

LAND DEVELOPMENT AGENCY

Objectives

Land Development Agency (LDA) was established under the *Planning and Land Act 2002*, and commenced operations on 1 July 2003. Its mission is to contribute positively to the building of vibrant communities by facilitating high quality design and built-form outcomes in its urban renewal projects and the development of greenfields, commercial and industrial land.

The key objectives of LDA are to maintain stability of land supply, deliver higher quality urban development and to realise a better return on the Territory's land holdings. 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 to the industry.

Arrangements have been set in place for LDA to operate as a Public Trading Enterprise. This represents a more appropriate arrangement for reporting the activities of the Agency, which will acquire unleased Territory land from the Government at market value prices.

2006-07 Priorities

Strategic and operational issues to be pursued in 2006-07 include:

- releasing the first stage of LDA's residential development at Franklin;
- continuing to develop Kingston Foreshore through selective land releases and the commencement of the harbour works;
- paying dividends to the ACT Government at 100 per cent of operating profit after tax;
- finalising a joint venture arrangement for the 500 dwelling Woden East estate;
- contributing to the Government's affordable housing strategy through agreed initiatives;
- providing a service to Government through the processing of direct land grants for aged care and community purposes;
- nurturing the joint venture development of Forde as a model of sustainable development that sets new benchmarks in quality design;
- developing and releasing land in a diversity of locations to meet market demand for residential, commercial and industrial uses; and
- preparing the Agency for an upturn in market demand by having projects that already have Development Application approval and documentation for associated civil works contracts ready for the call for tenders.

Land Development Agency Operating Statement

2005-06 Budget \$'000		2005-06 Est.Outcome \$'000	2006-07 Budget \$'000	Var %	2007-08 Estimate \$'000	2008-09 Estimate \$'000	2009-10 Estimate \$'000
Income							
Revenue							
72	User Charges - Non ACT Government	72	72	-	72	72	72
3,456	Interest	2,701	2,613	-3	2,613	2,613	2,613
174,078	Other Revenue	162,109	171,511	6	170,921	186,721	197,796
26,250	Resources Received free of charge	3,800	0	-100	0	0	0
203,856	Total Revenue	168,682	174,196	3	173,606	189,406	200,481
Gains							
0	Total Gains	0	0	-	0	0	0
203,856	Total Income	168,682	174,196	3	173,606	189,406	200,481
Expenses							
5,093	Employee Expenses	5,177	4,826	-7	4,835	4,835	4,904
674	Superannuation Expenses	722	1,157	60	1,157	1,157	1,167
9,465	Supplies and Services	10,598	8,747	-17	7,457	7,913	8,310
308	Depreciation and Amortisation	312	358	15	358	318	278
78,273	Cost of Goods Sold	98,323	117,755	20	126,415	126,918	137,205
5,000	Other Expenses	10,539	5,700	-46	5,700	5,700	5,700
98,813	Total Ordinary Expenses	125,671	138,543	10	145,922	146,841	157,564
0	Share of Operating Result from Joint Venture accounted for using the Equity Method	0	0	-	435	6,810	9,237
105,043	Operating Result From Ordinary Activities	43,011	35,653	-17	28,119	49,375	52,154
0	Income Tax Equivalent	0	10,696	#	8,436	14,813	15,646
105,043	Operating Result	43,011	24,957	-42	19,683	34,562	36,508

Land Development Agency Balance Sheet

Budget as at 30/6/06 \$'000		Est.Outcome as at 30/6/06 \$'000	Planned as at 30/6/07 \$'000	Var %	Planned as at 30/6/08 \$'000	Planned as at 30/6/09 \$'000	Planned as at 30/6/10 \$'000
Current Assets							
2,001	Cash	2,001	2,001	-	2,001	2,001	2,001
5,606	Receivables	1,410	1,410	-	1,409	1,408	1,407
50,094	Investments	29,660	39,165	32	39,062	55,978	63,341
29,454	Inventories	41,888	49,522	18	41,227	49,841	48,816
6,854	Other	22,556	11,940	-47	5,700	5,700	5,700
94,009	Total Current Assets	97,515	104,038	7	89,399	114,928	121,265
Non Current Assets							
0	Investments	27,500	12,536	-54	5,054	0	0
90,552	Inventories	92,938	86,016	-7	96,150	80,015	74,849
2,492	Property, Plant and Equipment	2,745	4,229	54	3,871	3,553	3,275
5,000	Other	6,240	5,700	-9	5,700	5,700	5,700
98,044	Total Non Current Assets	129,423	108,481	-16	110,775	89,268	83,824
192,053	TOTAL ASSETS	226,938	212,519	-6	200,174	204,196	205,089
Current Liabilities							
1,446	Payables	2,384	2,384	-	2,384	2,384	2,384
588	Employee Benefits	732	752	3	779	806	833
8,928	Other Provisions	35,641	15,021	-58	8,196	5,781	5,781
0	Income Tax Payable	0	10,696	#	8,436	14,813	15,646
1,673	Other	3,195	3,195	-	3,195	3,195	3,195
12,635	Total Current Liabilities	41,952	32,048	-24	22,990	26,979	27,839
Non Current Liabilities							
0	Payables	43,240	42,240	-2	41,335	41,335	41,335
792	Employee Benefits	806	831	3	864	897	930
5,000	Other Provisions	11,655	8,115	-30	5,700	5,700	5,700
5,792	Total Non Current Liabilities	55,701	51,186	-8	47,899	47,932	47,965
18,427	TOTAL LIABILITIES	97,653	83,234	-15	70,889	74,911	75,804
173,626	NET ASSETS	129,285	129,285	-	129,285	129,285	129,285
REPRESENTED BY FUNDS EMPLOYED							
171,967	Accumulated Funds	129,229	129,229	-	129,229	129,229	129,229
1,659	Reserves	56	56	-	56	56	56
173,626	TOTAL FUNDS EMPLOYED	129,285	129,285	-	129,285	129,285	129,285

**Land Development Agency
Cash Flow Statement**

2005-06 Budget \$'000		2005-06 Est.Outcome \$'000	2006-07 Budget \$'000	Var %	2007-08 Estimate \$'000	2008-09 Estimate \$'000	2009-10 Estimate \$'000
CASH FLOWS FROM OPERATING ACTIVITIES							
Receipts							
72	User Charges	72	72	-	72	72	72
3,456	Interest Received	2,620	2,613	-	2,613	2,613	2,613
191,189	Other Revenue	187,286	174,374	-7	172,744	194,743	208,422
194,717	Operating Receipts	189,978	177,059	-7	175,429	197,428	211,107
Payments							
5,737	Related to Employees	5,869	5,938	1	5,932	5,932	6,011
9,465	Related to Supplies and Services	10,598	8,747	-17	7,457	7,913	8,310
0	Borrowing Costs	89	0	-100	0	0	0
89,240	Other	98,317	141,034	43	149,942	137,159	152,915
104,442	Operating Payments	114,873	155,719	36	163,331	151,004	167,236
90,275	NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	75,105	21,340	-72	12,098	46,424	43,871
CASH FLOWS FROM INVESTING ACTIVITIES							
Receipts							
6,553	Proceeds from Sale of Property, Plant & Equipment	3,150	0	-100	0	0	0
0	Proceeds from Sale/Maturities of Investments	0	7,482	#	13,857	7,482	5,054
6,553	Investing Receipts	3,150	7,482	138	13,857	7,482	5,054
Payments							
0	Purchase of Property, Plant and Equipment	36	1,842	#	0	0	0
4,400	Purchase of Investments	0	6,375	#	0	0	0
4,400	Investing Payments	36	8,217	#	0	0	0
2,153	NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES	3,114	-735	-124	13,857	7,482	5,054
CASH FLOWS FROM FINANCING ACTIVITIES							
Receipts							
0	Financing Receipts	0	0	-	0	0	0
Payments							
118,000	Dividends to Government	80,000	24,957	-69	19,683	34,562	36,508
118,000	Financing Payments	80,000	24,957	-69	19,683	34,562	36,508
-118,000	NET CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES	-80,000	-24,957	69	-19,683	-34,562	-36,508

**Land Development Agency
Cash Flow Statement**

2005-06 Budget \$'000		2005-06 Est.Outcome \$'000	2006-07 Budget \$'000	Var %	2007-08 Estimate \$'000	2008-09 Estimate \$'000	2009-10 Estimate \$'000
-25,572	NET INCREASE/(DECREASE) IN CASH HELD	-1,781	-4,352	-144	6,272	19,344	12,417
45,767	CASH AT BEGINNING OF REPORTING PERIOD	33,442	31,661	-5	27,309	33,581	52,925
20,195	CASH AT THE END OF THE REPORTING PERIOD	31,661	27,309	-14	33,581	52,925	65,342

Land Development Agency Statement of Changes in Equity

Budget as at 30/6/06 \$'000		Est.Outcome as at 30/6/06 \$'000	Planned as at 30/6/07 \$'000	Var %	Planned as at 30/6/08 \$'000	Planned as at 30/6/09 \$'000	Planned as at 30/6/10 \$'000
186,583	Opening Balance	166,274	129,285	-22	129,285	129,285	129,285
	Accumulated Funds						
105,043	Operating Result for the Period	43,011	24,957	-42	19,683	34,562	36,508
	Reserves						
105,043	Total Income And Expense For The Period	43,011	24,957	-42	19,683	34,562	36,508
	Transactions Involving Equity Holders Affecting Accumulated Funds						
0	Inc/Dec in Net Assets due to Admin Restructure	0	0	-	0	0	0
-118,000	Dividend Approved	-80,000	-24,957	69	-19,683	-34,562	-36,508
173,626	Closing Balance	129,285	129,285	-	129,285	129,285	129,285

Notes to the Budget Statements

Significant variations are as follows:

Operating Statement

- interest: the decrease of \$0.755 million in the 2005-06 estimated outcome from the original budget is due to a lower than expected average level of cash balances held during the year.
- other revenue:
 - the decrease of \$11.969 million in the 2005-06 estimated outcome from the original budget is due to lower than expected land sales arising from the soft market conditions for residential property experienced during 2005, partially offset by a stronger than expected commercial property market; and
 - the increase of \$9.402 million in the 2006-07 Budget from the 2005-06 estimated outcome is due to a forecast improvement in the residential property market, combined with a continuing strong commercial market.
- resources received free of charge:
 - the decrease of \$22.450 million in the 2005-06 estimated outcome from the original budget is due to the impact of changed land purchase arrangements from the ACT Planning and Land Authority (\$26.250 million). This was partially offset by land transfers from other Government agencies (\$3.8 million); and

- the decrease of \$3.8 million in the 2006-07 Budget from the 2005-06 estimated outcome is due to the purchase of land in the 2006-07 Budget and forward estimates at market value.
- employee and superannuation expenses:
 - the increase of \$0.084 million in the 2006-07 Budget from the 2005-06 estimated outcome is due to the increase in notional superannuation contribution rates (\$0.435 million) offset by savings (\$0.351 million).
- supplies and services:
 - the increase of \$1.133 million in the 2005-06 estimated outcome from the original budget is due to higher than expected costs for estate maintenance contract services and other project related services, partially offset by reduced advertising and marketing costs; and
 - the decrease of \$1.851 million in the 2006-07 Budget from the 2005-06 estimated outcome reflects savings initiatives.
- cost of goods sold: the increase of \$20.050 million in the 2005-06 estimated outcome from the original budget and the increase of \$19.432 million in the 2006-07 Budget from the 2005-06 estimated outcome reflects the purchase of unleased Territory land from the Government at market value.
- other expenses:
 - the increase of \$5.539 million in the 2005-06 estimated outcome from the original budget reflects the impact on LDA of maintaining the operations of the Gold Creek Country Club until it was sold in May 2006; and
 - the decrease of \$4.839 million in the 2006-07 Budget from the 2005-06 estimated outcome arises because LDA ceased responsibility for the operations of the Gold Creek Country Club.
- income tax equivalent:
 - the increase of \$10.696 million in the 2006-07 Budget from the 2005-06 estimated outcome reflects the impact of the inclusion of LDA in the National Tax Equivalent Regime from 2006-07.

Balance Sheet

- current assets: the increase of \$6.523 million in the 2006-07 Budget from the 2005-06 estimated outcome is mainly due to:
 - an increase in current inventories from reclassifying land stocks from non current assets as they are prepared for sale (\$7.634 million) and an increase in current investments from reclassifying non current investments in joint ventures (\$9.505 million);

offset by

- a reduction in other assets related to infrastructure assets in private sector developments that are received by LDA and transferred to other agencies during 2006-07 (\$10.616 million).

- non current assets:
 - the increase of \$31.379 million in the 2005-06 estimated outcome from the original budget is mainly due to the reclassification of LDA's investments in the joint ventures (\$27.5 million) from a current asset to a non current asset; and
 - the decrease of \$20.942 million in the 2006-07 Budget from the 2005-06 estimated outcome is mainly due to a reduction in investments from the abovementioned reclassification of investments in joint ventures to current assets (\$14.964 million), and a reduction in inventories (\$6.922 million) from the above reclassification of land stocks held for sale to current assets.
- current liabilities:
 - the increase of \$29.317 million in the 2005-06 estimated outcome from the original budget is mainly due to a higher than expected balance in the provision for transfer of infrastructure assets to other Government agencies (\$26.713 million), due to delays in the completion and handover of public infrastructure by private sector developers in a number of estates; and
 - the decrease of \$9.904 million in the 2006-07 Budget from the 2005-06 estimated outcome is mainly due to the decrease in other provisions for the transfer of infrastructure assets to other Government agencies (\$20.620 million) as the private sector developments are progressively completed, partially offset by the introduction of a new liability on LDA for the payment of income tax equivalent (\$10.696 million).
- non current liabilities:
 - the increase of \$49.909 million in the 2005-06 estimated outcome from the original budget is mainly due to an increase in payables (\$43.240 million) arising from the purchase of unleased Territory land from the Government, and an increase in the provision for transfer of infrastructure assets to other Government agencies (\$6.655 million) due to delays in the completion and handover of public infrastructure by private sector developers in a number of estates; and
 - the decrease of \$4.515 million in the 2006-07 Budget from the 2005-06 estimated outcome is mainly due to the decrease in other provisions for the transfer of infrastructure assets to other Government agencies (\$3.540 million) as the private sector developments are progressively completed.

Cashflow Statement

- other payments: the increase of \$42.717 million in the 2006-07 Budget from the 2005-06 estimated outcome is due to an increase in payments associated with construction and development activities (\$10.316 million) and the purchase of unleased Territory land at market value (\$34.450 million), offset by a decrease (\$2.049 million) in GST payments.
- dividends to Government:
 - the decrease of \$38 million in the 2005-06 estimated outcome from the original budget is due to a change in dividend policy following reclassification of the LDA as a PTE entity; and
 - the decrease of \$55.043 million in the 2006-07 Budget from the 2005-06 estimated outcome is due to revised arrangements as explained above.