

LAND DEVELOPMENT AGENCY

Purpose

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 ACT by building vibrant and sustainable communities through greenfield, brownfield and urban renewal projects to develop residential, commercial, industrial and community land.

The 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.

The 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 the Government from the profits earned from those land development and sales activities.

Key objectives of the LDA are to deliver the Government's land release program, deliver high quality urban development and provide agreed returns to the Territory on its investment in the Agency. The LDA contributes to the delivery of the Government's key policies and priorities related to land supply, affordable housing, sustainability and climate change.

2013-14 Priorities

The LDA's priorities for 2013-14 are:

- delivering the Government's agreed Indicative Land Release Programs for residential, commercial, industrial and community land uses;
- providing timely support for direct sales of land by the Government;
- contributing to the delivery of the Capital Metro project;
- delivering quality and sustainable developments including public realm and community development;
- providing a variety of land and housing options that set benchmarks for quality and timeliness in sustainable building and design;
- contributing to diversity in the supply of new housing in the Territory, reflective of current and anticipated demographic change;
- providing a safe working environment for LDA staff; and
- promoting a safe and healthy workplace by the appropriate monitoring of contractors engaged by the LDA to ensure their work is conducted safely.

Estimated Employment Level

2011-12 Actual Outcome	2012-13 Budget	2012-13 Est. Outcome	2013-14 Budget
86 Staffing (FTE)	100	93 ¹	100

Note:

1. The reduction in the 2012-13 estimated outcome compared to the 2012-13 Budget and 2013-14 estimated employment levels is due to temporary vacancies which are expected to be filled in 2013-14.

Land Development Agency Operating Statement

2012-13 Budget \$'000		2012-13 Est. Outcome \$'000	2013-14 Budget \$'000	Var %	2014-15 Estimate \$'000	2015-16 Estimate \$'000	2016-17 Estimate \$'000
Income							
Revenue							
140	User Charges — Non ACT Government	140	144	3	147	151	151
3,414	Grants from the Commonwealth	3,414	377	-89	0	0	0
2,700	Interest	500	400	-20	400	300	300
0	Distribution from Investments with the Territory Banking Account ¹	3,000	2,500	-17	2,000	2,000	2,000
381,861	Land Revenue	265,795	484,499	82	553,748	658,572	556,199
132	Other Revenue	452	452	-	463	475	487
388,247	Total Revenue	273,301	488,372	79	556,758	661,498	559,137
Gains							
0	Other Gains	8,400	0	-100	0	0	0
0	Total Gains	8,400	0	-100	0	0	0
388,247	Total Income	281,701	488,372	73	556,758	661,498	559,137
Expenses							
11,547	Employee Expenses	11,096	12,380	12	12,861	13,365	13,762
1,251	Superannuation Expenses	1,458	1,634	12	1,686	1,730	1,788
16,983	Supplies and Services	18,874	21,179	12	21,708	22,250	22,808
459	Depreciation and Amortisation	541	422	-22	67	56	56
5,822	Borrowing Costs	3,214	5,792	80	8,857	6,850	6,851
259,811	Cost of Goods Sold	134,540	341,278	154	396,648	435,662	363,485
3,454	Grants and Purchased Services	3,477	919	-74	500	512	525
2,285	Other Expenses	5,603	6,006	7	9,188	7,108	7,104
301,612	Total Ordinary Expenses	178,803	389,610	118	451,515	487,533	416,379
16,667	Share of Operating Result from Joint Venture accounted for using the Equity Method	33,701	13,609	-60	1,105	30,000	30,000
103,302	Operating Result from Ordinary Activities	136,599	112,371	-18	106,348	203,965	172,758
30,990	Income Tax Equivalent	40,980	33,710	-18	31,904	61,187	51,816
72,312	Operating Result	95,619	78,661	-18	74,444	142,778	120,942
72,312	Total Comprehensive Income	95,619	78,661	-18	74,444	142,778	120,942

Note:

- Interest received from investments with the Territory Banking Account is no longer presented as Interest Income. These amounts are now reflected under the line item Distribution from the Territory Banking Account. This treatment is not reflected in the 2012-13 Budget figures.

Land Development Agency Balance Sheet

Budget as at 30/6/13 \$'000		Est. Outcome as at 30/6/13 \$'000	Budget as at 30/6/14 \$'000	Var %	Estimate as at 30/6/15 \$'000	Estimate as at 30/6/16 \$'000	Estimate as at 30/6/17 \$'000
Current Assets							
20,253	Cash and Cash Equivalents	83,393	57,057	-32	56,739	107,482	109,122
34,758	Receivables	76,804	107,362	40	108,199	71,934	40,506
17,766	Investments	25,479	1,321	-95	0	0	0
121,150	Inventories	85,841	117,065	36	103,890	90,858	93,527
193,927	Total Current Assets	271,517	282,805	4	268,828	270,274	243,155
Non Current Assets							
17,042	Receivables	6,321	6,321	-	6,321	6,321	6,321
3,369	Investments	0	0	-	0	0	0
95,031	Inventories	85,984	111,531	30	100,751	90,088	92,272
4,745	Property, Plant and Equipment	4,828	4,433	-8	4,376	4,320	4,264
22	Intangibles	36	9	-75	0	0	0
120,209	Total Non Current Assets	97,169	122,294	26	111,448	100,729	102,857
314,136	TOTAL ASSETS	368,686	405,099	10	380,276	371,003	346,012
Current Liabilities							
35,425	Payables	21,122	58,631	178	63,106	38,893	18,150
83	Finance Leases	51	51	-	51	51	51
3,187	Employee Benefits	3,327	3,329	..	3,376	3,019	3,075
63,204	Other Provisions	73,049	73,049	-	73,049	73,049	73,049
7,544	Income Tax Payable	17,475	8,397	-52	7,976	14,940	12,480
21,767	Other Liabilities	65,850	73,830	12	44,906	53,238	51,394
131,210	Total Current Liabilities	180,874	217,287	20	192,464	183,190	158,199
Non Current Liabilities							
23	Finance Leases	81	81	-	81	81	81
237	Employee Benefits	262	262	-	262	263	263
36,987	Other Non Current Provisions	31,861	31,861	-	31,861	31,861	31,861
19,176	Income Tax Payable Non Current	29,105	29,105	-	29,105	29,105	29,105
56,423	Total Non Current Liabilities	61,309	61,309	-	61,309	61,310	61,310
187,633	TOTAL LIABILITIES	242,183	278,596	15	253,773	244,500	219,509
126,503	NET ASSETS	126,503	126,503	-	126,503	126,503	126,503
REPRESENTED BY FUNDS EMPLOYED							
122,902	Accumulated Funds	122,902	122,902	-	122,902	122,902	122,902
3,601	Reserves	3,601	3,601	-	3,601	3,601	3,601
126,503	TOTAL FUNDS EMPLOYED	126,503	126,503	-	126,503	126,503	126,503

**Land Development Agency
Statement of Changes in Equity**

Budget as at 30/6/13 \$'000		Est. Outcome as at 30/6/13 \$'000	Budget as at 30/6/14 \$'000	Var %	Estimate as at 30/6/15 \$'000	Estimate as at 30/6/16 \$'000	Estimate as at 30/6/17 \$'000
Opening Equity							
122,902	Opening Accumulated Funds	122,902	122,902	-	122,902	122,902	122,902
3,601	Opening Asset Revaluation Reserve	3,601	3,601	-	3,601	3,601	3,601
126,503	Balance at the Start of the Reporting Period	126,503	126,503	-	126,503	126,503	126,503
Comprehensive Income							
72,312	Operating Result for the Period	95,619	78,661	-18	74,444	142,778	120,942
72,312	Total Comprehensive Income	95,619	78,661	-18	74,444	142,778	120,942
0	Total Movement in Reserves	0	0	-	0	0	0
Transactions Involving Owners Affecting Accumulated Funds							
-72,312	Dividend Approved	-95,619	-78,661	18	-74,444	-142,778	-120,942
-72,312	Total Transactions Involving Owners Affecting Accumulated Funds	-95,619	-78,661	18	-74,444	-142,778	-120,942
Closing Equity							
122,902	Closing Accumulated Funds	122,902	122,902	-	122,902	122,902	122,902
3,601	Closing Asset Revaluation Reserve	3,601	3,601	-	3,601	3,601	3,601
126,503	Balance at the End of the Reporting Period	126,503	126,503	-	126,503	126,503	126,503

Land Development Agency Cash Flow Statement

2012-13 Budget \$'000	2012-13 Est. Outcome \$'000	2013-14 Budget \$'000	Var %	2014-15 Estimate \$'000	2015-16 Estimate \$'000	2016-17 Estimate \$'000
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts						
140	155	144	-7	147	151	151
3,414	3,414	377	-89	0	0	0
2,700	506	400	-21	400	300	300
0	3,487	2,625	-25	2,125	2,000	2,000
437,893	323,764	475,777	47	574,863	750,930	638,765
444,147	331,326	479,323	45	577,535	753,381	641,216
Payments						
11,402	11,056	12,380	12	12,821	13,676	13,712
1,251	1,458	1,632	12	1,680	1,776	1,782
18,794	19,539	21,226	9	21,735	22,276	22,836
5,817	3,205	5,783	80	8,848	6,841	6,841
3,454	3,825	1,011	-74	550	563	578
430,352	216,584	430,734	99	431,278	523,063	471,052
471,070	255,667	472,766	85	476,912	568,195	516,801
-26,923	75,659	6,557	-91	100,623	185,186	124,415
CASH FLOWS FROM INVESTING ACTIVITIES						
Receipts						
111,590	112,400	37,787	-66	2,426	0	0
111,590	112,400	37,787	-66	2,426	0	0
111,590	112,400	37,787	-66	2,426	0	0
CASH FLOWS FROM FINANCING ACTIVITIES						
Payments						
72,310	122,579	70,680	-42	103,367	134,443	122,775
72,310	122,579	70,680	-42	103,367	134,443	122,775
-72,310	-122,579	-70,680	42	-103,367	-134,443	-122,775
12,357	65,480	-26,336	-140	-318	50,743	1,640
7,896	17,913	83,393	366	57,057	56,739	107,482
20,253	83,393	57,057	-32	56,739	107,482	109,122

Note:

- Interest received from investments with the Territory Banking Account is no longer presented as Interest Income. These amounts are now reflected under the line item Distribution from the Territory Banking Account. This treatment is not reflected in the 2012-13 Budget figures.

Notes to the Budget Statements

Significant variations are as follows:

Operating Statement

- grants from the Commonwealth: the decrease of \$3.037 million in the 2013-14 Budget from the 2012-13 estimated outcome is due to the cessation of Housing Affordability Funding received from the Commonwealth.
- interest and distribution from investments with the Territory Banking Account:
 - the increase of \$0.8 million in the 2012-13 estimated outcome from the original budget is due to additional investment returns from higher cash balances than planned as a result of lower than expected development expenditure; and
 - the decrease of \$0.6 million in 2013-14 Budget from the 2012-13 estimated outcome is due to the LDA having, on average, lower cash balances to invest as a result of higher development expenditure in 2013-14.
- land revenue:
 - the decrease of \$116.066 million in the 2012-13 estimated outcome from the original budget relates to lower than expected settlements from residential, commercial and industrial lease sales, due to the slower than expected receipt of regulatory clearances and lower sales in the residential, industrial and commercial sector; and
 - the increase of \$218.704 million in the 2013-14 Budget from the 2012-13 estimated outcome is due to an anticipated increase in land sales revenue (including \$7.650 million for the Hotel Kurrajong) from residential, commercial and aged care in 2013-14.
- other gains: the increase of \$8.4 million in the 2012-13 estimated outcome from the original budget and decrease of \$8.4 million in the 2013-14 Budget from the 2012-13 estimated outcome are due to one-off transfers of land from other Directorates which will be sold by LDA.
- employee and superannuation expenses: the increase of \$1.460 million in the 2013-14 Budget from the 2012-13 estimated outcome is mainly due to the filling of vacant positions.
- supplies and services:
 - the increase of \$1.891 million in the 2012-13 estimated outcome from the original budget is mainly due to costs associated with a review of the application of GST on land sales by the LDA and an investigation and documentation of alternative land release methodologies; and
 - the increase of \$2.305 million in the 2013-14 Budget from the 2012-13 estimated outcome is mainly due to increased selling and marketing expenses due to anticipated increased land sales in 2013-14.

- borrowing costs:
 - the decrease of \$2.608 million in the 2012-13 estimated outcome from the original budget is due to lower than estimated land holding costs; and
 - the increase of \$2.578 million in the 2013-14 Budget from the 2012-13 estimated outcome is due to higher land holding costs as a result of increased levels of development activity.
- cost of goods sold:
 - the decrease of \$125.271 million in the 2012-13 estimated outcome from the original budget is due to a lower volume of land sale settlements; and
 - the increase of \$206.738 million in the 2013-14 Budget from the 2012-13 estimated outcome is mainly due to an anticipated higher volume of land sale settlements.
- grants and purchased services: the decrease of \$2.558 million in the 2013-14 Budget from the 2012-13 estimated outcome is mainly due to the cessation of Housing Affordability Funding received from the Commonwealth Government and subsequent reduced distributions to Joint Venture partners and third party developers.
- other expenses:
 - the increase of \$3.318 million in the 2012-13 estimated outcome from the original budget is mainly due to costs associated with supporting the Capital Metro Project and increased conveyance duty payments, partially offset by decreased land transfers to other Directorates; and
 - the increase of \$0.403 million in the 2013-14 Budget from the 2012-13 estimated outcome is mainly due to higher conveyance duty payment, partially offset by a reduction in costs associated with the Capital Metro Project.
- share of operating result from Joint Venture:
 - the increase of \$17.034 million in the 2012-13 estimated outcome from the original budget is due to changes in the timing of the recognition of Joint Venture development rights revenue; and
 - the decrease of \$20.092 million in the 2013-14 Budget from the 2012-13 estimated outcome is due to lower Joint Venture activity.
- income tax equivalent:
 - the increase of \$9.990 million in the 2012-13 estimated outcome from the original budget is mainly relates to additional revenue from GST refunds related to prior year land sales and a higher share of operating results from Joint Ventures, partially offset by lower than anticipated land sales settlements; and
 - the decrease of \$7.270 million in the 2013-14 Budget from the 2012-13 estimated outcome relates to GST refunds received in 2012-13 and a lower share of operating results from Joint Ventures, partially offset by higher land sales settlements.

Balance Sheet

- cash and cash equivalents:
 - the increase of \$63.140 million in the 2012-13 estimated outcome from the original budget is largely due to lower than budgeted payments for development and land costs; and
 - the decrease of \$26.336 million in the 2013-14 Budget from the 2012-13 estimated outcome is largely due to anticipated higher payments for development costs and land costs.
- current and non current receivables: the increase of \$31.325 million in the 2012-13 estimated outcome from the original budget and the increase of \$30.558 million in the 2013-14 Budget from the 2012-13 estimated outcome relate to increased activity for land sales.
- current and non current investments:
 - the increase of \$4.344 million in the 2012-13 estimated outcome from the original budget is due to an increase in the carrying value of Joint Venture investments; and
 - the decrease of \$24.158 million in the 2013-14 Budget from the 2012-13 estimated outcome is due to decreased investment in Joint Ventures.
- current and non current inventories:
 - the decrease of \$44.356 million in the 2012-13 estimated outcome from the original budget is mainly due to lower than expected development activity and expenditure; and
 - the increase of \$56.771 million in the 2013-14 Budget from the 2012-13 estimated outcome is due to anticipated increase in development activity and expenditure.
- property, plant and equipment: the decrease of \$0.395 million in the 2013-14 Budget from the 2012-13 estimated outcome is mainly due to depreciation.
- current payables:
 - the decrease of \$14.303 million in the 2012-13 estimated outcome from the original budget is mainly due to the reclassification of accrued land value for finished inventory to other liabilities; and
 - the increase of \$37.509 million in the 2013-14 Budget from the 2012-13 estimated outcome mainly relates to a reassessment of the timing of land payments.
- current and non current other provisions: the increase of \$4.719 million in the 2012-13 estimated outcome from the original budget is due to an increase in the provisions for project completion and the transfer of infrastructure assets to Territory and Municipal Services Directorate and ACTEW Corporation.
- current and non current income tax payable:
 - the increase of \$19.860 million in the 2012-13 estimated outcome from the original budget is due to increased operating surplus and timing differences in income tax payments under tax effect accounting principles; and

- the decrease of \$9.078 million in the 2013-14 Budget from the 2012-13 estimated outcome is due to a reduction in the budgeted operating surplus in 2013-14.
- current other liabilities:
 - the increase of \$44.083 million in the 2012-13 estimated outcome from the original budget is due to increased dividend payable and reclassification of accrued land inventory development costs from payables to current other liabilities, partially offset by reduced land sales revenue received in advance relating to exchanged contracts held at the end of the financial year; and
 - the increase of \$7.980 million in the 2013-14 Budget from the 2012-13 estimated outcome is due to an expected increase in the dividend payable.

Statement of Changes in Equity

Variations in the statement are explained in the notes above.

Cash Flow Statement

Variations in the statement are explained in the notes above.

