

LAND DEVELOPMENT AGENCY

Objectives

The 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 facilitate a stable supply of developable land to the market, deliver high quality urban development and to realise a better 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 under normal commercial arrangements and providing a dividend to Government from profits earned out of land development and sales activities.

2007-08 Priorities

Strategic and operational issues to be pursued in 2007-08 include:

- supplying over 2,000 residential dwelling sites to the market through releases in LDA estates, joint ventures and englobo land sales to industry;
- assisting in the delivery of the Government's Land Supply Strategy and Affordable Housing Action Plan through:
 - accelerated land release;
 - the provision of affordable integrated house and land product; and
 - the provision of land for community housing.
- establishing a joint venture arrangement for the development of Crace;
- advancing the joint venture development of Forde with the completion of the first half of the residential program;
- commencing development of 500 dwellings in the Woden East joint venture;
- paying dividends to the ACT Government at 100 per cent of the operating profit after tax;
- commencing the Kingston Foreshore harbour works and progressing residential and commercial land releases within the project; and
- delivering the Government's industrial and commercial land release program.

Estimated Employment Level

	2006-07 Est. Outcome	2007-08 Budget
Staffing (FTE)	53	61

Land Development Agency Operating Statement

2006-07 Budget \$'000		2006-07 Est.Outcome \$'000	2007-08 Budget \$'000	Var %	2008-09 Estimate \$'000	2009-10 Estimate \$'000	2010-11 Estimate \$'000
Income							
Revenue							
72	User Charges - Non ACT Government	72	72	-	72	72	72
0	User Charges - ACT Government	0	609	#	84	0	0
2,613	Interest	2,613	2,613	-	2,613	2,613	2,613
171,511	Other Revenue	184,964	381,100	106	244,020	218,071	241,366
174,196	Total Revenue	187,649	384,394	105	246,789	220,756	244,051
Gains							
0	Total Gains	0	0	-	0	0	0
174,196	Total Income	187,649	384,394	105	246,789	220,756	244,051
Expenses							
4,826	Employee Expenses	4,828	5,782	20	5,835	5,914	5,914
1,157	Superannuation Expenses	950	1,105	16	1,140	1,164	1,164
8,747	Supplies and Services	8,747	9,662	10	9,904	10,152	10,406
358	Depreciation and Amortisation	358	304	-15	299	229	224
0	Borrowing Costs	0	2,000	#	4,800	5,381	5,633
117,755	Cost of Goods Sold	121,761	271,929	123	193,658	171,346	191,790
5,700	Other Expenses	199	6,101	2,966	7,834	6,957	7,822
138,543	Total Ordinary Expenses	136,843	296,883	117	223,470	201,143	222,953
0	Share of Operating Result from Joint Venture accounted for using the Equity Method	550	6,978	#	15,741	13,427	12,713
35,653	Operating Result From Ordinary Activities	51,356	94,489	84	39,060	33,040	33,811
10,696	Income Tax Equivalent	15,407	28,347	84	11,718	9,912	10,143
24,957	Operating Result	35,949	66,142	84	27,342	23,128	23,668

Land Development Agency Balance Sheet

Budget as at 30/6/07 \$'000		Est.Outcome as at 30/6/07 \$'000	Planned as at 30/6/08 \$'000	Var %	Planned as at 30/6/09 \$'000	Planned as at 30/6/10 \$'000	Planned as at 30/6/11 \$'000
Current Assets							
27,309	Cash and Cash Equivalents	9,028	22,208	146	21,045	18,834	18,755
1,410	Receivables	42,727	12,286	-71	22,285	12,284	12,283
13,857	Investments	1,926	25,000	#	23,632	9,869	9,869
49,522	Inventories	59,041	62,647	6	86,047	114,362	141,108
0	Capital Work in Progress	1,681	0	-100	0	0	0
11,940	Other	0	0	-	0	0	0
104,038	Total Current Assets	114,403	122,141	7	153,009	155,349	182,015
Non Current Assets							
0	Receivables	9,225	19,225	108	9,225	9,225	9,225
12,536	Investments	35,690	39,594	11	31,703	30,989	20,852
86,016	Inventories	103,049	64,500	-37	59,823	54,619	48,544
4,229	Property, Plant and Equipment	4,517	4,213	-7	3,914	3,685	3,461
5,700	Other	0	0	-	0	0	0
108,481	Total Non Current Assets	152,481	127,532	-16	104,665	98,518	82,082
212,519	TOTAL ASSETS	266,884	249,673	-6	257,674	253,867	264,097
Current Liabilities							
2,384	Payables	14,571	3,582	-75	3,582	3,582	3,582
0	Interest Bearing Liabilities	0	11,000	#	2,000	0	0
752	Employee Benefits	1,196	1,360	14	1,406	1,406	1,406
15,021	Other Provisions	50,693	42,043	-17	39,628	39,628	39,628
10,696	Income Tax Payable	15,407	28,347	84	11,718	9,912	10,143
3,195	Other	6,094	2,333	-62	2,332	2,331	2,330
32,048	Total Current Liabilities	87,961	88,665	1	60,666	56,859	57,089
Non Current Liabilities							
41,335	Payables	41,557	0	-100	0	0	0
905	Interest Bearing Liabilities	0	26,057	#	62,057	62,057	72,057
831	Employee Benefits	8	8	-	8	8	8
8,115	Other Provisions	13,535	11,120	-18	11,120	11,120	11,120
51,186	Total Non Current Liabilities	55,100	37,185	-33	73,185	73,185	83,185
83,234	TOTAL LIABILITIES	143,061	125,850	-12	133,851	130,044	140,274
129,285	NET ASSETS	123,823	123,823	-	123,823	123,823	123,823
REPRESENTED BY FUNDS EMPLOYED							
129,229	Accumulated Funds	123,358	123,358	-	123,358	123,358	123,358
56	Reserves	465	465	-	465	465	465
129,285	TOTAL FUNDS EMPLOYED	123,823	123,823	-	123,823	123,823	123,823

**Land Development Agency
Cash Flow Statement**

2006-07 Budget \$'000		2006-07 Est.Outcome \$'000	2007-08 Budget \$'000	Var %	2008-09 Estimate \$'000	2009-10 Estimate \$'000	2010-11 Estimate \$'000
CASH FLOWS FROM OPERATING ACTIVITIES							
Receipts							
72	User Charges	72	681	846	156	72	72
2,613	Interest Received	2,613	2,613	-	2,613	2,613	2,613
174,374	Other Revenue	175,296	416,487	138	257,786	243,481	270,925
177,059	Operating Receipts	177,981	419,781	136	260,555	246,166	273,610
Payments							
5,938	Related to Employees	5,776	6,723	16	6,929	7,078	7,078
8,747	Related to Supplies and Services	9,247	9,662	4	9,904	10,152	10,406
0	Borrowing Costs	0	2,000	#	4,800	5,381	5,633
141,034	Other	151,371	339,131	124	264,743	224,270	246,773
155,719	Operating Payments	166,394	357,516	115	286,376	246,881	269,890
21,340	NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	11,587	62,265	437	-25,821	-715	3,720
CASH FLOWS FROM INVESTING ACTIVITIES							
Receipts							
7,482	Proceeds from Sale/Maturities of Investments	0	10,000	#	25,000	23,632	9,869
7,482	Investing Receipts	0	10,000	#	25,000	23,632	9,869
Payments							
1,842	Purchase of Property, Plant and Equipment	1,842	0	-100	0	0	0
6,375	Purchase of Investments	9,500	30,000	216	0	0	0
8,217	Investing Payments	11,342	30,000	165	0	0	0
-735	NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES	-11,342	-20,000	-76	25,000	23,632	9,869
CASH FLOWS FROM FINANCING ACTIVITIES							
Receipts							
0	Borrowings Received	0	41,557	#	38,000	0	10,000
0	Financing Receipts	0	41,557	#	38,000	0	10,000
Payments							
24,957	Dividends to Government	35,949	66,142	84	27,342	23,128	23,668
0	Repayment of Borrowings	0	4,500	#	11,000	2,000	0
24,957	Financing Payments	35,949	70,642	97	38,342	25,128	23,668

**Land Development Agency
Cash Flow Statement**

2006-07 Budget \$'000		2006-07 Est.Outcome \$'000	2007-08 Budget \$'000	Var %	2008-09 Estimate \$'000	2009-10 Estimate \$'000	2010-11 Estimate \$'000
-24,957	NET CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES	-35,949	-29,085	19	-342	-25,128	-13,668
-4,352	NET INCREASE/(DECREASE) IN CASH HELD	-35,704	13,180	137	-1,163	-2,211	-79
31,661	CASH AT BEGINNING OF REPORTING PERIOD	44,732	9,028	-80	22,208	21,045	18,834
27,309	CASH AT THE END OF THE REPORTING PERIOD	9,028	22,208	146	21,045	18,834	18,755

Land Development Agency Statement of Changes in Equity

Budget as at 30/6/07 \$'000		Est.Outcome as at 30/6/07 \$'000	Planned as at 30/6/08 \$'000	Var %	Planned as at 30/6/09 \$'000	Planned as at 30/6/10 \$'000	Planned as at 30/6/11 \$'000
129,285	Opening Balance	123,823	123,823	-	123,823	123,823	123,823
	Accumulated Funds						
24,957	Operating Result for the Period	35,949	66,142	84	27,342	23,128	23,668
	Reserves						
24,957	Total Income And Expense For The Period	35,949	66,142	84	27,342	23,128	23,668
	Transactions Involving Equity Holders Affecting Accumulated Funds						
-24,957	Dividend Approved	-35,949	-66,142	-84	-27,342	-23,128	-23,668
129,285	Closing Balance	123,823	123,823	-	123,823	123,823	123,823

Notes to the Budget Statements

Significant variations are as follows:

Operating Statement

- user charges - ACT Government: the increase of \$0.609 million in the 2007-08 Budget from the 2006-07 estimated outcome is due to the recognition of project management revenue from the Rural Villages project.
- other revenue:
 - the increase of \$13.453 million in the 2006-07 estimated outcome from the original budget is due to higher than expected land sales arising from the accelerated program implemented to accommodate more robust market conditions. This has been partially offset by the deferral of planned commercial property sale settlements into 2007-08; and
 - the increase of \$196.136 million in the 2007-08 Budget from the 2006-07 estimated outcome is due to a significant increase in residential land sales, inclusion of commercial sales in the City and town centres deferred from 2006-07, and the introduction of englobo land sales and sales to Community Housing Canberra Ltd as part of the Government's affordable housing initiatives.
- employee expenses: the increase of \$0.954 million in the 2007-08 Budget from the 2006-07 estimated outcome is due to an increase in staff required to support LDA's accelerated land supply program.

- superannuation expenses:
 - the decrease of \$0.207 million in the 2006-07 estimated outcome from the original budget is due to the actual contribution rates in 2006-07 being lower than assumed in the original budget; and
 - the increase of \$0.155 million in the 2007-08 Budget from the 2006-07 estimated outcome is due to increased staffing, offset by a reduction in the contribution rates to Government superannuation schemes.
- supplies and services: the increase of \$0.915 million in the 2007-08 Budget from the 2006-07 estimated outcome reflects the additional services required to support LDA's accelerated land supply program.
- borrowing costs: the increase in borrowing costs of \$2 million in the 2007-08 Budget from the 2006-07 estimated outcome reflects the costs associated with the restructure of LDA's capital base to include an appropriate level of debt. Debt of \$44.5 million will be taken on in 2007-08.
- cost of goods sold:
 - the increase of \$4.006 million in the 2006-07 estimated outcome from the original budget is largely due to the incorrect allocation in the original budget of \$5.501 million as other expenses; and
 - the increase of \$150.168 million in the 2007-08 Budget from the 2006-07 estimated outcome reflects the increase in costs associated with the accelerated land release program.
- other expenses:
 - the decrease of \$5.501 million in the 2006-07 estimated outcome from the original budget is mainly due to the incorrect allocation in the original budget relating to cost of goods sold; and
 - the increase of \$5.902 million in the 2007-08 Budget from the 2006-07 estimated outcome relates to the requirement for LDA to pay stamp duty on the purchase of unleased land from the Government.
- share of operating result from joint venture:
 - the increase of \$0.550 million in the 2006-07 estimated outcome from the original budget reflects the commencement of profits from the Forde joint venture; and
 - the increase of \$6.428 million in the 2007-08 Budget from the 2006-07 estimated outcome recognises higher sale forecasts from the Forde joint venture and the commencement of activities in the Woden East joint venture and the proposed Crace joint venture.
- income tax equivalent:
 - the increase of \$4.711 million in the 2006-07 estimated outcome from the original budget reflects increased income tax expenses arising from a higher than budgeted operating result; and
 - the increase of \$12.940 million in the 2007-08 Budget from the 2006-07 estimated outcome reflects increased income tax expenses arising from a higher operating result than the previous year.

Balance Sheet

- current assets:
 - the increase of \$10.365 million in the 2006-07 estimated outcome from the original budget arises from an increase in cash, receivables and other current assets due to the timing of settlement of land sales recognised in 2006-07:
 - the value of infrastructure assets due to be transferred to LDA from private sector developers was separately disclosed as other current assets in the original budget, but has been reclassified as receivables in the 2006-07 estimated outcome; and
 - an increase in inventories and capital works in progress (\$11.2 million) due to LDA's accelerated land supply program, offset by a decrease in investments (\$11.931 million) due to the reallocation of balances to non current assets.
 - the increase of \$7.738 million in the 2007-08 Budget from the 2006-07 estimated outcome arises mainly from the following:
 - an increase in investments (\$23.074 million) in land development projects and an increase in inventories (\$3.606 million) due to LDA's accelerated land supply program.partially offset by;
 - a decrease in cash and receivables balances (\$17.261 million) as the level of debtors is expected to be significantly lower than 2006-07, and a decrease in capital works in progress (\$1.681 million) due to the transfer of this infrastructure to the Department of Territory and Municipal Services.
- non current assets:
 - the increase of \$44 million in the 2006-07 estimated outcome from the original budget is mainly due to the following:
 - an increase of \$23.154 million in investments in land development projects;
 - an increase of \$17.033 million in inventories due to LDA's accelerated land supply program inventories; and
 - an increase of \$3.525 million in receivables and other non current assets due to a higher than expected value of infrastructure assets due to be transferred to LDA from private sector developers.
 - the reduction of \$24.949 million in the 2007-08 Budget from the 2006-07 estimated outcome arises mainly from a reduction in inventories (\$38.549 million) due to land sales, offset by an increase in investments (\$3.904 million) in land development projects and an increase in receivables (\$10 million) arising from commercial land sales.
- current liabilities:
 - the increase of \$55.913 million in the 2006-07 estimated outcome compared to the original budget arises mainly from the following factors:
 - an increase of \$12.187 million in expected payables due to the level of development activity being undertaken by LDA;

- an increase of \$35.672 million in the balance in provisions for transfer of infrastructure assets to other Government agencies due to the timing of the completion and hand over of these assets to the Department of Territory and Municipal Services;
 - an increase in income tax payable of \$4.711 million because of a higher than expected operating profit; and
 - an increase in employee benefits of \$0.444 million due to the reallocation of provisions from non current to current.
- the increase of \$0.704 million in the 2007-08 Budget from the 2006-07 estimated outcome is mainly due to:
- an increase in income tax payable of \$12.940 million due to the higher level of profit budgeted for 2007-08 as a result of an accelerated land sales program; and
 - an increase in interest bearing liabilities of \$11 million due to new borrowings undertaken to support the Kingston Foreshore harbour works and an accelerated land acquisition program;

partially offset by;

- a decrease in payables of \$10.989 million in the 2007-08 Budget from the 2006-07 estimated outcome due to a higher than expected level of accrued development expenses in the latter part of 2006-07, reflecting the commencement of an accelerated land development and sales program; and
- a decrease in other provisions of \$8.650 million which is mainly due to a lower level of infrastructure to be transferred upon completion of development activities as a number of transfers actually occurred in 2006-07.

- non current liabilities:

- the increase of \$3.914 million in the 2006-07 estimated outcome from the original budget is mainly due to:
- an increase in other provisions for transfer of infrastructure assets to other Government agencies (\$5.420 million) due to the timing of the completion and hand over of these assets to the Department of Territory and Municipal Services;

partially offset by

- a reduction in interest bearing liabilities (\$0.905 million) due to the pay out of finance leases held in the prior year and a reduction in employee benefits (\$0.823 million) due to the reallocation of provisions from non current to current and the payment of entitlements relating to staff separations.
- the decrease of \$17.915 million in the 2007-08 Budget from the 2006-07 estimated outcome is mainly due to the reduction in the combined balance of payables and interest bearing liabilities (\$15.5 million) due to the repayment of \$4.5 million in borrowings during the year, the reclassification of \$11 million in borrowings to current liabilities and the reduction in provisions for scheme costs, as expenditure is made on large infrastructure items in projects, which have been provided for in prior years.
- reserves: the increase of \$0.409 million in the 2006-07 estimated outcome from the original budget is due to a revaluation of the Kingston office premises.

Cash Flow Statement

- other revenue: the increase of \$241.191 million in the 2007-08 Budget from the 2006-07 estimated outcome is due to:
 - a proposed increase in residential land sales;
 - increased commercial sales;
 - the introduction of englobo land sales and sales to Community Housing Canberra Ltd as part of the Government's Affordable Housing Action Plan; and
 - settlements of land sales recognised in receivables in 2006-07.
- proceeds from sale/maturities of investments: the decrease of \$7.482 million in the 2006-07 estimated outcome from the original budget and the increase of \$10 million in the 2007-08 Budget compared to the 2006-07 estimated outcome is due to the expected timing of distributions from joint ventures currently under way.
- purchase of property, plant and equipment: the decrease of \$1.842 million in the 2007-08 Budget compared to the 2006-07 estimated outcome reflects the completion of office fit-out works commenced in 2007.
- purchase of investments: the increase of \$3.125 million in the 2006-07 estimated outcome from the original budget and the increase of \$21.5 million in the 2007-08 Budget compared to the 2006-07 estimated outcome is due to the proposed increase in joint venture activities.
- borrowings received: the increase in 2007-08 of \$41.557 million in the 2007-08 Budget compared to 2006-07 expected outcome reflects the restructure of LDA's capital base to include an appropriate level of debt.
- dividends to Government:
 - the increase of \$10.992 million in the 2006-07 estimated outcome from the original budget is due to a higher level of operating profit than originally forecast; and
 - the increase of \$30.193 million in the 2007-08 Budget from the 2006-07 estimated outcome is due to the higher level of operating profit expected in 2007-08.
- repayment of borrowings: the increase of \$4.5 million in the 2007-08 Budget from the 2006-07 expected outcome arises because of the introduction of debt in LDA's capital base and the availability of sufficient funds to make repayments within agreed working capital arrangements.

