

## LAND DEVELOPMENT AGENCY

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### Objectives

Land Development Agency's (LDA) mission is to contribute positively to the building of thriving and 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.

LDA was established under the *Planning and Land Act 2002*, and commenced operations on 1 July 2003, to maintain stability of supply (including supply of land to individuals), to 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 with the private sector and by sales of undeveloped land to the industry. It is expected that over time LDA will undertake a greater proportion of land development activities in its own right.

LDA takes into account the social objectives of the Government, such as the need for affordable housing and housing for the aged.

### 2005-06 Highlights

Strategic and operational issues to be pursued in 2005-06 include:

- achieving the planned profit (subject to market conditions);
- providing an agreed dividend to the Government;
- commencing the first stage of LDA's development at Franklin;
- commencing the joint venture development of Forde;
- progressing the Kingston Foreshore as a major redevelopment project;
- releasing land to contribute to affordable housing, aged care and community development initiatives;
- implementing a predictive modelling capability for land supply and demand;
- developing commercial and industrial land to meet market demand and government economic development priorities;
- setting higher standards for ecological sustainable development in the residential market; and
- building positive relationships with industry and government bodies in the delivery of financial, economic, social and environmental outcomes.

## Land Development Agency Operating Statement

2004-05 Budget \$'000		2004-05 Est.Outcome \$'000	2005-06 Budget \$'000	Var %	2006-07 Estimate \$'000	2007-08 Estimate \$'000	2008-09 Estimate \$'000
<b>Income</b>							
<b>Revenue</b>							
72	User Charges - Non ACT Government	72	72	-	72	72	72
3 300	Interest	2 756	3 456	25	3 456	3 456	3 456
184 007	Other Revenue	179 807	174 078	-3	174 521	183 846	187 346
0	Resources Received free of charge	41 450	26 250	-37	19 000	26 900	16 250
<b>187 379</b>	<b>Total Revenue</b>	<b>224 085</b>	<b>203 856</b>	<b>-9</b>	<b>197 049</b>	<b>214 274</b>	<b>207 124</b>
<b>Gains</b>							
<b>0</b>	<b>Total Gains</b>	<b>0</b>	<b>0</b>	<b>-</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>187 379</b>	<b>Total Income</b>	<b>224 085</b>	<b>203 856</b>	<b>-9</b>	<b>197 049</b>	<b>214 274</b>	<b>207 124</b>
<b>Expenses</b>							
3 629	Employee Expenses	5 280	5 093	-4	5 309	5 318	5 318
652	Superannuation Expenses	538	674	25	728	728	728
9 950	Supplies and Services	11 151	9 465	-15	9 689	9 932	10 182
372	Depreciation and Amortisation	617	308	-50	308	308	268
108	Borrowing Costs	399	0	-100	0	0	0
81 658	Cost of Goods Sold	77 071	78 273	2	74 036	94 053	77 001
0	Other Expenses	10 854	5 000	-54	8 000	8 000	12 000
<b>96 369</b>	<b>Total Ordinary Expenses</b>	<b>105 910</b>	<b>98 813</b>	<b>-7</b>	<b>98 070</b>	<b>118 339</b>	<b>105 497</b>
1 600	Share of Operating Result from Joint Venture accounted for using the Equity Method	968	0	-100	7 000	7 000	7 000
<b>92 610</b>	<b>Operating Result</b>	<b>119 143</b>	<b>105 043</b>	<b>-12</b>	<b>105 979</b>	<b>102 935</b>	<b>108 627</b>

## Land Development Agency Balance Sheet

Budget as at 30/6/05 \$'000		Est.Outcome as at 30/6/05 \$'000	Planned as at 30/6/06 \$'000	Var %	Planned as at 30/6/07 \$'000	Planned as at 30/6/08 \$'000	Planned as at 30/6/09 \$'000
<b>Current Assets</b>							
2 115	Cash	2 001	2 001	-	2 001	2 001	2 001
35 427	Receivables	19 152	5 606	-71	5 606	5 605	5 604
47 135	Investments	71 266	50 094	-30	33 462	19 918	18 624
70 118	Inventories	29 549	29 454	..	29 454	29 454	29 454
0	Other	37 432	6 854	-82	13 000	8 000	0
<b>154 795</b>	<b>Total Current Assets</b>	<b>159 400</b>	<b>94 009</b>	<b>-41</b>	<b>83 523</b>	<b>64 978</b>	<b>55 683</b>
<b>Non Current Assets</b>							
105 366	Inventories	72 304	90 552	25	109 442	103 290	101 540
3 100	Property, Plant and Equipment	9 468	2 492	-74	2 184	1 876	1 608
0	Other	6 854	5 000	-27	0	0	0
<b>108 466</b>	<b>Total Non Current Assets</b>	<b>88 626</b>	<b>98 044</b>	<b>11</b>	<b>111 626</b>	<b>105 166</b>	<b>103 148</b>
<b>263 261</b>	<b>TOTAL ASSETS</b>	<b>248 026</b>	<b>192 053</b>	<b>-23</b>	<b>195 149</b>	<b>170 144</b>	<b>158 831</b>
<b>Current Liabilities</b>							
1 911	Payables	1 641	1 446	-12	1 446	1 446	1 446
463	Employee Benefits	626	588	-6	608	635	662
0	Other Provisions	47 749	8 928	-81	13 000	8 000	0
1 596	Other	1 723	1 673	-3	1 673	1 673	1 673
<b>3 970</b>	<b>Total Current Liabilities</b>	<b>51 739</b>	<b>12 635</b>	<b>-76</b>	<b>16 727</b>	<b>11 754</b>	<b>3 781</b>
<b>Non Current Liabilities</b>							
1 495	Payables	0	0	-	0	0	0
613	Employee Benefits	776	792	2	817	850	883
0	Other Provisions	8 928	5 000	-44	0	0	0
<b>2 108</b>	<b>Total Non Current Liabilities</b>	<b>9 704</b>	<b>5 792</b>	<b>-40</b>	<b>817</b>	<b>850</b>	<b>883</b>
<b>6 078</b>	<b>TOTAL LIABILITIES</b>	<b>61 443</b>	<b>18 427</b>	<b>-70</b>	<b>17 544</b>	<b>12 604</b>	<b>4 664</b>
<b>257 183</b>	<b>NET ASSETS</b>	<b>186 583</b>	<b>173 626</b>	<b>-7</b>	<b>177 605</b>	<b>157 540</b>	<b>154 167</b>
<b>REPRESENTED BY FUNDS EMPLOYED</b>							
155 205	Accumulated Funds	184 924	171 967	-7	175 946	155 881	152 508
101 978	Reserves	1 659	1 659	-	1 659	1 659	1 659
<b>257 183</b>	<b>TOTAL FUNDS EMPLOYED</b>	<b>186 583</b>	<b>173 626</b>	<b>-7</b>	<b>177 605</b>	<b>157 540</b>	<b>154 167</b>

**Land Development Agency  
Cash Flow Statement**

2004-05 Budget \$'000		2004-05 Est.Outcome \$'000	2005-06 Budget \$'000	Var %	2006-07 Estimate \$'000	2007-08 Estimate \$'000	2008-09 Estimate \$'000
	<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
	<b>Receipts</b>						
72	User Charges	72	72	-	72	72	72
3 300	Interest Received	2 760	3 456	25	3 456	3 456	3 456
178 434	Other Revenue	202 889	191 189	-6	182 094	189 944	189 268
<b>181 806</b>	<b>Operating Receipts</b>	<b>205 721</b>	<b>194 717</b>	<b>-5</b>	<b>185 622</b>	<b>193 472</b>	<b>192 796</b>
	<b>Payments</b>						
4 266	Related to Employees	5 870	5 737	-2	5 992	5 986	5 986
9 950	Related to Supplies and Services	11 251	9 465	-16	9 689	9 932	10 182
108	Borrowing Costs	519	0	-100	0	0	0
87 124	Other	108 188	89 240	-18	84 573	68 098	65 922
<b>101 448</b>	<b>Operating Payments</b>	<b>125 828</b>	<b>104 442</b>	<b>-17</b>	<b>100 254</b>	<b>84 016</b>	<b>82 090</b>
<b>80 358</b>	<b>NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES</b>	<b>79 893</b>	<b>90 275</b>	<b>13</b>	<b>85 368</b>	<b>109 456</b>	<b>110 706</b>
	<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
	<b>Receipts</b>						
4 539	Proceeds from Sale of Property, Plant & Equipment	0	6 553	#	0	0	0
6 562	Proceeds from Sale/Maturities of Investments	4 277	0	-100	16 400	14 500	1 000
<b>11 101</b>	<b>Investing Receipts</b>	<b>4 277</b>	<b>6 553</b>	<b>53</b>	<b>16 400</b>	<b>14 500</b>	<b>1 000</b>
	<b>Payments</b>						
0	Purchase of Property, Plant and Equipment	1 225	0	-100	0	0	0
19 250	Purchase of Investments	27 500	4 400	-84	0	0	0
<b>19 250</b>	<b>Investing Payments</b>	<b>28 725</b>	<b>4 400</b>	<b>-85</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>-8 149</b>	<b>NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES</b>	<b>-24 448</b>	<b>2 153</b>	<b>109</b>	<b>16 400</b>	<b>14 500</b>	<b>1 000</b>
	<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>						
	<b>Payments</b>						
73 310	Dividends to Government	73 310	118 000	61	102 000	123 000	112 000
6 421	Repayment of Borrowings	6 421	0	-100	0	0	0
0	Repayment of Finance Lease	390	0	-100	0	0	0
<b>79 731</b>	<b>Financing Payments</b>	<b>80 121</b>	<b>118 000</b>	<b>47</b>	<b>102 000</b>	<b>123 000</b>	<b>112 000</b>
<b>-79 731</b>	<b>NET CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES</b>	<b>-80 121</b>	<b>-118 000</b>	<b>-47</b>	<b>-102 000</b>	<b>-123 000</b>	<b>-112 000</b>
<b>-7 522</b>	<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	<b>-24 676</b>	<b>-25 572</b>	<b>-4</b>	<b>-232</b>	<b>956</b>	<b>-294</b>
<b>37 522</b>	<b>CASH AT BEGINNING OF REPORTING PERIOD</b>	<b>70 443</b>	<b>45 767</b>	<b>-35</b>	<b>20 195</b>	<b>19 963</b>	<b>20 919</b>
<b>30 000</b>	<b>CASH AT THE END OF THE REPORTING PERIOD</b>	<b>45 767</b>	<b>20 195</b>	<b>-56</b>	<b>19 963</b>	<b>20 919</b>	<b>20 625</b>

## Land Development Agency Statement of Changes in Equity

Budget as at 30/6/05 \$'000		Est.Outcome as at 30/6/05 \$'000	Planned as at 30/6/06 \$'000	Var %	Planned as at 30/6/07 \$'000	Planned as at 30/6/08 \$'000	Planned as at 30/6/09 \$'000
302 951	<b>Opening Balance</b>	140 750	186 583	33	173 626	177 605	157 540
	<b>Accumulated Funds</b>						
92 610	Operating Result for the Period	119 143	105 043	-12	105 979	102 935	108 627
	<b>Reserves</b>						
-65 068	Increase/(Decrease) in other reserves	0	0	-	0	0	0
27 542	<b>Total Income And Expense For The Period</b>	119 143	105 043	-12	105 979	102 935	108 627
	<b>Transactions Involving Equity Holders Affecting Accumulated Funds</b>						
-73 310	Dividend Approved	-73 310	-118 000	61	-102 000	-123 000	-112 000
257 183	<b>Closing Balance</b>	186 583	173 626	-7	177 605	157 540	154 167

### Notes to the Budget Statements

Significant variations are as follows:

#### *Operating Statement*

- interest: the increase of \$0.7m in the 2005-06 Budget from the 2004-05 estimated outcome is due to an expectation that the land sales program will generate higher levels of cash balances during the first half of the year.
- other revenue:
  - the decrease of \$4.2m in the 2004-05 estimated outcome from the original budget is due to the softening of the residential market; and
  - the decrease of \$5.729m in the 2005-06 Budget from the 2004-05 estimated outcome is due to the softer residential market conditions that are expected to continue in the medium term.
- resources received free of charge:
  - the increase of \$41.450m in the 2004-05 estimated outcome from the original budget is due to a change in accounting policy which requires the notional value of unleased Territory land sold to be recognised as an expense at the time of sale, and a corresponding revenue (resources received free of charge) of equal value also to be recognised at the same time in order to more appropriately match expenses to revenue; and
  - the decrease of \$15.2m in the 2005-06 Budget from the 2004-05 estimated outcome reflects the lower land sales expected in 2005-06.

- employee and superannuation expenses:
  - the increase of \$1.537m in the 2004-05 estimated outcome from the original budget is due to employee expenses associated with the Gold Creek Country Club being included for the full financial year, due to the delay in the sale of the Club from 2004-05 to 2005-06; and
  - the 2005-06 Budget is not significantly different to that of the 2004-05 estimated outcome, because the decrease in expenses due to the sale of the Gold Creek Country Club has been off set by increase in staffing within LDA.
- supplies and services:
  - the increase of \$1.201m in the 2004-05 estimated outcome from the original budget is because the estimated outcome includes the operations of the Gold Creek Country Club for the full financial year due to the delay in the sale of the Club from 2004-05 to 2005-06; and
  - the decrease of \$1.686m in the 2005-06 Budget from the 2004-05 estimated outcome is due to the exclusion of the Gold Creek Country Club as it is expected to be sold in early 2005-06.
- depreciation and amortisation:
  - the increase of \$0.245m in 2004-05 estimated outcome from the original budget is due to the delay in the sale of the Gold Creek Country Club from 2004-05 to early 2005-06 and unanticipated capital expenditure on office accommodation for LDA; and
  - the decrease of \$0.309m in the 2005-06 Budget from the 2004-05 estimated outcome reflects the reduction in property, plant and equipment assets arising from the expected sale of Gold Creek Country Club in early 2005-06.
- borrowing costs:
  - the increase of \$0.291m in the 2004-05 estimated outcome from the original budget is due to the repayments of borrowings occurring later in the financial year than anticipated; and
  - the decrease of \$0.399m in the 2005-06 Budget from the 2004-05 estimated outcome is a result of the full repayment of LDA's borrowings by the end of 2004-05.
- cost of goods sold:
  - the decrease of \$4.587m in the 2004-05 estimated outcome from the original budget occurs mainly as a result of the sale of the large residential development site of Forde into a joint venture, which will undertake the development activities instead of LDA. This is partially offset by a change in accounting policy which requires the notional value of unleased Territory land sold to be recognised as an expense at the time of sale; and
  - the increase of \$1.202m in the 2005-06 Budget from the 2004-05 estimated outcome is a result of expected increases in the cost of development activities, partially offset by the reduced volume of sales because of the forecasted softer short and medium term residential market conditions.

- other expenses:
  - the increase of \$10.854m in the 2004-05 estimated outcome from the original budget is due to the recognition of the expense of transferring infrastructure assets developed by private developers to the relevant Government agencies, whereas it was assumed at the time of preparing the 2004-05 Budget that there would be no sale of development sites to private developers; and
  - the decrease of \$5.854m in the 2005-06 Budget from the estimated outcome reflects the reduced level of sale of development sites to the private sector by LDA, as land development will increasingly be undertaken by LDA.
- share of operating result from joint venture:
  - the decrease of \$0.632m in the 2004-05 estimated outcome from the original budget arises from a higher proportion of the profit from the Kingston Stage 1A Joint Venture was recognised in 2003-04 rather than in 2004-05; and
  - the decrease of \$0.968m in 2005-06 Budget from the 2004-05 estimated outcome reflects the completion of Kingston Stage 1A Joint Venture in 2004-05. The joint ventures commencing in 2005-06 will generate revenue in subsequent financial years.

#### *Balance Sheet*

- current assets:
  - the increase of \$4.605m in the 2004-05 estimated outcome from the original budget is the result of a number of factors: the right to receive infrastructure assets increased because of the sale of development sites to private developers was not anticipated in the 2004-05 Budget, and investment in business undertakings increased because of the recognition of the joint venture to be established towards the end of 2004-05 for development of Forde. These increases are mostly offset by a decrease in receivables as sales are expected to be settled within the financial year, and a decrease in inventory because of a change in accounting policy; and
  - the decrease of \$65.391m in the 2005-06 Budget from the 2004-05 estimated outcome reflects reduced cash balances as LDA makes dividend payments to the Territory, lower levels of receivables as land sales are settled within the financial year and reduced levels of rights to receive infrastructure assets as private sector developments are completed and infrastructure is progressively handed over to the relevant Government agencies.
- non current assets:
  - the decrease of \$19.840m in the 2004-05 estimated outcome from the original budget is due mainly to the decrease in inventories because of change in accounting policy on valuation of unleased Territory land offset by an increase in plant and equipment arising from the delay in the sale of Gold Creek Country Club from 2004-05 to 2005-06; and
  - the increase of \$9.418m in the 2005-06 Budget from the 2004-05 estimated outcome is due mainly to the increase in inventories arising from the construction of significant infrastructure in LDA's estates, particularly at Kingston Foreshore.

- current liabilities:
  - the increase of \$47.769m in the 2004-05 estimated outcome from the original budget is mainly due to the provision for transfer of infrastructure assets developed by private developers to the relevant Government agencies, which was not anticipated at the time of preparing the 2004-05 Budget; and
  - the decrease of \$39.104m in the 2005-06 Budget from the 2004-05 estimated outcome is mainly due to the reduction in provision for transfer of infrastructure assets developed by private developers to the relevant Government agencies, as these developments are progressively completed and land development is increasingly undertaken by LDA.
- non current liabilities:
  - the increase of \$7.596m in the 2004-05 estimated outcome from the original budget is mainly due to the provision for transfer of infrastructure assets developed by private developers to relevant Government agencies, which was not anticipated at the time of preparing the 2004-05 Budget; and
  - the decrease of \$3.912m in the 2005-06 Budget from the 2004-05 estimated outcome is mainly due to the reduction in the provision for transfer of infrastructure assets developed by private developers to the relevant Government agencies, as these developments are progressively completed and land development is increasingly undertaken by LDA.