 and will do so again in 2022.

Trends in the representation of Workforce Diversity Groups

5a. Trends in the Representation of Workforce Diversity Groups				
Workforce Diversity Group	Benchmark	2018	2019	2020
Women	50%	49.4%	50.6%	53.6%
Aboriginal and/or Torres Strait Islander People	3.3%	0.0%	0.6%	0.5%
People whose first language spoken as a child was not English	23.2%	23.5%	24.0%	27.3%
People with disability	5.6%	1.9%	5.8%	5.1%
People with disability requiring work-related adjustment	N/A	0.0%	1.3%	0.5%

Note 1: The benchmark of 50% for representation of women across the sector is intended to reflect the gender composition of the NSW community.

Note 2: The NSW Public Sector Aboriginal Employment Strategy 2014 - 2017 introduced an aspirational target of 1.8% by 2021 for each of the sector's salary bands. If the aspirational target of 1.8% is achieved in salary bands not currently at or above 1.8%, the cumulative representation of Aboriginal employees in the sector is expected to reach 3.3%.

Note 3: A benchmark from the Australian Bureau of Statistics Census of Population and Housing has been included for People whose First Language Spoken as a Child was not English. The Australian Bureau of Statistics Census does not provide information about first language, but does provide information about country of birth. The benchmark of 23.2% is the percentage of the NSW general population born in a country where English is not the predominant language.

Note 4: In December 2017 the NSW Government announced the target of doubling the representation of people with disability in the NSW public sector from an estimated 2.7% to 5.6% by 2027. More information can be found at: Jobs for People with Disability: A plan for the NSW public sector. The benchmark for 'People with Disability Requiring Work-Related Adjustment' was not adjusted.

Board of Directors



Peter Roberts

**Acting Chair -
Independent Non-executive Director**

Appointed to the Board in April 2018

Appointed as Acting Chair in February 2020

Committee Appointments:

Member of the Audit & Risk Management Committee

Member of the People, Culture & Nominations 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, is a Fellow of the Institute of Chartered Accountants and a member of the Australian Institute of Company Directors, and holds a Graduate Diploma in Applied Finance Investment from the Securities Institute of Australia.



Professor Pamela Hanrahan

Independent Non-executive Director

Appointed to the Board in October 2018

Committee appointments:

Chair of the People, Culture & Nominations 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.



John Barbeler

Independent Non-executive Director

Appointed to the Board in March 2018

Committee appointments:

Chair of Audit & Risk Management Committee

Member of the People, Culture & Nominations 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.

Landcom Executive

Robert Dodd

Executive General Manager,
Finance & Commercial

Christalla Michael

Executive General Manager,
People, Culture & Safety

Scott Gregg

Executive General
Manager, Projects

Sandra Lee

Executive General Manager,
Legal & Compliance

Matthew Beggs

Executive General Manager,
Partnerships & Business
Development

Shauna Woodward

Company Secretary

Tasha Burrell

Executive General Manager,
Projects

John Brogden

Chief Executive Officer

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 and 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 and 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 from the University of Sydney and is a Fellow of the Australian Institute of Company Directors.

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 and a Masters of Project Management.

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 (Hons) and a Bachelor of Arts 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 from the University of New South Wales, is a Certified Public Accountant and is a Member of Australian Institute of Company Directors.

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 degree in Architecture from University of Technology Sydney, has undertaken post-graduate studies in Urban Estate Management, is a Green Star Accredited Professional in both Communities and Design & As-Built, and is a Foundation Fellow of the Australian Institute of Company Directors.

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

Christalla Michael

Executive General Manager, People, Culture & Safety

Christalla was appointed Executive General Manager - People, Safety & Culture in February 2020 to oversee organisational development, industrial relations, operations, 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 Master of Business Administration from University of Western Sydney, along with post-graduate qualifications in management.

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 Masters of Professional Communication, a Masters of Urban and Regional Planning, and a Bachelor of Science (Architecture) 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, managed investment schemes, banking and insurances. Prior to joining Landcom, Shauna was the Assistant Company Secretary at Vicinity Centres and at APRA-regulated Credit Union Australia.

Executive Notes

Dina Glass

Interim Company Secretary

Commenced 4 July 2019
and left position 20 March 2020

Ben Robinson

Executive General Manager, People, Culture & Safety

Commenced 4 April 2018
and left position 3 March 2020

David Sellen

Interim Company Secretary

Commenced 14 January 2019
and left position 13 July 2019



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 & Nominations Committee who reports 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 levels findings verbally reported to the People, Culture & Nominations Committee.

Staff employed, or acting, in recurrent senior executive roles represented 17.3% of total net employee related expenditure in FY20, compared with 15.4% in FY19 and 16.7% in FY18. The increase is attributable to two Executive General Managers moving from 0.9FTE in FY19 to fulltime in FY20 and termination costs that had increased employee related expenditure in FY19. Staff employed, or acting, in recurrent senior executive roles represented 11.2% of total gross employee related expenditure in FY20. The employee related expenditure is adjusted by a one off \$2m valuation adjustment related to Long Service Leave in FY20.

Band	2020		2019		2018	
	Female	Male	Female	Male	Female	Male
Band 4 (Secretary)	0	1	0	1	0	1
Band 3 (Deputy Secretary)	3	(4)***	3	3	0	4
Band 2 (Executive Director)	1	0	0	1	3	0
Band 1 (Director)	(2)**	(1)*	1	(1)*	1	0
Totals	6	6	4	5	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, current being female.

Executive remuneration

Band Remuneration	Range \$	Average		
		2020 \$	2019 \$	2018 \$
Band 4 (Secretary)	475,151 – 548,950	615,502	600,531	600,531
Band 3 (Deputy Secretary)	337,101 – 475,150	409,598	410,376	420,063
Band 2 (Executive Director)	268,001 – 337,100	335,000	335,000	308,035
Band 1 (Director)	187,900 – 268,000	224,037	218,663	213,000

Board remuneration

Board	Salary \$	Audit & Risk Management Committee \$	People, Culture & Nominations Committee \$	Super \$	Total \$
John Barbeleer	39,564	6,378	1,682	4,524	52,149
Pamela Hanrahan	39,564	1,682	6,378	4,524	52,149
Suzanne Jones	42,316	2,613	2,613	4,516	52,058
Peter Roberts	50,346	4,246	4,246	6,436	65,273

Note: Suzanne Jones resigned from the Board effective 4 February 2020.

Miscellaneous activities

Promotional activities

During FY20 our promotional activities increased awareness and encouraged public participation that informs our projects. Activities to encourage public participation included:

- Social media and website updates;
- Online newsletters;
- Advertising including print, online, outdoor and radio;
- Pop-up stalls at markets, shopping centres and railway stations;
- Direct emails;
- Letterbox drops and direct mail;
- Advertising in foreign language newspapers; and
- Engagement opportunities promoted at public and stakeholder meetings.

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

- Maintaining, creating and enhancing websites 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 FY20 Annual Report total cost of production is estimated at approximately \$12,000.

Consultancies

We spent \$549,000 in the reporting period on consultants. These engagements assisted us in decision-making mainly for our corporate strategy, affordable housing and diversity strategy and human resourcing strategy. This figure excludes project related consultancies.

Overseas visits

During the reporting period there was no overseas travel.

Managing a successful business



Risk management

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

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

To ensure our risk management process continues to work effectively and creates 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;
- Work health and safety; 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 Work Health and Safety Management System, Environmental Management System, Fraud Control Framework and others.

Crisis management and business continuity

Our Crisis Management Plan and Business Continuity Plan are 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 COVID-19 pandemic, our Crisis Management Plan was implemented to ensure stabilisation. At the time of drafting we were operating under our Business Continuity Plan and will continue to do so until restoration of all business processes.

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 FY20-21 Renewal Declarations for the Treasury Managed Fund in October 2019 and all policies have been renewed for the current policy period.

Legal events

In June 2019, Landcom was served with a Statement of Claim by a member of the public over an incident in the Thornton Estate. The plaintiff sought damages, interest and costs in respect to an alleged trip and fall on the footpath in April 2016 outside the Community Centre at Thornton, naming Landcom as a second defendant. The plaintiff claimed that Penrith City Council and Landcom owed her a duty of care and was negligent, resulting in the accident and injuries. Landcom, who did not own or have control over the footpath, referred the Statement of Claim to its insurer who instructed solicitors to act. In March 2020, the plaintiff filed an amended Statement of Claim adding the contractor who constructed the footpath as a third defendant. These proceedings were settled on a confidential basis in July 2020.

Legislative changes

In FY20, the following legislative changes were introduced which have or will impact on areas of Landcom's business:

- The *Conveyancing Legislation (Amendment) Act 2018* (NSW) and Conveyancing (Sale of Land) Amendment Regulation 2019 (NSW) came into force from 1 December 2019. This new legislation imposes extra disclosure obligations on vendors to give purchasers greater transparency and stronger protections when they buy property off-the-plan. A key amendment under the legislation requires that all monies paid by purchasers by way of deposit or instalment under off-the-plan contracts must be retained by the deposit-holder in a trust or controlled money account during the contract period.
- The *COVID-19 Legislation Amendment (Emergency Measures) Act 2020* (NSW) amended the *Electronic Transactions Act 2000* (NSW) on 25 March 2020 to permit regulations to be made to facilitate altered arrangements for the signing, witnessing and attesting of documents. The Electronic Transactions Amendment (COVID-19 Witnessing of Documents)

Regulation 2020 (NSW) allows signatures on documents, including wills, powers of attorney (including enduring powers of attorney), deeds, affidavits and statutory declarations to be witnessed via audio visual link during the COVID-19 pandemic. The Emergency Regulations will have a maximum six month duration and will be limited to having effect in NSW. Amended Conveyancing Rules also mean that, from 27 April 2020, paper land dealings, plans and Section 88B instruments could temporarily be signed electronically.

- The *COVID-19 Legislation Amendment (Emergency Measures) Act 2020* (NSW) also made changes to planning and local government laws. This includes permitting the Minister for Planning and Public Spaces, the Hon Rob Stokes MP, to authorise development to be carried out on land without the need for approval under the Act by order if it is necessary to protect public health, safety and welfare during the COVID-19 pandemic. The Environmental Planning and Assessment (COVID Development - Construction Work Days) Order 2020 permits construction and building works to be carried out on Saturday, Sunday and public holidays in some circumstances.
- Effective from 29 March 2020, all proposed foreign investment in Australia that is subject to the *Foreign Acquisitions and Takeovers Act 1975* (Commonwealth) will require approval, regardless of the value of the investment or the nature of the foreign investor. The Treasurer has sought to implement this policy by reducing all monetary screening thresholds to \$0.
- Section 46A of the Property and Stock Agents Regulation 2014 (NSW) was repealed in March 2020, removing the statutory exemption from holding a corporate real estate licence under which Landcom operated when undertaking real estate agency work on behalf of entities that own property with an aggregate market value over \$40 million.



INDEPENDENT AUDITOR'S REPORT

Landcom

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of Landcom (the Corporation), which comprise the Statement of Comprehensive Income for the year ended 30 June 2020, the Statement of Financial Position as at 30 June 2020, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Corporation as at 30 June 2020, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

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.

- The *Design and Building Practitioners Act 2020* (NSW) was enacted on 11 June 2020 and provides for:
 - The creation of a new statutory duty of care on those who carry out construction work (including supervisory work) for the benefit of owners of land. This applies retrospectively to building work carried out in the last 10 years;
 - An increase in the scope of enforcement powers in relation to this duty of care; and
 - A new system for regulating design and building work, including registration of designers, engineers, builders and other specialist practitioners.
- The *Residential Apartment Buildings (Compliance and Enforcement Powers) Act 2020* (NSW), due to commence 1 September 2020, provides for the proactive investigation and rectification of serious defects in residential apartment buildings. The Act provides for:
 - Developers to provide advance notice of the expected completion date before applying for an occupation certificate;
 - Creation of offences for non-compliance with orders issued under the Act; and
 - Directors, and others with management control, being potentially exposed to personal liability for corporate contraventions of the Act.
- In line with the National Cabinet Mandatory Code of Conduct the NSW Government passed the anticipated emergency regulation for retail and commercial leases. The Retail and Other Commercial Leases (COVID-19) Regulation 2020 (NSW), which took effect on 24 April 2020, will apply for six months until 24 October 2020.
- The *State Revenue Legislation Further Amendment Act 2020* (NSW) amends the provisions of the *Duties Act 1997* (NSW), the *Land Tax Act 1956* (NSW) and the *Land Tax Management Act 1956* (NSW). This is part of the NSW Government's ongoing program to keep tax legislation effective and up to date. The amendments are intended to enhance the landholder duty provisions to address inequities and anomalies in their application, bring them into closer alignment with other jurisdictions and to ensure consistency between recent changes to provide for the indexation of stamp duty thresholds and stamp duty concessions provided under the First Home Buyers Assistance Scheme.
- Homebuilder is a time limited grant program to assist the residential construction market by encouraging the commencement of new home builds and renovations. The program will provide eligible owner-occupiers with a grant of \$25,000 to build a new home or substantially renovate an existing home for building contracts signed between 4 June 2020 and 31 December 2020, provided that construction starts within three months of the contract date.
- The NSW Government announced that the threshold above which transfer (stamp) duty is charged on new homes for first home buyers will increase from the current \$650,000 to \$800,000, with the concession reducing on higher values before phasing out at \$1 million. The transfer (stamp) duty threshold on vacant land will also rise from \$350,000 to \$400,000 and will phase out at \$500,000. The new transfer (stamp) duty threshold will be in place for 12 months and will apply to contracts executed from 1 August 2020 to 31 July 2021.
- The GST at-settlement transitional arrangements ended on 30 June 2020. Contracts for new residential premises or potential residential land entered into before 1 July 2018 and completed after 30 June 2020 may now be subject to the GST at settlement withholding obligations.

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 2020. 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
<p>Measurement of inventory</p> <p>At 30 June 2020, the Corporation's Statement of Financial Position reported \$388 million in inventory. 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. 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. 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 consider 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 the following:</p> <ul style="list-style-type: none"> reviewed profitability forecasts for each of the projects and ensured that management had reviewed and certified 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 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.
<p>Provision to complete projects</p> <p>At 30 June 2020, the Corporation's Statement of Financial Position reported \$87.1 million in provisions to complete projects (the provision). The provision captures future development costs based on the original land development schedule and estimates of other known obligations expected to be incurred when the land is ready for settlement.</p>	<p>Key audit procedures included the following:</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. I ensured that management had reviewed the provision for each project and certified the accuracy of the balance at reporting date

Key Audit Matter

I consider this to be a key audit matter because:

- the provision is financially significant
- the measurement of the provision requires the use of significant judgements and estimates that are subject to revision.

Further information on recognition and measurement of the provision to complete projects is disclosed in Note 17 (iii) and a reconciliation of the movements in the balance is disclosed in Note 17 (ii).

How my audit addressed the matter

- based on the above, and my knowledge of the business, I selected a sample of projects to perform the following further procedures:
 - made inquiries of management to understand the current status of the selected projects and basis for recognition of a provision
 - 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 defined benefit superannuation liabilities

At 30 June 2020, the Corporation's statement of financial position reported defined benefit superannuation liabilities totalling \$14.5 million. This liability balance is provided to the Corporation by the Administrator of the SAS Trustee, based on an independent actuarial assessment.

I consider this to be a key audit matter because:

- 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 total value of the liability is sensitive to minor changes in assumptions.

Further information on the significant actuarial assumptions and sensitivity analysis is disclosed in Note 18.

- Key audit procedures included the following:
- obtained an understanding of the processes and key controls in place supporting the 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 qualifications, competence and objectivity of actuarial experts
 - evaluated the adequacy of financial statement disclosures against the requirements of applicable Australian Accounting Standards and Treasury Directions.

Other Information

The Corporation's annual report for the year ended 30 June 2020 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The directors of the Corporation are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the Directors' Declaration.

My opinion on the financial statements does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude there is a material misstatement of the other information, I must report that fact.

I have nothing to report in this regard.

Director's 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 PF&A Act and the *State Owned Corporations Act 1989*, and for 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

7 September 2020
SYDNEY

Directors' Declaration

Pursuant to Section 41C of the *Public Finance and Audit Act 1983*, we state that in the opinion of the Directors of Landcom:

(a) The financial statements:

- (i) Exhibit a true and fair view of the financial position of Landcom NSW as at 30 June 2020 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, AASB Interpretations, the *State Owned Corporations Act 1989*, Treasurer's Directions mandated by the Treasurer, the *Public Finance and Audit Act 1983* and the *Public Finance and Audit Regulation 2015*.

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

Signed in accordance with a resolution of the Directors:



Peter Roberts
Acting Chair



JOHN BARBELIER
Director

28 August 2020
Sydney

Statement of Comprehensive Income

for the year ended 30 June 2020

	Notes	2020 \$'000	2019 \$'000
Revenue from contracts with customers	2	167,574	267,771
Cost of sales	11(i)	(93,823)	(189,747)
Gross profit		73,751	78,024
Other revenue	3	5,382	4,409
Finance income	4(a)	7,292	18,356
Employee-related expenses	5	(19,567)	(24,588)
Marketing and selling expenses	6(a)	(1,962)	(1,723)
Other expenses	6(b)	(21,813)	(25,152)
Depreciation and amortisation expense	7	(4,334)	(1,748)
Finance costs	4(b)	(558)	(373)
Profit before income tax equivalent expense		38,191	47,205
Income tax equivalent expense	8(i)	(11,458)	(14,161)
Net profit for the year		26,733	33,044
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Superannuation actuarial gain/(losses) on defined benefit plans	18(vi)	1,865	(3,951)
Income tax equivalent on items that will not be reclassified to profit or loss	8(i)	(559)	1,185
Total items that will not be reclassified to profit or loss		1,306	(2,766)
Other comprehensive income for the year (net of income tax equivalent)		1,306	(2,766)
Total comprehensive income for the year		28,039	30,278

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 2020

	Notes	2020 \$'000	2019 \$'000
Assets			
<i>Current assets</i>			
Cash and cash equivalents	9	278,180	664,207
Trade and other receivables	10	102,586	22,382
Inventories	11	49,012	100,059
Current tax asset	8(iv)	275	12,312
Prepayments	12	7,900	7,651
Total current assets		437,953	806,611
<i>Non-current assets</i>			
Trade and other receivables	10	-	1,674
Inventories	11	338,886	207,551
Property, plant and equipment	13	1,336	1,814
Right-of-use assets	16	5,977	-
Intangible assets	14	4,761	6,368
Deferred tax assets	8(ii)	39,026	51,186
Total non-current assets		389,986	268,593
TOTAL ASSETS		827,939	1,075,204
Liabilities			
<i>Current liabilities</i>			
Trade and other payables	15	41,235	71,660
Lease liabilities	16	2,027	-
Provisions	17	85,084	322,407
Total current liabilities		128,346	394,067
<i>Non-current liabilities</i>			
Trade and other payables	15	-	742
Provisions	17	58,845	55,281
Lease liabilities	16	4,871	-
Deferred tax liabilities	8(iii)	2,227	2,303
Total non-current liabilities		65,943	58,326
TOTAL LIABILITIES		194,289	452,393
NET ASSETS		633,650	622,811
Equity			
Contributed capital	19	272,827	272,827
Retained earnings		360,823	349,984
TOTAL EQUITY		633,650	622,811

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 2020

	Notes	2020 \$'000	2019 \$'000
Cash flows from operating activities			
Receipts from customers		94,553	304,643
Interest received		11,798	13,871
Payments to suppliers and employees		(301,688)	(401,971)
Income tax refund/(paid)		12,104	(78,458)
Finance costs		(225)	(18)
Net cash flows used in operating activities	20	(183,458)	(161,933)
Cash flows from investing activities			
Payments for property, plant and equipment and intangibles		(665)	(4,730)
Net cash flows used in investing activities		(665)	(4,730)
Cash flows from financing activities			
Payment of lease liabilities		(1,904)	-
Dividends paid to NSW Treasury		(200,000)	(200,000)
Net cash flows used in financing activities		(201,904)	(200,000)
Net decrease in cash and cash equivalents		(386,027)	(366,663)
Cash and cash equivalents at the beginning of the year		664,207	1,030,870
Cash and cash equivalents at the end of the year	9	278,180	664,207

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 2020

	Notes	Contributed capital \$'000	Retained earnings \$'000	Total equity \$'000
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	17(i)	-	(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
Balance as at 1 July 2018				
		272,827	519,706	792,533
Profit for the year ended 30 June 2019				
			33,044	33,044
Other comprehensive income				
Superannuation actuarial gain/(losses) on defined benefit plans	18(vi)	-	(3,951)	(3,951)
Income tax relating to components of other comprehensive income		-	1,185	1,185
Total other comprehensive income		-	(2,766)	(2,766)
Total comprehensive income for the year		-	30,278	30,278
Transactions with owners in their capacity as owners				
Dividends to Treasury	17(i)	-	(200,000)	(200,000)
Total transactions with owners in their capacity as owners		-	(200,000)	(200,000)
Balance as at 30 June 2019		272,827	349,984	622,811

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 2020

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1.1 Reporting entity

Landcom is a NSW Government statutory State Owned 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 NSW as directed by the NSW Government. Landcom also provides management services to other government agencies.

These financial statements for the year ended 30 June 2020 have been authorised for issue by the Landcom Board of Directors on 28 August 2020.

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*;
- Compliance with mandated Treasurer's Directions;
- Applicable Australian Accounting Standards (which include Australian Accounting Interpretations); and
- The requirements of the *Public Finance and Audit Act 1983* and Public Finance and Audit Regulation 2015.

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 statements 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.

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

1.4 Goods and Services Tax

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

- Where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO), it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; and
- For receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from or payable to the ATO is included as part of receivables or payables.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities that are recoverable from, or payable to, the ATO are classified as operating cash flows.

Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

New standards and interpretations not yet adopted

AASB 1059 Service Concession Arrangements: Grantor (AASB 1059) is effective from 1 July 2020. Based on Landcom's assessment, AASB 1059 will not have any impact on Landcom's financial statements as Landcom does not have service concession arrangements or service concession assets.

New and amended standards adopted

Various accounting standards, amendments and interpretations apply for the first time from 1 July 2019. Apart from AASB 16 Leases, they do not have material impact on Landcom's financial statements.

AASB 16 Leases

AASB 16 Leases, adopted by Landcom from 1 July 2019, sets out the principles for the recognition, measurement, presentation and disclosure of leases. This standard results in almost all leases, for lessees, being recognised on the balance sheet of the lessee. AASB 16 supersedes AASB 117 Leases and related Interpretations. Landcom's primary leases relate to leasing of office buildings. In adopting AASB 16, Landcom used the partial retrospective method where the cumulative effect of initially applying AASB 16 is recognised on the initial application date (1 July 2019). The application did not result in changes to opening retaining earnings or restatement of comparative periods.

At the date of adoption, 1 July 2019, a right-of-use asset worth \$7.9m, representing the right to use the leased office buildings, and a lease liability of \$8.8m was recognised. \$0.9m of upfront incentives paid to Landcom were recorded as a reduction in the right-of-use asset on transition. Refer to Note 16(i) for the recognition and measurement policy for right-of-use assets.

Landcom's recognised lease liability was in relation to leases which had previously been classified as 'operating leases' under AASB 117 Leases. The liability, \$8.8m was measured as the present value of the remaining lease payments, discounted using the incremental borrowing rate (2.56%) as of 1 July 2019 provided by NSW Treasury. The difference between this liability and lease commitment of \$9.0m disclosed in the financial statement for the year ended 30 June 2019, is a combination of present value, GST and short term leases.

In applying AASB 16, at adoption, Landcom used the following transition elections permitted by the standard:

- Landcom elected not to reassess whether a contract is or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date Landcom relied on its assessment made applying AASB 117.
- All leases with a remaining lease term of less than 12 months as at 1 July 2019 were accounted for as short-term leases.

Post adoption at 30 June 2020, the leased office buildings have been depreciated to \$6.0m. The lease liability has reduced to \$6.9m as a result of lease payments. Refer to Note 16 for further information on the impact of leases on the financial statements.

Lessor accounting under AASB 16 is substantially unchanged from AASB 117. AASB 16 does not have a significant impact for leases where Landcom is the lessor.

Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

2 Revenue from contracts with customers

	2020 \$'000	2019 \$'000
Land sales	110,542	163,089
Managed land sales	47,009	82,229
Management fees	10,023	22,453
	167,574	267,771
Timing of revenue recognition		
Transferred at a point in time	157,551	245,318
Transferred over time	10,023	22,453
Revenue from contracts with customers	167,574	267,771

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, usually at settlement. The revenue is measured at the transaction price agreed under the sale contract. Landcom's performance obligations to its customers are completed when legal title has passed to the customer.

Property development management fees

Landcom provides property development management services to the NSW 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 profit or loss as the fees are earned.

3 Other revenue

	2020 \$'000	2019 \$'000
Rental income	410	585
Holding cost recoveries	4,943	3,460
Other	29	364
	5,382	4,409

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 2020

4(a) Finance income

	2020 \$'000	2019 \$'000
Interest from bank	7,215	18,271
Unwinding of the discount rate	67	-
Interest from late settlement	10	85
	7,292	18,356

Finance (interest) income is recognised as the interest accrues, using the effective interest rate method.

4(b) Finance costs

	2020 \$'000	2019 \$'000
Other interest	22	18
Interest expense from lease liabilities	203	-
Unwinding of the discount rate	333	355
	558	373

Finance costs consist of interest incurred on lease liabilities and interest incurred on discounting assets and 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

	2020 \$'000	2019 \$'000
Salaries and wages	25,035	24,162
Termination payments	-	3,057
Superannuation – defined benefit plans	613	644
Superannuation – defined contribution plans	2,195	2,334
Long service leave	(621)	1,056
Annual leave	1,894	2,047
Payroll tax and fringe benefits tax	1,552	1,891
Other employee related expenses	811	1,996
	31,479	37,187
Transfer of capital costs to inventories	(11,912)	(12,599)
	19,567	24,588

Notes to and forming part of the Financial Statements for the year ended 30 June 2020

5 Employee-related expenses (continued)

(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 12 months and as such, no present value measurement is required.

Non-vesting sick leave

Unused non-vesting sick leave and COVID-19 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 (2019: Commonwealth Government bond rate) at the reporting date. The latest valuation was obtained in financial year ending 30 June 2020. A shorthand approach is adopted to update for the intervening two years. This is in accordance with TC18/13 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:

- When Landcom can no longer withdraw the offer of those benefits; and
- When Landcom recognises costs for a restructuring that is within the scope of AASB 137 and involves the payment of terminations 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.

Notes to and forming part of the Financial Statements for the year ended 30 June 2020

6 (a) Marketing and selling expenses

	2020 \$'000	2019 \$'000
Advertising and marketing	1,825	1,218
Sales contractors and commission	104	446
Other selling costs	33	59
	1,962	1,723

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

6 (b) Other expenses

	2020 \$'000	2019 \$'000
Auditor's remuneration - audit of financial statements	242	240
Operating lease rental and outgoings	458	2,514
General administrative costs	9,396	13,557
Council rates	1,125	966
Land tax	12,900	13,842
Allowance for expected credit losses	157	-
Adjustment of inventory to net realisable value	2,015	1,123
Project establishment costs	4,194	994
Property and accommodation	82	148
Consultancy fees	549	981
	31,118	34,365
Transfer of capital costs to inventories	(9,305)	(9,213)
	21,813	25,152

(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.

Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

7 Depreciation and amortisation expense

	2020 \$'000	2019 \$'000
Right-of-use assets (leased buildings)	1,888	-
Leasehold improvements	190	311
Plant and equipment	278	237
Intangible assets	1,960	1,181
Motor vehicles	18	19
	4,334	1,748

Depreciation policy is disclosed in Note 13 (Property, plant and equipment), Note 14 (Intangible assets) and Note 16 (Right-of-use assets)

8 Income tax equivalent

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

	2020 \$'000	2019 \$'000
Current income tax (benefit)/charge	(67)	2,159
Origination and reversal of temporary differences	11,525	12,002
Income tax equivalent expense reported in the Statement of Comprehensive Income	11,458	14,161

	2020 \$'000	2019 \$'000
Deferred income tax (benefit)/expense included in income tax expense comprises:		
Decrease in deferred tax assets	11,601	11,983
Other movements in deferred tax	-	11
(Decrease)/increase in deferred tax liabilities	(76)	8
	11,525	12,002

	2020 \$'000	2019 \$'000
Income tax expense recognised directly in equity		
Deferred income tax related to items charged or credited directly to equity:		
Superannuation actuarial gain /(loss)	559	(1,185)
Income tax equivalent expense reported in equity	559	(1,185)

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:

	2020 \$'000	2019 \$'000
Accounting profit before income tax	38,191	47,205
At the statutory income tax rate of 30% (2019: 30%)	11,457	14,161
Deductions not allowable for income tax purposes	1	-
Income tax expense reported in the Statement of Comprehensive Income	11,458	14,161

Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

8 Income tax equivalent (continued)

(ii) Deferred tax assets

The balance comprises temporary differences attributable to:

	2020 \$'000	2019 \$'000
Depreciation and amortisation	535	524
Provisions	37,844	50,098
Sundry	371	557
Right-of-use assets	276	-
Fair value adjustments	-	7
	39,026	51,186
Movements		
Carrying amount at beginning of the year	51,186	61,984
Credited/(charge) to the Statement of Comprehensive Income	(11,601)	(11,983)
Credited/(charge) to equity	(559)	1,185
Carrying amount at end of the year	39,026	51,186

(iii) Deferred tax liabilities

The balance comprises temporary differences attributable to:

	2020 \$'000	2019 \$'000
Fair value adjustments	26	113
Prepayments	2,201	2,190
	2,227	2,303
Movements		
Carrying amount at beginning of the year	2,303	2,295
(Credited)/charge to the Statement of Comprehensive Income	(76)	8
Carrying amount at end of the year	2,227	2,303

(iv) Current tax asset

	2020 \$'000	2019 \$'000
Carrying amount at beginning of the year	12,312	(63,987)
Income tax equivalent expense	(11,458)	(14,161)
Movement in deferred tax assets and liabilities	11,525	12,002
Net tax (refund)/payment	(12,104)	78,458
Carrying amount at end of the year	275	12,312

Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

8 Income tax equivalent (continued)

(v) Recognition and measurement

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

Current tax

Current tax is calculated 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.

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

	2020 \$'000	2019 \$'000
Cash at bank and on hand	243,827	205,456
Restricted cash	34,353	34,251
Short term deposits	-	424,500
	278,180	664,207

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash, which are subject to an insignificant risk of changes in value. Included in the cash and cash equivalents is restricted cash, held on behalf of project partners.

Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

10 Trade and other receivables

	2020 \$'000	2019 \$'000
Current		
Trade receivables from contracts with customers	101,641	15,061
Development bonds	540	544
Loan receivables	108	108
Interest receivable	126	4,699
GST Receivable	328	1,948
Other receivables	-	22
	102,743	22,382
Less allowance for expected credit losses	(157)	-
	102,586	22,382
Non-current		
Trade receivables	-	1,674
	-	1,674

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 the transaction 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.

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. Landcom did not have any contract assets as at 30 June 2020.

Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

11 Inventories

	2020 \$'000	2019 \$'000
Current		
Work in progress	38,998	66,963
Developed land	10,014	33,096
	49,012	100,059
Non-current		
Work in progress	338,886	207,551
	338,886	207,551
Total	387,898	307,610

Inventory valuation as at 30 June 2020 was not materially affected by the outbreak of COVID-19. Further details are included in Note 26 Events after reporting period.

(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.

Inventory 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 inventory balances periodically and writes off inventory 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.

12 Prepayments

	2020 \$'000	2019 \$'000
Current		
Prepayments	7,900	7,651
	7,900	7,651

(i) Recognition and measurement

Prepayment of operating expenditures is recognised on a cost basis. Prepayment is 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.

Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

13 Property, plant and equipment

	2020 \$'000	2019 \$'000
Leasehold improvements		
At gross carrying amount	2,315	2,403
Accumulated depreciation	(2,252)	(2,062)
Net carrying amount	63	341
Motor vehicles		
At gross carrying amount	150	150
Accumulated depreciation	(105)	(87)
Net carrying amount	45	63
Plant and equipment		
At gross carrying amount	3,542	3,446
Accumulated depreciation	(2,314)	(2,036)
Net carrying amount	1,228	1,410
Total net carrying amount	1,336	1,814

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 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

30 June 2019	Leasehold improvements \$'000	Motor vehicles \$'000	Plant & equipment \$'000	Total \$'000
Net carrying amount				
Beginning of year	490	82	1,095	1,667
Additions	162	-	552	714
Depreciation expense	(311)	(19)	(237)	(567)
End of the year	341	63	1,410	1,814

Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

13 Property, plant and equipment (continued)

(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.

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

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

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.

De-recognition

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 profit or loss.

14 Intangible assets

	2020 \$'000	2019 \$'000
Computer software and website		
Gross carrying amount		
Gross carrying amount at beginning of the year	12,997	8,981
Additions	353	4,016
Gross carrying amount at end of the year	13,350	12,997
Computer software and website		
Accumulated amortisation and impairment		
Carrying amount at beginning of the year	(6,629)	(5,448)
Amortisation expense	(1,960)	(1,181)
Accumulated amortisation and impairment at the end of the year	(8,589)	(6,629)
Net carrying amount at end of the year	4,761	6,368

(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.

Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

14 Intangible assets (continued)

(i) Recognition and measurement (continued)

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.

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

	2020 \$'000	2019 \$'000
Current		
Trade payables	764	1,028
Contract liabilities (unearned income and deposits)	18,653	39,240
Bonds held	817	495
Accrued expenses	13,200	24,798
Payables to project partners	6,939	5,237
Retentions	862	862
	41,235	71,660
Non-current		
Bonds held	-	742
	-	742

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

(i) Reconciliation of contract liabilities

	2020 \$'000	2019 \$'000
Opening balance	39,240	78,524
Additions	24,923	9,436
Utilisation	(45,510)	(48,720)
Closing balance	18,653	39,240

(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.

Notes to and forming part of the Financial Statements for the year ended 30 June 2020

15 Trade and other payables (continued)

(ii) Recognition and measurement (continued)

A contract liability is the obligation to transfer goods or services to a customer from whom Landcom has received a 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 month, the contract liabilities are reported as current.

16 Leases

Amounts recognised in the Statement of Financial Position	Note	2020 \$'000	2019 \$'000
Right-of-use assets – Leased buildings			
Balance at 1 July 2019		-	-
Additions		7,865	-
Depreciation expense	7	(1,888)	-
Balance at 30 June 2020		5,977	-
Lease liabilities			
Balance at 1 July 2019		-	-
Additions		8,802	-
Interest expenses	4(b)	203	-
Gross lease payments		(2,107)	-
Balance at 30 June 2020		6,898	-
Amounts recognised in the Statement of Comprehensive Income			
Depreciation – Right-of-use assets	7	1,888	-
Interest expense on lease liabilities	4(b)	203	-

Amount recognised in the statement of comprehensive income for short-term leases, low-value leases and other lease outgoings is \$458,000.

Additions above arise from the impact of adoption of AASB 16 Leases and Note 1.5 contains lease disclosures and considerations during adoption of the standard. The maturity profile of the undiscounted lease liability is included in Note 21 Financial instruments.

(i) Recognition and measurement

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 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.

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 being lease term or useful life.

Notes to and forming part of the Financial Statements for the year ended 30 June 2020

16 Leases (continued)

(i) Recognition and measurement (continued)

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, the estimates 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.

Until 30 June 2019, prior to the adoption of AASB 16 Leases, an operating lease is a lease other than a finance lease. Operating lease payments were recognised as an operating expense in the statement of comprehensive income on a straight-line basis over the lease term.

17 Provisions

(i) Provision balance

	Note	2020 \$'000	2019 \$'000
Current provisions			
Employee benefits			
Provision for annual leave		1,820	1,390
Provision for long service leave			
- Expected to be settled within 12 months		280	406
- Expected to be settled after 12 months		3,219	4,672
Provision for on-costs		541	1,058
Other		235	642
		6,095	8,168
Other provisions			
Provision to complete projects		60,364	113,314
Provision for rebates		1,425	925
Provision for dividend to NSW Treasury		17,200	200,000
	17(ii)	78,989	314,239
Total current provisions		85,084	322,407

Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

17 Provisions (continued)

(i) Provision balance (continued)

	Note	2020 \$'000	2019 \$'000
Non - current provisions			
Employee benefits			
Provision for superannuation liability	18(v)	14,553	16,906
Provision for long service leave		1,106	442
Provision for on-costs		82	70
		15,741	17,418
Other provisions			
Provision to complete projects		26,714	37,243
Provision for rebates		-	145
Provision for other		16,390	475
	17(ii)	43,104	37,863
Total non-current provisions		58,845	55,281
Total provisions		143,929	377,688

(ii) Reconciliation of other provisions

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

30 June 2020	Provision for rebates \$'000	Provision to complete projects \$'000	Provision for dividend \$'000	Provision for other \$'000	Total \$'000
Carrying amount at beginning of the year	1,070	150,557	200,000	475	352,102
Additional provisions recognised	364	31,415	17,200	15,915	64,894
Reductions in provisions/payments	(9)	(94,894)	(200,000)	-	(294,903)
Carrying amount at end of the year	1,425	87,078	17,200	16,390	122,093

(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 Commonwealth government 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 the Commonwealth Government bond rate.

Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

17 Provisions (continued)

(iii) Recognition and measurement (continued)

Landcom recognises dividends in accordance with the Financial Distribution Policy for Government Business TPP16-04 and Section 20S of *State Owned Corporations Act 1989*. The Shareholder Ministers have accepted the dividend recommendation for the FY20 of \$17.2 million.

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 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 future settlement arising from a new ruling that has impacted certain transactions within Landcom and disclosure of any further information would be prejudicial to the interests of Landcom. 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 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 NSW Government undertakes to ensure that the Pooled Fund will conform with the principles of the Commonwealth's retirement incomes policy relating to preservation, vesting and reporting to members and that members' benefits are adequately protected.

The NSW 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 2018. The next investigation will be performed 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

Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

18 Superannuation (continued)

(iv) Risk exposure (continued)

- 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 2020 (\$'000)	SASS	SANCS	SSS	TOTAL
Defined benefit obligation (Accrued liability - Note 1)	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

30 June 2019 (\$'000)	SASS	SANCS	SSS	TOTAL
Defined benefit obligation (Accrued liability)	4,312	759	33,575	38,646
Fair value of fund assets (Estimated reserve)	(1,669)	(202)	(19,869)	(21,740)
Net liability in Statement of Financial Position	2,643	556	13,707	16,906

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%.

(vi) Reconciliations

Reconciliation of the net defined benefit liability	Note	2020 \$'000	2019 \$'000
Net defined benefit liability at start of year		16,906	13,327
Current service cost		117	114
Net Interest on the net defined benefit liability		496	530
+ Total expense recognised in profit or loss	5	613	644
Actual loss/(gains) on fund assets less Interest income		125	(883)
Actuarial (gains)/losses arising from changes in demographic assumptions		-	(14)
Actuarial (gains)/losses arising from changes in financial assumptions		(1,654)	4,892
Actuarial gains arising from liability experience		(336)	(44)
+(Gain)/Expense recognised in other comprehensive income		(1,865)	3,951
(-) Employer contributions		(1,101)	(1,016)
Net defined benefit liability		14,553	16,906

Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

18 Superannuation (continued)

(vi) Reconciliations (continued)

Reconciliation of the total defined benefit obligation	2020 \$'000	2019 \$'000
Present value of defined benefit obligations at beginning of the year	38,646	34,338
Current service cost	117	114
Interest cost	1,135	1,382
Contributions by participants	89	92
Actuarial (gains)/losses arising from changes in demographic assumptions	-	(14)
Actuarial (gains)/losses arising from changes in financial assumptions	(1,654)	4,892
Actuarial (gains)/losses arising from liability experience	(336)	(46)
Benefits paid	(2,419)	(2,093)
Taxes, premiums and expenses paid	(128)	(19)
Present value of defined benefit obligations at the end of the year	35,450	38,646

Reconciliation of the fair value of fund assets	2020 \$'000	2019 \$'000
Fair value of fund assets at beginning of the year	21,740	21,011
Interest income	639	852
Actual (loss)/gains on fund assets less Interest income	(125)	883
Employer contributions	1,101	1,014
Contributions by participants	89	92
Benefits paid	(2,419)	(2,093)
Taxes, premiums and expenses paid	(128)	(19)
Fair value of fund assets	20,897	21,740

(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 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

Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

18 Superannuation (continued)

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

Pooled Fund asset category, as at 30 June 2019	Total (\$'m)	Level 1 (\$'m)	Level 2 (\$'m)	Level 3 (\$'m)
Short term securities	4,043	2,136	1,907	-
Australian fixed interest	2,295	5	2,290	-
International fixed interest	1,968	7	1,952	9
Australian equities	8,369	7,818	548	3
International equities	11,387	8,795	2,592	-
Property	3,589	699	717	2,173
Alternatives	10,558	327	5,758	4,473
Total	42,209	19,787	15,764	6,658

Level 1 Quoted prices in active markets for identical assets or liabilities. The assets in this level are listed shares and 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 and 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 and 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 2020 includes \$36.9 million 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 \$340 million (30 June 2019: \$316 million).
- Health Administration Corporation occupies part of a property 50% owned by the Pooled Fund with a fair value (100% interest) of \$343 million (30 June 2019: \$331 million).

The percentage invested in each asset category of the Pooled Fund	2020	2019
Short term securities	10.2%	9.6%
Australian fixed interest	2.7%	5.4%
International fixed interest	4.8%	4.7%
Australian equities	18.1%	19.8%
International equities	29.7%	27.0%
Property	8.3%	8.5%
Alternatives	26.2%	25.0%
Total	100.0%	100.0%

Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

18 Superannuation (continued)

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

Significant actuarial assumptions as at the reporting date	30 June 2020	30 June 2019
Discount rate	2.97% per annum	3.03% per annum
Salary increase rate (excluding promotional increases)	3.20% per annum	3.20% per annum
Rate of CPI increase	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	1.75% for 2018/19 and 2019/20, 2.00% for 2020/21; 2.25% for 2021/22 and 2022/23; 2.50% pa thereafter.
Pensioner mortality	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.	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 2020 under several scenarios is presented below. The total defined benefit obligation disclosed is inclusive of the contribution tax provision which is calculated based on the asset level at 30 June 2020. 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	35,450	37,912	33,222

	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	35,450	37,878	33,233

	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	35,450	35,531	35,371

	Base case	Scenario G +Lower mortality*	Scenario H Higher mortality**
Defined benefit obligation \$000	35,450	36,060	35,065

* Assumes the short term pensioner mortality improvement factors for years 2020-2023 also apply for years after 2023.

** Assumes the long term pensioner mortality improvement factors for years post 2023 also apply for the years 2020 to 2023.

Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

18 Superannuation (continued)

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

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 2020 financial position of the Fund calculated in accordance with AASB 1056 Accounting Standard "Superannuation Entities":

30 June 2020 (\$'000)	SASS 2021	SANCS 2021	SSS 2021	TOTAL 2021
Accrued benefits*	2,731	505	18,955	22,191
Net market value of Fund assets	(2,326)	(194)	(18,377)	(20,897)
Net (surplus)/deficit	405	311	578	1,294

*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

b) Economic assumptions

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

Weighted-average assumptions	2020	2019
Expected rate of return on Fund assets backing current pension liabilities	7.0% pa	7.4% pa
Expected rate of return on Fund assets backing other liabilities	6.0% pa	6.4% pa
Expected salary increase rate (SASS, SANCS, SSS)	3.2% pa	3.2% pa
Expected rate of CPI increase	2.0% pa	2.2% pa

Due to the COVID-19 pandemic, there is the potential for increased volatility in terms of expected outcomes especially in the short to medium term. 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 \$23,130 (2019: \$25,587) (0.5% decrease discount rate) or \$21,324 (2019: \$23,649) (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	731	128	156	1,015

Maturity profile of defined benefit obligation

The weighted average duration of the defined benefit obligation is 13.2 years.

Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

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

	2020	2019
Net cash flows used in operating activities	(183,458)	(161,933)
Depreciation and amortisation	(4,334)	(1,748)
Unwinding of discount rate income and expense	(266)	(355)
Change in assets and liabilities		
Decrease/(increase) in provisions	49,427	74,228
Decrease/(increase) in payables and tax balances	6,364	214,917
Increase/(decrease) in receivables	78,463	(12,618)
Increase/(decrease) in inventory and prepayments	80,537	(79,447)
Net (loss)/profit for the year	26,733	33,044

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

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

Financial instrument categories

Financial assets	Notes	Category	Carrying amount 2020 \$'000	Carrying amount 2019 \$'000
Class				
Cash and cash equivalents	9	Financial assets measured at amortised cost	278,180	664,207
Trade and other receivables	10	Financial assets measured at amortised cost	102,258	22,108

Financial liabilities	Notes	Category	Carrying amount 2020 \$'000	Carrying amount 2019 \$'000
Class				
Trade and other payables	15	Financial liabilities measured at amortised cost	14,826	26,688
Lease liabilities	16	Financial liabilities measured at amortised cost	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.

Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

21 Financial instruments (continued)

(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 concentrations of credit risk to a single debtor or group of debtors as at 30 June 2020, other than one contracted receivable amounting to \$88.4m. This receivable is not due until May 2021 and there are no indicators of impairment in relation to the debtor. Most of the Landcom's debtors are major corporations and government entities with low risk of default. Further, collectability of trade receivables and contract assets is reviewed on an ongoing basis.

Ageing of receivables

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

	\$'000	\$'000	\$'000
	Total	Past due but not impaired	Considered Impaired
For the year ended 30 June 2020			
Not yet due	102,072	-	-
< 3 Months overdue	5	5	-
3 months – 6 months overdue	181	181	-

	\$'000	\$'000	\$'000
	Total	Past due but not impaired	Considered Impaired
For the year ended 30 June 2019			
Not yet due	18,788	-	-
< 3 Months overdue	3,178	3,178	-
3 months – 6 months overdue	10	10	-
> 6 months overdue	132	132	-

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

Expected credit loss

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

Landcom applies the AASB 9 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 the days past due.

The expected loss rates are based on historical observed loss rates. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The loss allowance for trade receivables as at 30 June 2020 was \$157,000 (2019: \$0).

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 2020

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 2020, Landcom's has an undrawn Facility with Treasury Corporation (Tcorp) of \$355 million. Along with the existing financial assets, these facilities are sufficient to meet payment obligations as and when they fall due. Landcom has also given Treasury Corporation (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 \$27.0 million (2019: \$32.0 million).

During the current and prior years 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 insignificant.

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

	Carrying amount \$'000	Nominal amount \$'000	< 1 Year \$'000	1 – 5 Years \$'000	> 5 Years \$'000
Maturity of financial liabilities					
30 June 2020					
Trade and other payables	14,826	14,826	14,826	-	-
Lease liabilities	6,898	7,194	2,180	5,014	-
	21,724	22,020	17,006	5,014	-
30 June 2019					
Trade and other payables	26,688	26,688	26,688	-	-
	26,688	26,688	26,688	-	-

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.

(e) Fair value measurements

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

Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

22 Expenditure commitments

	2020 \$'000	2019 \$'000
Operating lease commitments		
Future non-cancellable operating lease rentals not provided for and payable:		
Not later than one year	-	2,091
Later than one year but not later than five years	-	6,859
Later than five years	-	-
Total operating lease commitments (including GST)	-	8,950

Landcom has various leases for office buildings, car parks, sales offices and printers with terms ranging from one month to four years. From 1 July 2019, except for short term and low value leases, Landcom has recognised lease liabilities and right-of-use assets for these leases and they therefore do not need to be disclosed within this note. Short term and low-value lease commitments are immaterial at 30 June 2020.

23 Contingent assets and liabilities

At reporting date, there were no significant contingent assets or liabilities incurred in the normal course of business (2019: 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 \$3.736 million (2019: \$5.183 million).

	2020 \$'000	2019 \$'000
Short-term employee benefits	3,535	4,370
Post-employment benefits	201	259
Termination benefits	-	554
Total compensation paid to key management personnel	3,736	5,183

Outstanding balances relating to any key management personnel was \$Nil (2019: \$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 Government Agencies. In addition to the agencies listed in Note 25, Landcom also transacted with Department of Communities and Justice, Roads and Maritime Services, Transport for NSW and Department of Ageing, Disability and Home Care.

Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

24 Related party transactions (continued)

	2020 \$'000	2019 \$'000
Inter-agency revenue		
Department of Ageing, Disability and Home Care	49	680
NSW Land and Housing Corporation	28,453	46,067
Department of Communities and Justice	12,511	35,488
Roads and Maritime Services	2,232	-
Inter-agency receivables		
Roads and Maritime Services	2,061	3,812
NSW Land and Housing Corporation	1,166	2,882
Department of Communities and Justice	-	1,925
Inter-agency payables		
Department of Ageing, Disability and Home Care	(140)	-
NSW Land and Housing Corporation	(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 recognizes 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.

Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

25 Joint arrangements (continued)

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

Name of joint arrangement	Nature of relationship	List of Parties Involved	Project location	Agreement Existed	
				2020	2019
Macarthur Heights	Joint operation	• University of Western Sydney	Campbelltown, NSW	Yes	Yes
Rouse Hill Town Centre	Joint operation	• Department of Planning, Industry and Environment	Rouse Hill, NSW	Yes	Yes
Oran Park Town Centre	Joint operation	• Greenfield Development Corporation Ltd • Leppington Pastoral Co Pty Ltd	Oran Park, NSW	Yes	Yes
Green Square Town Centre	Joint operation	• Mirvac Green Square Limited	Green Square, NSW	Yes	Yes
Bonnyrigg	Joint operation	• NSW Land and Housing Corporation	Bonnyrigg, NSW	Yes	Yes
Airds Bradbury Renewal	Joint operation	• NSW Land and Housing Corporation	Airds, NSW	Yes	Yes
Claymore Renewal	Joint operation	• NSW Land and Housing Corporation	Claymore, NSW	Yes	Yes
Sydney Metro Northwest Places	Joint operation	• Sydney Metro	Northwest Sydney, NSW	Yes	Yes

26 Events after reporting period

Inventories are stated at the lower of the cost and net realisable value. Net realisable value includes assumptions about future market and economic conditions which inherently are subject to the risk of change. The COVID-19 pandemic increased uncertainty over the accounting estimates including net realisable value. Landcom has taken a number of measures including assessing and monitoring the effects of COVID-19. At this stage, the effects of COVID-19 on those estimates and the results in general have not been significant. Landcom will continue to monitor and review the COVID-19 progress and potential future impacts.

27 Segment information

For the 12 months to the 30 June 2020 and 30 June 2019 Landcom operated in one business segment, and one geographical segment. Consequently, segment information for 2020 and 2019 has not been reported.

End of Financial Statements

Corporate directory

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

For general enquiries contact:
info@landcom.com.au

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

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

Head office

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Parramatta NSW 2124

Phone: (02) 9841 8600
Fax: (02) 9841 8688

Sydney office

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MLC Centre
19 Martin Place
Sydney NSW 2000

Phone: (02) 9841 8600
Fax: (02) 9841 8688

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 TPP 17-10 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.

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* 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 every second annual review being conducted by an external and independent facilitator. The 2019 Board Performance Review was conducted by an external and independent facilitator with the recommendations of the review presented to the Board in May 2020 and Shareholder Ministers (through their representative, NSW Treasury) in June 2020. These recommendations address common themes identified from the evaluation and the Board has established a program to implement the recommendations.

The 2020 Board Performance Review will be conducted internally.

Board meetings

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

Board and Board Committee attendance (FY20)						
Director	Board		Audit & Risk Management Committee		People, Culture & Nominations Committee	
	A	B	A	B	A	B
Peter Roberts (Acting Chair)	13	14	5	5	3	3
John Barbeler	14	14	5	5	1	1
Pamela Hanrahan	14	14	2	2	3	3
Suzanne Jones (Chair) *	7	7	3	3	2	2

A Meetings attended

B Meetings eligible to attend

* Suzanne Jones resigned from the Board effective 4 February 2020.

Gender diversity breakdown for the Board at the start and end of the reporting period		
	1 July 2019	30 June 2020
Female	50%	33%
Male	50%	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 FY20	Purpose and responsibilities
Comprises three Directors, each of whom are independent non-executive directors. The Committee is chaired by an independent Chair who is not the Chair of the Board.	Current members: John Barbeler (Chair) Peter Roberts Pamela Hanrahan Former member: Suzanne Jones	The Committee operates under a Charter and the role of the Committee is directed towards and includes oversight and review of the effectiveness of: <ul style="list-style-type: none"> • Systems of internal control of Landcom; • External accountability and financial management; • The work health and safety framework; • Risk management; • External and internal audit capability; and • Compliance with applicable legislation.
People, Culture & Nominations Committee		
Composition	Membership in FY20	Purpose and responsibilities
Comprises three Directors, each of whom are independent non-executive directors. The Committee is chaired by an independent Chair who is not the Chair of the Board.	Current members: Pamela Hanrahan (Chair) Peter Roberts John Barbeler Former member: Suzanne Jones	The Committee operates under a Charter and is responsible for making recommendations to the Board with respect to: <ul style="list-style-type: none"> • Nominations: Developing a composition framework for the Board having regard to the current Board's size, diversity, skills and expertise, tenure, cohesion and need for appropriate renewal from time to time, 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 (ISO 31000:2018). The Enterprise Risk Management Framework was last reviewed by the Audit & Risk Management Committee in January 2020 (FY20) 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*.

One application, received in FY19 where the processing period allowed it to be carried into FY20, was refused in full because there was a conclusive presumption of overriding public interest considerations against disclosure of the information (as listed in the Schedule 1(5) of the Act).

The following tables contain statistical information about the formal access application decided in FY20.

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	1	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	1	0	0	0	0	0
Access applications that are partly personal information applications and partly other	0	0	0	0	0	0	0	0

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

Table C — Invalid applications

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

Table D – Conclusive presumption of overriding public interest against disclosure: matters listed in Schedule 1 of the Act

	Number of times consideration used ¹¹
Overriding secrecy laws	0
Cabinet information	0
Executive Council information	0
Contempt	0
Legal professional privilege	1
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

¹¹ More than one public interest consideration may apply in relation to a particular access application and, if so, each such consideration is to be recorded (but only once per application). This also applies in relation to Table E.

Table E— Other public interest considerations against disclosure: matters listed in table to Section 14 of the Act

	Number of occasions when application not successful
Responsible and effective government	0
Law enforcement and security	0
Individual rights, judicial processes and natural justice	0
Business interests of agencies and other persons	0
Environment, culture, economy and general matters	0
Secrecy provisions	0
Exempt documents under interstate Freedom of Information legislation	0

Table F – Timelines

Reason for invalidity	Number of applications
Decided within the statutory timeframe (20 days plus any extensions)	1
Decided after 35 days (by agreement with applicant)	0
Not decided within time (deemed refusal)	0
Total	1

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*

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 particular additional

categories of information that were being regularly or repeatedly requested in the informal requests for information;

- Reviewed and consulted with staff about information and categories of information that are frequently requested or which have been proactively released in FY20; and
- Consulted with staff through attendance at team meetings, GIPA briefings 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;
- Provide all relevant staff members training on their obligations to protect privacy; and
- Only disclose personal information to third parties if:
 - We are authorised or required to by law;
 - We have verbal or written authority 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 FY20, we:

- Completed a review of our Privacy Policy which was approved by the Board in September 2019;
- Developed an online privacy manual for our staff to use which includes template collection notices, links to the NSW privacy legislation, factsheets and checklists;
- Finalised the Workplace Surveillance Procedure and Customer Relationships Management Data Retention and Disposal Procedure;
- Developed an online privacy awareness training module which all staff are required to complete;
- Delivered targeted privacy training for those Landcom staff who handle personal information; and
- Participated in privacy practitioner's network events.

Public Interest Disclosures Act 1994

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

Section 31 Report		Made by public officials performing their day to day 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 PID Policy and Procedure on bulletin boards, links on the Landcom intranet, general awareness training via online module provided to staff and Management, and Board training delivered by the NSW Ombudsman.		

Independent Assurance of Other Information in the Annual Report

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 FY20 Sustainability Report and 'Other Information' in the Landcom's FY20 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 2019 - 30 June 2020. Provided below is further information regarding our independent assurance and conclusion.

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) on selected data and performance claims in the Other Information (as listed below under 'Subject matter').

Subject matter

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

- Overview
- Our performance – managing our projects
- Our performance – people
- Managing a successful business
- Appendix: Corporate governance
- Appendix: Public access to information and the protection of privacy

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.

Summary of assurance procedures

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 FY20 Sustainability Report.

Use of our assurance statement

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.

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.

Our conclusion

Based on our limited assurance procedures, nothing has come to our attention that causes us to believe that the Other Information has not been reported and presented fairly, in all material respects, in accordance with the Criteria, for the year ended 30 June 2020.

On behalf of the assurance team.

Alan Dayeh
Managing Principal, NSW
Point Advisory
13 October 2020



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Lachlan's Line pedestrian bridge



Creating more affordable
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