

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 direct to industry.

LDA operates as a Public Trading Enterprise, acquiring unleased Territory land from the ACT Government at market value, and providing a dividend to Government from profits earned from land development and sales activities.

2008-09 Priorities

Strategic and operational issues to be pursued in 2008-09 include:

- implementing the Government's *Land Supply Strategy 2008-09 to 2012-13*, including supplying 3,792 residential dwelling sites in greenfield estates to the market, with over 1,617 of these sites to be provided in LDA estates or through joint venture arrangements with the private sector, and the balance through englobo sales. Key features of the 2008-09 residential program are:
 - release of Casey 2 by englobo sale, providing 1,000 dwelling sites;
 - release of a Molonglo site by englobo sale, providing 800 dwelling sites;
 - establish a joint venture arrangement for a site in Molonglo, over time providing sites for 1,000 dwellings;
 - release of a Molonglo/North Western site by englobo sale, providing 225 dwelling sites;
- contributing to delivery of the Government's *Affordable Housing Action Plan* by implementing initiatives relating to the activities of LDA;
- adapting business practices and reporting procedures to accommodate the requirements of the Government's climate change policy "*Weathering the Change - The ACT Climate Change Strategy 2007-25*" and "*Action Plan 1 2007-2011*", including triple bottom line reporting as part of the land sale process;
- completing the Kingston Foreshore harbour works and progressing further residential and commercial land releases within the project;

- development and release of Bonner, showcasing innovative approaches to sustainable communities; and
- delivering the Government's *Industrial Land Release Program* and *Commercial Land Release Program*.

Estimated Employment Level

2007-08 Budget	2007-08 Est. Outcome	2008-09 Budget
.61 Staffing (FTE)	75	83

Land Development Agency Operating Statement

2007-08 Budget \$'000		2007-08 Est.Outcome \$'000	2008-09 Budget \$'000	Var %	2009-10 Estimate \$'000	2010-11 Estimate \$'000	2011-12 Estimate \$'000
Income							
Revenue							
72	User Charges - Non ACT Government	72	72	-	72	72	72
609	User Charges - ACT Government	609	337	-45	0	0	0
2,613	Interest	1,800	2,969	65	1,488	3,232	2,020
381,100	Other Revenue	513,725	483,715	-6	384,915	442,311	439,950
384,394	Total Revenue	516,206	487,093	-6	386,475	445,615	442,042
Gains							
0	Total Gains	0	0	-	0	0	0
384,394	Total Income	516,206	487,093	-6	386,475	445,615	442,042
Expenses							
5,782	Employee Expenses	6,245	6,471	4	6,674	6,946	7,238
1,105	Superannuation Expenses	1,194	1,003	-16	1,029	1,065	1,123
9,662	Supplies and Services	12,282	13,228	8	13,224	13,438	13,677
304	Depreciation and Amortisation	304	297	-2	225	192	192
2,000	Borrowing Costs	1,200	968	-19	3,044	5,775	6,190
271,929	Cost of Goods Sold	279,096	397,202	42	316,949	363,577	356,872
6,101	Other Expenses	6,101	4,062	-33	3,499	4,103	6,379
296,883	Total Ordinary Expenses	306,422	423,231	38	344,644	395,096	391,671
6,978	Share of Operating Result from Joint Venture accounted for using the Equity Method	6,978	21,700	211	28,028	17,661	12,713
94,489	Operating Result From Ordinary Activities	216,762	85,562	-61	69,859	68,180	63,084
28,347	Income Tax Equivalent	65,029	25,669	-61	20,958	20,453	18,924
66,142	Operating Result	151,733	59,893	-61	48,901	47,727	44,160

Land Development Agency Balance Sheet

Budget as at 30/6/08 \$'000		Est.Outcome as at 30/6/08 \$'000	Planned as at 30/6/09 \$'000	Var %	Planned as at 30/6/10 \$'000	Planned as at 30/6/11 \$'000	Planned as at 30/6/12 \$'000
Current Assets							
22,208	Cash and Cash Equivalents	56,870	20,617	-64	21,905	19,417	19,512
12,286	Receivables	21,738	23,871	10	21,812	25,692	32,428
25,000	Investments	25,429	25,429	-	25,429	25,429	25,429
62,647	Inventories	66,298	106,910	61	107,929	97,847	98,862
122,141	Total Current Assets	170,335	176,827	4	177,075	168,385	176,231
Non Current Assets							
19,225	Receivables	16,859	16,859	-	16,859	16,859	16,859
39,594	Investments	51,665	45,365	-12	85,261	104,353	104,353
64,500	Inventories	49,938	49,938	-	49,938	49,938	49,938
4,213	Property, Plant and Equipment	4,519	4,222	-7	3,997	3,805	3,613
127,532	Total Non Current Assets	122,981	116,384	-5	156,055	174,955	174,763
249,673	TOTAL ASSETS	293,316	293,211	..	333,130	343,340	350,994
Current Liabilities							
3,582	Payables	43,070	55,584	29	56,505	61,636	66,440
11,000	Interest Bearing Liabilities	0	0	-	0	0	0
0	Finance Leases	16	51	219	51	51	51
1,360	Employee Benefits	1,462	2,149	47	2,335	2,540	2,773
42,043	Other Provisions	41,164	41,301	..	41,301	41,301	41,301
28,347	Income Tax Payable	44,831	6,405	-86	5,217	5,091	4,708
2,333	Other	4,545	4,543	..	4,543	4,543	4,543
88,665	Total Current Liabilities	135,088	110,033	-19	109,952	115,162	119,816
Non Current Liabilities							
26,057	Interest Bearing Liabilities	0	25,000	#	65,000	70,000	73,000
0	Finance Leases	51	0	-100	0	0	0
8	Employee Benefits	0	0	-	0	0	0
11,120	Other Provisions	18,264	18,264	-	18,264	18,264	18,264
0	Non Current Income Tax Payable	15,607	15,607	-	15,607	15,607	15,607
37,185	Total Non Current Liabilities	33,922	58,871	74	98,871	103,871	106,871
125,850	TOTAL LIABILITIES	169,010	168,904	..	208,823	219,033	226,687
123,823	NET ASSETS	124,306	124,307	..	124,307	124,307	124,307
REPRESENTED BY FUNDS EMPLOYED							
123,358	Accumulated Funds	122,136	122,137	..	122,137	122,137	122,137
465	Reserves	2,170	2,170	-	2,170	2,170	2,170
123,823	TOTAL FUNDS EMPLOYED	124,306	124,307	..	124,307	124,307	124,307

**Land Development Agency
Cash Flow Statement**

2007-08 Budget \$'000		2007-08 Est.Outcome \$'000	2008-09 Budget \$'000	Var %	2009-10 Estimate \$'000	2010-11 Estimate \$'000	2011-12 Estimate \$'000
CASH FLOWS FROM OPERATING ACTIVITIES							
Receipts							
681	User Charges	681	414	-39	84	84	84
2,613	Interest Received	1,800	2,969	65	1,488	3,232	2,020
416,487	Other Revenue	559,112	549,955	-2	443,211	501,606	497,418
419,781	Operating Receipts	561,593	553,338	-1	444,783	504,922	499,522
Payments							
6,723	Related to Employees	7,275	7,084	-3	7,516	7,805	8,126
9,662	Related to Supplies and Services	12,282	21,234	73	14,543	14,773	15,035
2,000	Borrowing Costs	0	968	#	3,044	5,775	6,190
339,131	Other	326,714	559,370	71	412,223	439,847	438,785
357,516	Operating Payments	346,271	588,656	70	437,326	468,200	468,136
62,265	NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	215,322	-35,318	-116	7,457	36,722	31,386
CASH FLOWS FROM INVESTING ACTIVITIES							
Receipts							
10,000	Proceeds from Sale/Maturities of Investments	10,000	33,959	240	2,733	3,517	9,869
10,000	Investing Receipts	10,000	33,959	240	2,733	3,517	9,869
Payments							
0	Purchase of Property, Plant and Equipment	200	0	-100	0	0	0
30,000	Purchase of Investments	47,000	0	-100	0	0	0
30,000	Investing Payments	47,200	0	-100	0	0	0
-20,000	NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES	-37,200	33,959	191	2,733	3,517	9,869
CASH FLOWS FROM FINANCING ACTIVITIES							
Receipts							
41,557	Borrowings Received	0	25,000	#	40,000	5,000	3,000
41,557	Financing Receipts	0	25,000	#	40,000	5,000	3,000
Payments							
66,142	Dividends to Government	151,733	59,894	-61	48,902	47,727	44,160
4,500	Repayment of Borrowings	0	0	-	0	0	0
70,642	Financing Payments	151,733	59,894	-61	48,902	47,727	44,160

**Land Development Agency
Cash Flow Statement**

2007-08 Budget \$'000		2007-08 Est.Outcome \$'000	2008-09 Budget \$'000	Var %	2009-10 Estimate \$'000	2010-11 Estimate \$'000	2011-12 Estimate \$'000
-29,085	NET CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES	-151,733	-34,894	77	-8,902	-42,727	-41,160
13,180	NET INCREASE/(DECREASE) IN CASH HELD	26,389	-36,253	-237	1,288	-2,488	95
9,028	CASH AT BEGINNING OF REPORTING PERIOD	30,481	56,870	87	20,617	21,905	19,417
22,208	CASH AT THE END OF THE REPORTING PERIOD	56,870	20,617	-64	21,905	19,417	19,512

Land Development Agency Statement of Changes in Equity

Budget as at 30/6/08 \$'000		Est.Outcome as at 30/6/08 \$'000	Planned as at 30/6/09 \$'000	Var %	Planned as at 30/6/10 \$'000	Planned as at 30/6/11 \$'000	Planned as at 30/6/12 \$'000
123,823	Opening Balance	124,306	124,306	-	124,307	124,307	124,307
	Accumulated Funds						
66,142	Operating Result for the Period	151,733	59,893	-61	48,901	47,727	44,160
	Reserves						
66,142	Total Income And Expense For The Period	151,733	59,893	-61	48,901	47,727	44,160
	Transactions Involving Equity Holders Affecting Accumulated Funds						
-66,142	Dividend Approved	-151,733	-59,892	-61	-48,901	-47,727	-44,160
123,823	Closing Balance	124,306	124,307	..	124,307	124,307	124,307

Notes to the Budget Statements

Significant variations are as follows:

Operating Statement

- user charges - ACT Government: the decrease of \$0.272 million in the 2008-09 Budget from the 2007-08 estimated outcome is due to the cessation of project management revenue from the Rural Villages project (\$0.609 million in 2007-08), partially offset by project management revenue relating to the Narrabundah Long Stay Caravan Park in 2008-09 (\$0.337 million).
- interest:
 - the decrease of \$0.813 million in the 2007-08 estimated outcome from the original budget is due to lower cash balances than planned due to the accelerated land program; and
 - the increase of \$1.169 million in 2008-09 Budget from the 2007-08 estimated outcome is due to increased interest rates and a higher level of investments.
- other revenue:
 - the increase of \$132.625 million in the 2007-08 estimated outcome from the original budget is due to higher than expected land sales revenues arising from residential, commercial, and industrial lease sales, reflecting strong market conditions in all sectors, and the impact of the changes of the Government's accelerated land release program; and

- the decrease of \$30.010 million in the 2008-09 Budget from the 2007-08 estimated outcome is largely due to the one-off impacts relating to the sale of land into the Crace Joint Venture arrangement, and commercial land sales in the City in 2007-08, partially offset by increased LDA developments englobo sales in 2008-09.
- employee expenses: the increase of \$0.463 million in the 2007-08 estimated outcome from the original budget and the increase of \$0.226 million in the 2008-09 Budget from the 2007-08 estimated outcome is mainly due to an increase in staff required to support the Government’s accelerated land release program.
- superannuation expenses:
 - the increase of \$0.089 million in the 2007-08 estimated outcome from the original budget is due to an increase in staff numbers; and
 - the decrease of \$0.191 million in the 2008-09 Budget from the 2007-08 estimated outcome is due to a reduction in the contribution rates to Government superannuation schemes, partially offset by an increase in staff numbers.
- supplies and services: the increase of \$2.620 million in the 2007-08 estimated outcome from the original budget, and the increase of \$0.946 million in the 2008-09 Budget from the 2007-08 estimated outcome reflects the recognition of additional services, such as consulting services, required to support the delivery of the Government’s accelerated land release program.
- borrowing costs:
 - the decrease of \$0.8 million in the 2007-08 estimated outcome from the original budget is due to the additional cashflows from higher land sales revenue which has reduced borrowings; and
 - the decrease of \$0.232 million in 2008-09 Budget from the estimated 2007-08 outcome reflects a reduction in, and re-profiling of, the borrowings program based on revised cashflow forecasts.
- cost of goods sold:
 - the increase of \$7.167 million in the 2007-08 estimated outcome from the original budget is mainly due to the accelerated land release program; and
 - the increase of \$118.106 million in the 2008-09 Budget from the 2007-08 estimated outcome is largely due to higher level of LDA estates and englobo land sales to the private sector.
- other expenses: the decrease of \$2.039 million in the 2008-09 Budget from the 2007-08 estimated outcome is due to a revised assessment of duty payable across the range of projects planned for 2008-09.
- share of operating result from joint venture: the increase of \$14.722 million in the 2008-09 Budget from the 2007-08 estimated outcome recognises higher profits associated with higher sales volume forecasts from joint venture arrangements.
- income tax equivalent:
 - the increase of \$36.682 million in the 2007-08 estimated outcome from the original budget reflects increased income tax expenses arising from a higher than budgeted operating result; and

- the decrease of \$39.360 million in the 2008-09 Budget from the 2007-08 estimated outcome reflects decreased income tax expenses arising from a lower operating result than the previous year.

Balance Sheet

- current assets:

- the increase of \$48.194 million in the 2007-08 estimated outcome from the original budget is due to an increase in cash, receivables, and inventories as follows:
 - an increase of \$34.662 million in cash due to higher than budgeted land sales;
 - an increase of \$9.452 million in receivables due to the accelerated land supply program and the transfer from non current receivables;
 - an increase of \$0.429 million in investments in joint venture arrangements; and
 - an increase of \$3.651 million in inventories due to the accelerated land supply program.
- the increase of \$6.492 million in the 2008-09 Budget from the 2007-08 estimated outcome is mainly due to:
 - an increase of \$2.133 million in receivables and inventories of \$40.612 million due to the land supply program.

partially offset by:

- a decrease of \$36.253 million in cash balance due to a significantly higher than budgeted income tax payment in 2007-08.

- non current assets:

- the decrease of \$4.551 million in the 2007-08 estimated outcome from the original budget is mainly due to:
 - an increase of \$12.071 million in investments in joint venture arrangements, mainly due to a higher than budgeted tender outcome for the Crace Joint Venture; and
 - an increase in property, plant and equipment of \$0.306 million following a revaluation of assets to fair value and acquisition of additional short-term accommodation in Kingston.

partially offset by:

- a decrease in inventories of \$14.562 million; and
- a decrease in receivables of \$2.366 million mainly due to a reclassification of non current receivables to current receivables.
- the reduction of \$6.597 million in the 2008-09 Budget from the 2007-08 estimated outcome arises mainly from a reduction in investments of \$6.3 million in land development projects.

- current liabilities:
 - the increase of \$46.423 million in the 2007-08 estimated outcome from the original budget is mainly due to the following:
 - an increase in payables of \$39.488 million due to the higher level of development activity undertaken by LDA;
 - an increase of \$2.212 million in other current liabilities associated with revenue received in advance due to higher than budgeted land sales; and
 - an increase in income tax payable of \$16.484 million due to a higher than budgeted operating profit;
 partially offset by:
 - a decrease in interest bearing liabilities of \$11 million due to significantly lower borrowings being required compared to budget, as a result of higher than budgeted cashflows from land sales.
 - the decrease of \$25.055 million in the 2008-09 Budget from the 2007-08 estimated outcome is mainly due to:
 - a decrease in income tax payable of \$38.426 million, reflecting a lower operating result than the previous year;
 partially offset by:
 - an increase in payables of \$12.774 million due to the continuation of higher levels of development activity.
- non current liabilities:
 - the decrease of \$3.263 million in the 2007-08 estimated outcome from the original budget is mainly due to:
 - a decrease in ACT Government borrowings of \$26.057 million due to higher cashflows from higher than budgeted land sales;
 partially offset by:
 - an increase of \$7.114 million in other provisions relating to the transfer of infrastructure assets to other Government agencies; and
 - an increase of \$15.607 million in income tax liability, reflecting a deferred tax liability from 2006-07.
 - the increase of \$24.949 million in the 2008-09 Budget from the 2007-08 estimated outcome is mainly due to an increase in interest bearing liabilities of \$25 million from ACT Government borrowings.
- reserves: the increase of \$1.705 million in the 2007-08 estimated outcome from the original budget is due to a revaluation of the Kingston office premises.

Cash Flow Statement

- other revenue:
 - the increase of \$142.625 million in the 2007-08 estimated outcome from the original budget is due to higher than expected residential, commercial, industrial and direct land sales; and
 - the decrease of \$9.157 million in the 2008-09 Budget from the 2007-08 estimated outcome is due to reduced residential and commercial land sales.
- proceeds from sale/maturities of investments: the increase of \$23.959 million in the 2008-09 Budget compared to the 2007-08 estimated outcome is due to the expected timing of distributions from joint ventures currently under way.
- purchase of property, plant and equipment: the increase of \$0.2 million in the 2007-08 estimated outcome from the original budget and the decrease of \$0.2 million in the 2008-09 Budget from the 2007-08 estimated outcome reflects the construction of a temporary office at Kingston in 2007-08.
- purchase of investments:
 - the increase of \$17 million in the 2007-08 estimated outcome from the original budget is due to the increase in joint venture activities; and
 - the decrease of \$47 million in the 2007-08 Budget compared to the 2007-08 estimated outcome is due to no new joint venture arrangements being planned for 2008-09.
- borrowings received:
 - the decrease of \$41.557 million in the 2007-08 estimated outcome from the original budget is due to the borrowings originally approved not being required as a result of significantly higher than budgeted cashflows from key commercial and residential sales; and
 - the increase of \$25 million in the 2008-09 Budget compared to the 2007-08 expected outcome reflects borrowings necessary to meet the increased demands of the land supply program.
- dividends to Government:
 - the increase of \$85.591 million in the 2007-08 estimated outcome from the original budget reflects the higher level of operating profit than originally forecast; and
 - the decrease of \$91.839 million in the 2008-09 Budget from the 2007-08 estimated outcome is due to the lower level of operating profit expected in 2008-09.

Statement of Changes in Equity

Variations in the statement are explained in the notes above.

