

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 Territory by building vibrant and sustainable communities through greenfields and urban renewal projects for the development of residential, commercial and industrial land.

The key objectives of LDA are to deliver the Government's land release program and facilitate a stable supply of land to the market, deliver high quality urban development and to realise a commercial return on the Territory's land assets. 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 land development and sales activities.

2009-10 Priorities

Strategic and operational issues to be pursued in 2009-10 include:

- paying dividends to the ACT Government at 100 per cent of the operating profit after tax;
- implementing the Government's *Indicative Residential Land Release Program 2009-10 to 2013-14*. Noting that the program is flexible and targets price stability, it includes supplying 3,014 residential dwelling sites to the market with 1,514 of these sites to be provided in LDA estates or through joint venture arrangements with the private sector and the balance, 1,500 sites through englobo sales to private sector developers. Key features of the 2009-10 residential program are:
 - release of Wright 2a and 2b in Molonglo by englobo sale, providing 800 dwelling sites;
 - release of Section 85, Bruce by englobo sale, for 300 dwellings;
 - release of Section 63, City for 200 dwellings;
 - progress the joint venture development of Forde 2, over time providing 300 dwellings;
 - release of sites for 564 dwellings in Kingston Foreshore; and
 - release of sites for 500 dwellings in Bonner.
- contributing to the delivery of the Government's *Affordable Housing Action Plan* through:
 - providing more dwelling sites for LDA's OwnPlace Program in partnership with industry to deliver affordable housing choices;
 - making available to Community Housing Canberra Ltd land for 120 dwellings;

- making land available through ‘over the counter’ sales;
 - continuing to work towards building a pipeline of Estate Development Plan ready land equating to 8-12 months supply, with the assistance of other government agencies;
 - working towards establishing a serviced blocks inventory of 8 months of estimated annual demand; and
 - making land available for institutional investors to increase available rental accommodation.
- implementing the Government’s Indicative Commercial Land Release Program 2009-10 to 2013-14, including supplying 99,718 square metres of commercial land;
 - implementing the Government’s Indicative Industrial Land Release Program 2009-10 to 2013-14, including supplying 96,828 square metres of industrial land;
 - pursuing initiatives designed to enhance the sustainability of developments undertaken by LDA and to demonstrate both leadership and achievement in the sustainability challenges associated with land development and the building of new communities in the ACT;
 - contributing to the joint venture development of Forde, Woden East and Crace;
 - commencing the development of specialist facilities for an operating boat harbour at Kingston Foreshore and the enhancement of the cultural precinct and market facilities;
 - continuing the development of the new suburb of Bonner showcasing innovative approaches to sustainable communities;
 - releasing sites for 200 dwellings for aged care accommodation;
 - administering the Government’s direct land sales program; and
 - continuing to assist the Chief Minister’s Department in monitoring the land supply pipeline for residential, commercial and industrial land.

Estimated Employment Level

2008-09 Budget		2008-09 Est. Outcome	2009-10 Budget
83	Staffing (FTE)	85	87

Land Development Agency Operating Statement

2008-09 Budget \$'000		2008-09 Est.Outcome \$'000	2009-10 Budget \$'000	Var %	2010-11 Estimate \$'000	2011-12 Estimate \$'000	2012-13 Estimate \$'000
Income							
Revenue							
72	User Charges - Non ACT Government	72	110	53	110	110	110
337	User Charges - ACT Government	0	0	-	0	0	0
2,969	Interest	2,603	132	-95	132	132	132
483,655	Land Revenue	301,732	379,106	26	395,186	467,042	456,380
60	Other Revenue	60	60	-	60	60	60
487,093	Total Revenue	304,467	379,408	25	395,488	467,344	456,682
Gains							
0	Total Gains	0	0	-	0	0	0
487,093	Total Income	304,467	379,408	25	395,488	467,344	456,682
Expenses							
6,471	Employee Expenses	7,820	9,043	16	9,376	9,768	10,158
1,003	Superannuation Expenses	1,221	1,281	5	1,312	1,365	1,420
13,228	Supplies and Services	14,741	18,276	24	22,537	19,591	22,328
297	Depreciation and Amortisation	459	809	76	907	945	980
968	Borrowing Costs	0	1,533	100	1,600	2,260	2,320
397,202	Cost of Goods Sold	220,267	294,179	34	308,433	347,520	344,472
4,062	Other Expenses	2,674	4,148	55	3,645	4,706	4,993
423,231	Total Ordinary Expenses	247,182	329,269	33	347,810	386,155	386,671
21,700	Share of Operating Result from Joint Venture accounted for using the Equity Method	6,525	6,413	-2	10,651	12,016	12,405
85,562	Operating Result From Ordinary Activities	63,810	56,552	-11	58,329	93,205	82,416
25,669	Income Tax Equivalent	19,143	16,967	-11	17,498	27,960	24,724
59,893	Operating Result	44,667	39,585	-11	40,831	65,245	57,692

Land Development Agency Balance Sheet

Budget as at 30/6/09 \$'000		Est.Outcome as at 30/6/09 \$'000	Planned as at 30/6/10 \$'000	Var %	Planned as at 30/6/11 \$'000	Planned as at 30/6/12 \$'000	Planned as at 30/6/13 \$'000
Current Assets							
20,617	Cash and Cash Equivalents	48,616	27,998	-42	24,662	20,953	29,155
23,871	Receivables	16,130	16,130	-	16,130	16,208	16,448
25,429	Investments	8,500	11,300	33	29,363	45,689	27,577
106,910	Inventories	131,312	104,036	-21	82,877	89,659	94,450
176,827	Total Current Assets	204,558	159,464	-22	153,032	172,509	167,630
Non Current Assets							
16,859	Receivables	16,134	16,134	-	15,514	15,514	15,514
45,365	Investments	66,538	69,152	4	50,439	51,767	57,594
49,938	Inventories	59,578	59,578	-	59,578	59,578	59,578
4,222	Property, Plant and Equipment	5,675	5,666	..	5,259	4,494	3,694
0	Tax Assets	8,856	8,856	-	8,856	8,856	8,856
116,384	Total Non Current Assets	156,781	159,386	2	139,646	140,209	145,236
293,211	TOTAL ASSETS	361,339	318,850	-12	292,678	312,718	312,866
Current Liabilities							
55,584	Payables	80,387	28,442	-65	12,138	11,561	12,518
51	Finance Leases	104	104	-	104	104	104
2,149	Employee Benefits	1,936	1,936	-	1,936	1,936	1,936
41,301	Other Provisions	61,584	51,584	-16	41,584	41,584	41,584
6,405	Income Tax Payable	4,786	4,242	-11	4,374	6,991	6,182
4,543	Other	17,380	17,380	-	17,380	17,380	17,380
110,033	Total Current Liabilities	166,177	103,688	-38	77,516	79,556	79,704
Non Current Liabilities							
0	Payables	56	56	-	56	56	56
25,000	Interest Bearing Liabilities	20,000	40,000	100	40,000	58,000	58,000
0	Employee Benefits	86	86	-	86	86	86
18,264	Other Provisions	50,384	50,384	-	50,384	50,384	50,384
15,607	Non Current Income Tax Payable	0	0	-	0	0	0
58,871	Total Non Current Liabilities	70,526	90,526	28	90,526	108,526	108,526
168,904	TOTAL LIABILITIES	236,703	194,214	-18	168,042	188,082	188,230
124,307	NET ASSETS	124,636	124,636	-	124,636	124,636	124,636
REPRESENTED BY FUNDS							
EMPLOYED							
122,137	Accumulated Funds	122,465	122,465	-	122,465	122,465	122,465
2,170	Reserves	2,171	2,171	-	2,171	2,171	2,171
124,307	TOTAL FUNDS EMPLOYED	124,636	124,636	-	124,636	124,636	124,636

Land Development Agency Cash Flow Statement

2008-09 Budget \$'000		2008-09 Est.Outcome \$'000	2009-10 Budget \$'000	Var %	2010-11 Estimate \$'000	2011-12 Estimate \$'000	2012-13 Estimate \$'000
	CASH FLOWS FROM OPERATING ACTIVITIES						
	Receipts						
414	User Charges	84	122	45	122	122	122
2,969	Interest Received	3,413	132	-96	132	132	132
549,955	Other Revenue	336,576	412,365	23	431,637	508,718	497,610
553,338	Operating Receipts	340,073	412,619	21	431,891	508,972	497,864
	Payments						
6,166	Related to Employees	7,820	9,043	16	9,375	9,768	10,157
918	Related to Superannuation	1,221	1,281	5	1,312	1,365	1,420
21,234	Related to Supplies and Services	16,212	20,111	24	24,805	21,556	24,558
968	Borrowing Costs	0	1,533	100	1,600	2,260	2,320
559,370	Other	323,765	381,803	18	368,054	424,654	418,006
588,656	Operating Payments	349,018	413,771	19	405,146	459,603	456,461
-35,318	NET CASH INFLOW/ (OUTFLOW) FROM OPERATING ACTIVITIES	-8,945	-1,152	87	26,745	49,369	41,403
	CASH FLOWS FROM INVESTING ACTIVITIES						
	Receipts						
33,959	Proceeds from Sale/Maturities of Investments	14,250	8,500	-40	11,300	29,363	45,689
33,959	Investing Receipts	14,250	8,500	-40	11,300	29,363	45,689
	Payments						
0	Purchase of Property, Plant and Equipment and Capital Works	2,177	880	-60	550	198	198
0	Purchase of Investments	0	7,500	100	0	35,000	21,000
0	Investing Payments	2,177	8,380	285	550	35,198	21,198
33,959	NET CASH INFLOW/ (OUTFLOW) FROM INVESTING ACTIVITIES	12,073	120	-99	10,750	-5,835	24,491
	CASH FLOWS FROM FINANCING ACTIVITIES						
	Receipts						
25,000	Borrowings Received	20,000	20,000	-	0	18,000	0
25,000	Financing Receipts	20,000	20,000	-	0	18,000	0
	Payments						
59,894	Dividends to Government	44,667	39,586	-11	40,831	65,243	57,692
59,894	Financing Payments	44,667	39,586	-11	40,831	65,243	57,692
-34,894	NET CASH INFLOW/ (OUTFLOW) FROM FINANCING ACTIVITIES	-24,667	-19,586	21	-40,831	-47,243	-57,692
-36,253	NET INCREASE/ (DECREASE) IN CASH HELD	-21,539	-20,618	4	-3,336	-3,709	8,202
56,870	CASH AT BEGINNING OF REPORTING PERIOD	70,155	48,616	-31	27,998	24,662	20,953
20,617	CASH AT THE END OF THE REPORTING PERIOD	48,616	27,998	-42	24,662	20,953	29,155

Land Development Agency Statement of Changes in Equity

Budget as at 30/6/09 \$'000		Est.Outcome as at 30/6/09 \$'000	Planned as at 30/6/10 \$'000	Var %	Planned as at 30/6/11 \$'000	Planned as at 30/6/12 \$'000	Planned as at 30/6/13 \$'000
124,306	Opening Balance	124,635	124,636	..	124,636	124,636	124,636
	Accumulated Funds						
59,893	Operating Result for the Period	44,667	39,585	-11	40,831	65,245	57,692
	Reserves						
59,893	Total Income And Expense For The Period	44,667	39,585	-11	40,831	65,245	57,692
	Transactions Involving Equity Holders Affecting Accumulated Funds						
-59,892	Dividend Approved	-44,666	-39,585	11	-40,831	-65,245	-57,692
124,307	Closing Balance	124,636	124,636	-	124,636	124,636	124,636

Notes to the Budget Statements

Significant variations are as follows:

Operating Statement

- user charges — ACT Government: the decrease of \$0.337 million in the 2008-09 estimated outcome from the original budget is due to the cessation of project management revenue from the Rural Villages project, following its completion.
- interest:
 - the decrease of \$0.366 million in the 2008-09 estimated outcome from the original budget is due to decreased interest rates and lower cash balances than planned due to lower sales revenues; and
 - the decrease of \$2.471 million in 2009-10 Budget from the 2008-09 estimated outcome is due to decreased interest rates and the LDA having less surplus cash to invest in the Territory Banking Account.
- land revenue:
 - the decrease of \$181.923 million in the 2008-09 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 2009-10 and weaker market conditions; and
 - the increase of \$77.374 million in the 2009-10 Budget from the 2008-09 estimated outcome is largely due to the sale of deferred releases and higher sales from LDA estates.

- employee expenses:
 - the increase of \$1.349 million between 2008-09 Budget and 2008-09 estimated outcome reflects the increased costs arising from an earlier transition from contractors to permanent employees arising from the restructure within LDA; and
 - the increase of \$1.223 million in the 2009-10 Budget compared to 2008-09 estimated outcome reflects the full year impact of the transition from contractor to permanent employees.
- superannuation expenses: the increase of \$0.218 million in the 2008-09 estimated outcome from the original budget and the increase of \$0.060 million in the 2009-10 Budget from the 2008-09 estimated outcome is due to the issues outlined above.
- supplies and services: the increase of \$1.513 million in the 2008-09 estimated outcome from the original budget and the increase of \$3.535 million in the 2009-10 Budget from the 2008-09 estimated outcome reflects the recognition of expenses, such as selling expenses, previously recorded as cost of goods sold.
- depreciation and amortisation: the increase of \$0.162 million in the 2008-09 estimated outcome from the original budget and the increase of \$0.350 million in the 2009-10 Budget from the 2008-09 estimated outcome is due to fitout costs of the new office accommodation at Dickson and a proposed new IT system.
- borrowing costs:
 - the decrease of \$0.968 million in the 2008-09 estimated outcome from the original budget is due to the reprofiling of the borrowings program based on revised cashflow forecasts and the subsequent need for less borrowings than budgeted; and
 - the increase of \$1.533 million in 2009-10 Budget from the estimated 2008-09 outcome reflects the level of borrowings expected in 2009-10.
- cost of goods sold:
 - the decrease of \$176.935 million in the 2008-09 estimated outcome from the original budget is mainly due to the deferral of some releases and weaker market conditions across all sectors; and
 - the increase of \$73.912 million in the 2009-10 Budget from the 2008-09 estimated outcome is largely due to the release of blocks deferred in 2008-09 and higher sales from LDA estates.
- other expenses:
 - the decrease of \$1.388 million in the 2008-09 estimated outcome from the original budget is due to decreased duty payable on land acquisition costs for 2008-09; and
 - the increase of \$1.474 million in 2009-10 Budget from the 2008-09 estimated outcome is due to increased duty payable for 2009-10.
- share of operating result from joint venture: the decrease of \$15.175 million in the 2008-09 estimated outcome from the original budget and the decrease of \$0.112 million in the 2009-10 Budget from the 2008-09 estimated outcome is due to lower profits arising from lower sales volumes forecast from joint venture arrangements.
- income tax equivalent: the decrease of \$6.526 million in the 2008-09 estimated outcome from the original budget and the decrease of \$2.176 million in the 2009-10 Budget from

the 2008-09 estimated outcome reflects decreased income tax expenses arising from lower operating results.

Balance Sheet

- current assets:
 - the increase of \$27.731 million in the 2008-09 estimated outcome from the original budget is due to an increase in cash, other receivables and inventories as follows:
 - an increase of \$27.999 million in cash largely due to timing differences for land payments to TAMS; and
 - an increase of \$24.402 million in inventories.

partially offset by a decrease in trade receivables and investments in joint ventures as follows:

- a decrease of \$7.741 million in trade receivables due to a combination of \$17.640 million in lower revenues from land sales and an increase of \$9.9 million due to increased estimated infrastructure assets received from third parties; and
 - a decrease of \$16.929 million in investments in joint venture due to transfers to non current investments.
- the decrease of \$45.094 million in the 2009-10 Budget from the 2008-09 estimated outcome is mainly due to:
 - a decrease of \$20.618 million in cash mainly due to timing differences of land payments to TAMS; and
 - a decrease of \$27.276 million in inventories mainly due to some land sales deferred from 2008-09 to 2009-10, together with higher land sales in 2009-10.

partially offset by:

- an increase of \$2.8 million in investment in joint ventures due to new joint venture arrangements being planned for 2009-10.
- non current assets:
 - the increase of \$40.397 million in the 2008-09 estimated outcome from the original budget is mainly due to:
 - an increase of \$21.173 million in investments in joint venture arrangements, mainly due to a transfer from current investments;
 - an increase of \$9.640 million in inventories;
 - an increase in leasehold improvements of \$1.968 million following the acquisition of new leased office accommodation and fitout at Dickson; and
 - an increase in deferred tax asset of \$8.856 million due to timing differences of income tax payments under tax effect accounting principles.

partially offset by:

- a decrease of \$0.725 million in other receivables due to the completion of infrastructure works by third parties and subsequent transfers to TAMS and ACTEW.
- the increase of \$2.605 million in the 2009-10 Budget from the 2008-09 estimated outcome arises mainly from the set-up of new joint venture arrangements.
- current liabilities:
 - the increase of \$56.144 million in the 2008-09 estimated outcome from the original budget is mainly due to the following:
 - an increase in payables of \$20.286 million due to the timing difference of land payment to TAMS;
 - an increase of \$8.886 million in GST payable to Australian Taxation Office (ATO) related to land sales;
 - an increase of \$10.383 million in other provisions relating to land being constructed in LDA estates;
 - an increase of \$9.9 million in other provisions relating to infrastructure assets to be transferred to TAMS and ACTEW; and
 - an increase of \$12.837 million in revenue received in advance for land sales.

partially offset by:

- a decrease in accrued expenses of \$4.369 million due to lower than budgeted accrued development costs at year end; and
- decrease in income tax liability of \$1.619 million due to lower than budgeted operating profit.
- the decrease of \$62.489 million in the 2009-10 Budget from the 2008-09 estimated outcome is mainly due to:
 - a decrease in payables of \$45.1 million due to timing difference of land payments to TAMS;
 - a decrease of \$6.845 million in GST payable to ATO related to land sales;
 - a decrease of \$10 million in other provisions relating to land being constructed in LDA estates; and
 - a decrease in income tax payable of \$0.544 million, reflecting a lower operating result than the previous year.
- non current liabilities:
 - the increase of \$11.655 million in the 2008-09 estimated outcome from the original budget is mainly due to an increase of \$33.465 million in other provisions relating to land being constructed in LDA estates.

partially offset by:

- a decrease in ACT Government borrowings of \$5 million due to the reprofiling of the borrowings program based on revised cashflow forecasts;
 - a decrease of \$15.607 million deferred income tax liability due to timing differences of income tax payments under tax effect accounting principles; and
 - a decrease of \$1.345 million in other provisions relating to the transfer of infrastructure assets to TAMS and ACTEW.
- the increase of \$20 million in the 2009-10 Budget from the 2008-09 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 2008-09 estimated outcome from the original budget and in the 2009-10 Budget from the estimated 2008-09 outcome are mostly explained in the notes to the Operating Statement above. Other significant variations relate to:

- proceeds from sale/maturities of investments: the decrease of \$19.709 million in the 2008-09 estimated outcome from the original budget and the decrease of \$5.750 million in the 2009-10 Budget compared to the 2008-09 estimated outcome is due to lower cash distributions from joint ventures.
- other payments:
 - the decrease of \$235.605 million in the 2008-09 estimated outcome from the original budget is mainly due to:
 - a decrease of \$211.262 million in land and construction cost payments; and
 - a decrease of \$46.111 million in GST payments.

partially offset by:

- an increase in income tax payment of \$19.438 million due to timing differences; and
 - an increase of \$2.330 million for the one-off GST payment related to the establishment of the Forde joint venture.
- the increase of \$58.038 million in 2009-10 Budget from the estimated 2008-09 outcome is mainly due to:
- an increase of \$104.093 million in land and construction cost payments; and
 - an increase of \$22.298 million in GST payments to ATO.

partially offset by:

- a decrease in income tax payment of \$66.023 million due to timing differences; and

- a decrease of \$2.330 million for the one-off GST payment related to the establishment of the Forde joint venture in 2008-09.
- dividends to Government:
 - the decrease of \$15.227 million in the 2008-09 estimated outcome from the original budget reflects the lower level of operating profit resulting from lower sales revenue than originally forecast; and
 - the decrease of \$5.081 million in the 2009-10 Budget from the 2008-09 estimated outcome is due to the lower level of operating profit expected in 2009-10 mainly due to higher construction costs in LDA estates.