

LAND DEVELOPMENT AGENCY

Objectives

The Land Development Agency (LDA) is a Territory authority operating under the *Planning and Development Act 2007*. Its mission is to contribute positively to the economic and social development of the ACT by building vibrant and sustainable communities through greenfield and urban renewal projects developing residential, commercial and industrial land.

Key objectives of LDA are to deliver the Government's land release program, deliver high quality urban development and provide a commercial return to the Territory on its land assets and its investment in the Agency. LDA also provides advice to the Government on the delivery of capital works and infrastructure supporting the land release program and contributes to the delivery of the ACT Government's key priorities relating to affordable housing, sustainability and climate change.

LDA delivers land for development through a number of mechanisms, including the development of its own estates, through joint ventures and development arrangements with the private sector, and by sales of undeveloped land directly to industry.

LDA operates as a Public Trading Enterprise, assuming managerial control of unleased Territory land, developing and/or selling the land and providing a dividend to Government from the profits earned from those land development and sales activities.

2010-11 Priorities

Strategic and operational issues to be pursued in 2010-11 include:

- delivering the Government's agreed Indicative Land Release Programs for residential, commercial, industrial and community land;
- working with other agencies to ensure the availability of land to support the land release program;
- paying dividends to the ACT Government at 100 per cent of the operating profit after tax;
- working with other agencies and in partnership with industry to deliver the Government's affordable housing policies;
- pursuing initiatives to enhance the sustainability of developments undertaken by the LDA;
- demonstrating both leadership and achievement in sustainability challenges for land development and contributing to the establishment of new communities in the Territory; and
- working with LDA's partners to successfully achieve business outcomes for the Forde, Crace and Woden East joint ventures.

Estimated Employment Level

2008-09 Actual Outcome	2009-10 Budget	2009-10 Est. Outcome	2010-11 Budget
87 Staffing (FTE) ¹	87	87	104

Note:

1. The increase of 17 FTE's from the 2010-11 Budget to the 2009-10 estimated outcome is due to the requirement for additional resources to deliver the Government's accelerated land release program.

**Land Development Agency
Operating Statement**

2009-10 Budget \$'000		2009-10 Est.Outcome \$'000	2010-11 Budget \$'000	Var %	2011-12 Estimate \$'000	2012-13 Estimate \$'000	2013-14 Estimate \$'000
Income							
Revenue							
110	User Charges - Non ACT Government	110	110	-	110	110	110
132	Interest	2,590	610	-76	610	610	610
379,106	Land Revenue	360,391	368,562	2	610,480	663,712	597,504
60	Other Revenue	60	60	-	60	60	60
0	Resources Received Free of Charge	440	0	-100	0	0	0
379,408	Total Revenue	363,591	369,342	2	611,260	664,492	598,284
Gains							
0	Total Gains	0	0	-	0	0	0
379,408	Total Income	363,591	369,342	2	611,260	664,492	598,284
Expenses							
9,043	Employee Expenses	11,658	11,614	..	11,906	12,205	12,512
1,281	Superannuation Expenses	1,438	1,431	..	1,466	1,503	1,540
18,276	Supplies and Services	15,709	16,284	4	18,985	18,212	18,348
809	Depreciation and Amortisation	657	742	13	728	763	594
1,533	Borrowing Costs	6	1,473	#	1,606	1,606	1,606
294,179	Cost of Goods Sold	258,958	270,991	5	444,748	483,711	429,736
4,148	Other Expenses	4,367	2,998	-31	7,674	8,214	7,946
329,269	Total Ordinary Expenses	292,793	305,533	4	487,113	526,214	472,282
6,413	Share of Operating Result from Joint Venture accounted for using the Equity Method	10,069	12,869	28	9,210	11,221	4,228
56,552	Operating Result From Ordinary Activities	80,867	76,678	-5	133,357	149,499	130,230
16,967	Income Tax Equivalent	24,261	23,003	-5	40,006	44,849	39,068
39,585	Operating Result	56,606	53,675	-5	93,351	104,650	91,162
39,585	Total Comprehensive Income	56,606	53,675	-5	93,351	104,650	91,162

**Land Development Agency
Balance Sheet**

Budget as at 30/6/10 \$'000		Est.Outcome as at 30/6/10 \$'000	Planned as at 30/6/11 \$'000	Var %	Planned as at 30/6/12 \$'000	Planned as at 30/6/13 \$'000	Planned as at 30/6/14 \$'000
Current Assets							
27,998	Cash and Cash Equivalents	78,651	26,370	-66	59,573	65,583	65,452
16,130	Receivables	41,078	27,173	-34	27,173	27,173	27,173
11,300	Investments	30,856	29,259	-5	30,729	17,225	15,492
104,036	Inventories	97,911	194,926	99	184,927	180,902	220,508
159,464	Total Current Assets	248,496	277,728	12	302,402	290,883	328,625
Non Current Assets							
16,134	Receivables	3,996	3,376	-16	3,376	3,376	3,376
69,152	Investments	46,220	28,686	-38	15,491	11,462	0
59,578	Inventories	33,346	33,346	-	33,346	33,346	33,346
5,666	Property, Plant and Equipment	7,027	6,785	-3	6,237	5,654	5,060
8,856	Tax Assets	0	0	-	0	0	0
159,386	Total Non Current Assets	90,589	72,193	-20	58,450	53,838	41,782
318,850	TOTAL ASSETS	339,085	349,921	3	360,852	344,721	370,407
Current Liabilities							
28,442	Payables	87,771	59,065	-33	65,746	48,403	75,534
104	Finance Leases	98	98	-	98	98	98
1,936	Employee Benefits	2,650	2,267	-14	2,267	2,267	2,267
51,584	Other Provisions	69,080	69,080	-	69,080	69,080	69,080
4,242	Income Tax Payable	6,065	5,751	-5	10,001	11,213	9,768
17,380	Other	12,884	12,884	-	12,884	12,884	12,884
103,688	Total Current Liabilities	178,548	149,145	-16	160,076	143,945	169,631
Non Current Liabilities							
56	Payables	144	0	-100	0	0	0
40,000	Interest Bearing Liabilities	0	40,000	#	40,000	40,000	40,000
0	Finance Leases	64	64	-	64	64	64
86	Employee Benefits	154	154	-	154	154	154
50,384	Other Provisions	16,722	16,722	-	16,722	16,722	16,722
0	Non Current Income Tax Payable	17,822	17,822	-	17,822	17,822	17,822
90,526	Total Non Current Liabilities	34,906	74,762	114	74,762	74,762	74,762
194,214	TOTAL LIABILITIES	213,454	223,907	5	234,838	218,707	244,393
124,636	NET ASSETS	125,631	126,014	..	126,014	126,014	126,014
REPRESENTED BY FUNDS EMPLOYED							
122,465	Accumulated Funds	122,467	122,850	..	122,850	122,850	122,850
2,171	Reserves	3,164	3,164	-	3,164	3,164	3,164
124,636	TOTAL FUNDS EMPLOYED	125,631	126,014	..	126,014	126,014	126,014

**Land Development Agency
Cash Flow Statement**

2009-10 Budget \$'000		2009-10 Est.Outcome \$'000	2010-11 Budget \$'000	Var %	2011-12 Estimate \$'000	2012-13 Estimate \$'000	2013-14 Estimate \$'000
	CASH FLOWS FROM OPERATING ACTIVITIES						
	Receipts						
122	User Charges	122	122	-	122	122	122
132	Interest Received	2,590	610	-76	610	610	610
412,365	Other Revenue	384,881	422,916	10	678,560	736,380	662,068
412,619	Operating Receipts	387,593	423,648	9	679,292	737,112	662,800
	Payments						
9,043	Related to Employees	11,660	11,614	..	11,906	12,205	12,511
1,281	Related to Superannuation	1,438	1,431	..	1,466	1,503	1,540
20,111	Related to Supplies and Services	16,881	17,674	5	20,243	19,496	19,667
1,533	Borrowing Costs	0	1,467	#	1,600	1,600	1,600
381,803	Other	242,265	461,569	91	538,301	620,234	553,895
413,771	Operating Payments	272,244	493,755	81	573,516	655,038	589,213
-1,152	NET CASH INFLOW/ (OUTFLOW) FROM OPERATING ACTIVITIES	115,349	-70,107	-161	105,776	82,074	73,587
	CASH FLOWS FROM INVESTING ACTIVITIES						
	Receipts						
8,500	Proceeds from Sale/Maturities of Investments	9,500	32,050	237	20,975	28,784	17,443
8,500	Investing Receipts	9,500	32,050	237	20,975	28,784	17,443
	Payments						
880	Purchase of Property, Plant and Equipment and Capital Works	880	550	-38	198	198	0
7,500	Purchase of Investments	7,500	0	-100	0	0	0
8,380	Investing Payments	8,380	550	-93	198	198	0
120	NET CASH INFLOW/ (OUTFLOW) FROM INVESTING ACTIVITIES	1,120	31,500	#	20,777	28,586	17,443
	CASH FLOWS FROM FINANCING ACTIVITIES						
	Receipts						
20,000	Borrowings Received	0	40,000	#	0	0	0
20,000	Financing Receipts	0	40,000	#	0	0	0
	Payments						
39,586	Dividends to Government	67,222	53,674	-20	93,350	104,650	91,161
39,586	Financing Payments	67,222	53,674	-20	93,350	104,650	91,161
-19,586	NET CASH INFLOW/ (OUTFLOW) FROM FINANCING ACTIVITIES	-67,222	-13,674	80	-93,350	-104,650	-91,161
-20,618	NET INCREASE/ (DECREASE) IN CASH HELD	49,247	-52,281	-206	33,203	6,010	-131
48,616	CASH AT BEGINNING OF REPORTING PERIOD	29,404	78,651	167	26,370	59,573	65,583
27,998	CASH AT THE END OF THE REPORTING PERIOD	78,651	26,370	-66	59,573	65,583	65,452

**Land Development Agency
Statement of Changes in Equity**

Budget as at 30/6/10 \$'000		Est.Outcome as at 30/6/10 \$'000	Planned as at 30/6/11 \$'000	Var %	Planned as at 30/6/12 \$'000	Planned as at 30/6/13 \$'000	Planned as at 30/6/14 \$'000
Opening Equity							
122,465	Opening Accumulated Funds	122,470	122,467	..	122,850	122,850	122,850
2,171	Opening Asset Revaluation Reserve	3,164	3,164	-	3,164	3,164	3,164
124,636	Balance at the Start of the Reporting Period	125,634	125,631	..	126,014	126,014	126,014
Comprehensive Income							
39,585	Operating Result for the Period	56,606	53,675	-5	93,351	104,650	91,162
39,585	Total Comprehensive Income	56,606	53,675	-5	93,351	104,650	91,162
0	Total Movement in Reserves	0	0	-	0	0	0
Transactions Involving Owners Affecting Accumulated Funds							
0	Increase/(Decrease) in Net Assets due to Admin Restructure	0	383	#	0	0	0
-39,585	Dividend Approved	-56,609	-53,675	5	-93,351	-104,650	-91,162
-39,585	Total Transactions Involving Owners Affecting Accumulated Funds	-56,609	-53,292	6	-93,351	-104,650	-91,162
Closing Equity							
122,465	Closing Accumulated Funds	122,467	122,850	..	122,850	122,850	122,850
2,171	Closing Asset Revaluation Reserve	3,164	3,164	-	3,164	3,164	3,164
124,636	Balance at the End of the Reporting Period	125,631	126,014	..	126,014	126,014	126,014

Notes to the Budget Statements

Significant variations are as follows:

Operating Statement

- interest:
 - the increase of \$2.458 million in the 2009-10 estimated outcome from the original budget is due to additional investment returns from higher cash balances than planned as a result of a higher than expected profit earned during the year, as well as higher than budgeted interest received for a deferred settlement not previously forecast; and
 - the decrease of \$1.980 million in 2010-11 Budget from the 2009-10 estimated outcome is due to the LDA having less surplus cash to invest in the Territory Banking Account mainly due to increased expenditure on development costs.

- land revenue:
 - the decrease of \$18.715 million in the 2009-10 estimated outcome from the original budget is due to lower than expected land sales revenues from residential, commercial and industrial lease sales, due to deferrals of some releases to future years and reductions in sale prices, partially offset by an increase in direct sales carried over from the previous year; and
 - the increase of \$8.171 million in the 2010-11 Budget from the 2009-10 estimated outcome is largely due to increased land sales revenue from commercial, industrial and englobo lease sales, and aged care sales, partially offset by a decrease in the release of blocks developed by LDA and reduced concessional direct sales in 2010-11.
- resources received free of charge:
 - the increase of \$0.440 million in the 2009-10 estimated outcome from the original budget is due to a one-off transfer of a block of land to Housing ACT; and
 - the decrease of \$0.440 million in the 2010-11 Budget from the 2009-10 estimated outcome relates to a one-off transfer of a block of land outlined above.
- employee expenses: the increase of \$2.615 million in the 2009-10 estimated outcome from the original budget is mainly due to an increase in staff required to support the Government's accelerated land release program.
- superannuation expenses: the increase of \$0.157 million in the 2009-10 estimated outcome from the original budget is due to the reason outlined above.
- supplies and services:
 - the decrease of \$2.567 million in the 2009-10 estimated outcome from the original budget is mainly due to reduced selling expenses resulting from a change in the classification of the development costs relating to non-LDA estate sales; and
 - the increase of \$0.575 million in the 2010-11 Budget from the 2009-10 estimated outcome is mainly due to additional services and charges by other government agencies.
- depreciation and amortisation: the decrease of \$0.152 million in the 2009-10 estimated outcome from the original budget is due to a delay in implementing the new IT system.
- borrowing costs:
 - the decrease of \$1.527 million in the 2009-10 estimated outcome from the original budget is due to the re-profiling of the borrowings program based on revised cash flow forecasts resulting in no borrowings being estimated in 2009-10; and
 - the increase of \$1.467 million in 2010-11 Budget from the 2009-10 estimated outcome reflects a re-profiling of borrowing requirements expected in 2010-11.
- cost of goods sold:
 - the decrease of \$35.221 million in the 2009-10 estimated outcome from the original budget is mainly due to adjustments to development costs and the cost of land following project cost reviews during the year and lower land sales revenue; and

- the increase of \$12.033 million in the 2010-11 Budget from the 2009-10 estimated outcome is a result of higher settlements due to increased land sales in 2010-11 reflecting the Government’s land release program.
- other expenses:
 - the increase of \$0.219 million in the 2009-10 estimated outcome from the original budget is due to an unexpected land transfer to another ACT Government agency free of charge, offset by savings in conveyance duty costs due to a lower than expected cost of land; and
 - the decrease of \$1.369 million in the 2010-11 Budget from the 2009-10 estimated outcome is due to reduced duty payable for 2010-11 as a result of an expected lower volume of land settlements and no estimated land being provided free of charge.
- share of operating result from joint venture: the increase of \$3.656 million in the 2009-10 estimated outcome from the original budget and the increase of \$2.8 million in the 2010-11 Budget from the 2009-10 estimated outcome are due to higher profits arising from higher sales volumes.
- income tax equivalent:
 - the increase of \$7.294 million in the 2009-10 estimated outcome from the original budget reflects increased income tax expenses arising from higher operating results; and
 - the decrease of \$1.258 million in the 2010-11 Budget from the 2009-10 estimated outcome reflects decreased income tax expenses arising from a lower operating result.

Balance Sheet

- current assets:
 - the increase of \$89.032 million in the 2009-10 estimated outcome from the original budget is due to an increase in cash, other receivables and inventories as follows: cash largely due to a higher net profit after tax, lower payment of income tax due to adjustments made to comply with the National Taxation Equivalents Regime and timing differences for land payments to the Department of Territory and Municipal Services (TAMS) (\$50.653 million); other receivables resulting from deferred payment arrangements for land sales (\$24.948 million) and infrastructure assets transfers from non current assets (\$11.043 million); and investments in joint ventures due to transfers from non current investments (\$19.556 million). Partially offset by a decrease in inventories due to a review of the methodology for calculating work in progress (WIP) and provision for project completion costs, resulting in a reduction in the estimated value for inventory and provision for projection completion (\$6.125 million); and

- the increase of \$29.232 million in the 2010-11 Budget from the 2009-10 estimated outcome is mainly due to: inventories required to deliver the Government’s land release program (\$97.015 million). Partially offset by a decrease of cash mainly due to timing differences of land payments to TAMS and increased cash payments for development costs due to increased inventories (\$52.281 million); other receivables due to repayments of amounts owing from land sales under deferred payment arrangements (\$13.905 million); and investment in joint ventures due to revised capital returns from the joint ventures and no new joint venture arrangements being planned for 2010-11 (\$1.597 million).
- non current assets:
 - the decrease of \$68.797 million in the 2009-10 estimated outcome from the original budget is mainly due to: a transfer of infrastructure assets to current assets (\$12.138 million); the transfer to current investments of investments in joint venture arrangements (\$22.932 million); the review of the methodology for calculating WIP and provision for project completion costs, resulting in the setting off, and consequent reduction in the estimated value for inventory and provision for project completion (\$26.232 million); and the deferred tax asset due to timing differences of income tax payments under tax effect accounting principles (\$8.856 million). Partially offset by, an increase in land and buildings due to revaluations (\$1.361 million); and
 - the decrease of \$18.396 million in the 2010-11 Budget from the 2009-10 estimated outcome is mainly due to reduced capital returns from joint ventures and no new joint venture arrangements being planned for 2010-11.
- current liabilities:
 - the increase of \$74.860 million in the 2009-10 estimated outcome from the original budget is mainly due to: payables resulting from the timing difference of land payment to TAMS (\$23.759 million), an increase of in GST payable to the Australian Taxation Office (ATO) related to land sales (\$7.392 million), and accrued expenses associated with accrued land costs for developed land held for sale (\$28.178 million); other provisions for project completion relating to land being constructed in LDA estates (\$6.453 million); and infrastructure assets to be transferred to other Government agencies, TAMS and ACTEW (\$11.043 million); employee benefit provision due to an increase in staff required to support the Government’s accelerated land release program (\$0.714 million); and income tax liability due to a higher than budgeted operating result (\$1.823 million). Partially offset by a decrease in other current liabilities relating to revenue received in advance for land sales (\$4.496 million); and
 - the decrease of \$29.403 million in the 2010-11 Budget from the 2009-10 estimated outcome is mainly due to: payables resulting from the timing difference of land payments to TAMS (\$20.812 million) and GST payable to the ATO related to land sales (\$7.894 million); employee benefit provision due to transfer of some staff to the Department of Land and Property Services (\$0.383 million); and income tax payable, reflecting a lower operating result than in the previous year (\$0.314 million).

- non current liabilities:
 - the decrease of \$55.620 million in the 2009-10 estimated outcome from the original budget is mainly due to: Government borrowings as a result of the re-profiling of the forecasted borrowings program based on revised cash flow forecasts of (\$40 million); other provisions for the transfer of infrastructure assets to other Government agencies (\$12.038 million) and provisions for project completion relating to land being constructed in LDA estates (\$21.624 million). Partially offset by an increase of income tax liability due to timing differences of income tax payments under tax effect accounting principles (\$17.822 million); and
 - the increase of \$39.856 million in the 2010-11 Budget from the 2009-10 estimated outcome is due to an increase in interest bearing liabilities from ACT Government borrowings.

Cash Flow Statement

The major variations in the Cash Flow Statement in the 2009-10 estimated outcome from the original budget and in the 2010-11 Budget from the 2009-10 estimated outcome are mostly explained in the notes to the Operating Statement above. Other significant variations relate to:

- other revenue:
 - the decrease of \$27.484 million in the 2009-10 estimated outcome from the original budget is due to reduced land sales across all sectors; and
 - the increase of \$38.035 million in the 2010-11 Budget from the 2009-10 estimated outcome is due to increased land sales in all sectors and timing differences for proceeds received from land sales.
- proceeds from sale/maturities of investments: the increase of \$1 million in the 2009-10 estimated outcome from the original budget and the increase of \$22.550 million in the 2010-11 Budget from the 2009-10 estimated outcome are due to higher cash distributions from joint ventures.
- other payments:
 - the decrease of \$139.538 million in the 2009-10 estimated outcome from the original budget is mainly due to:
 - a decrease of \$123.149 million in land and construction costs payments due to decreased land sales, adjustments to development costs and the cost of land following project cost reviews undertaken during the year;
 - a decrease of \$21.215 million in income tax payments due to timing differences and adjustments to previous years' tax returns to comply with the transitional provision of the National Taxation Equivalents Regime; and
 - a decrease of \$0.223 million in conveyance duty payments.

partially offset by:

- an increase of \$5.049 million in GST payments to the ATO.

- the increase of \$219.304 million in the 2010-11 Budget from the 2009-10 estimated outcome is mainly due to:
 - an increase of \$192.244 million in land and construction costs payment;
 - an increase in income tax payment of \$27.023 million due to timing differences; and
 - an increase of \$0.927 million in GST payments to the ATO.

partially offset by:

- a decrease of \$0.964 million in conveyance duty payments.
- purchase of investments: the decrease of \$7.5 million in the 2010-11 Budget from the 2009-10 estimated outcome is due to no new joint venture arrangements being planned for 2010-11.
- borrowings received:
 - the decrease of \$20 million in the 2009-10 estimated outcome from the original budget is due to the re-profiling of the borrowings program based on revised cash flow such that no borrowings are now estimated for 2009-10; and
 - the increase of \$40 million in the 2010-11 Budget from the 2009-10 estimated outcome is also due to the re-profiling mentioned above, and reflects estimated borrowings from the ACT Government.
- dividends to Government:
 - the increase of \$27.636 million in the 2009-10 estimated outcome from the original budget reflects the higher level of operating profit due to lower development costs and additional interest revenue, as well as the payment of \$10.6 million of 2008-09 dividend that was held over and paid in 2009-10; and
 - the decrease of \$13.548 million in the 2010-11 Budget from the 2009-10 estimated outcome is mainly due to the payment of \$10.6 million of 2008-09 dividend that was held over and paid in 2009-10.

Statement of Changes in Equity

Variations in the statement are explained in the notes above.