

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 and urban renewal projects developing residential, commercial, industrial and community land.

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.

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.

2012-13 Priorities

The LDA's priorities for 2012-13 are:

- implementing the Government's agreed Indicative Land Release Programs;
- working towards achieving an inventory of serviced land and land with regulatory approvals and clearances ready for future development;
- working with Directorates to ensure the availability of planning ready and serviced land to support the Land Release Programs;
- paying dividends to the Government at 100 per cent of the operating profit after tax;
- working with Directorates, and in partnership with industry, to contribute to the delivery of the Government's affordable housing policies;
- demonstrating both leadership and achievement in the delivery of environmentally sustainable land development; and
- progressing the redevelopment of the transit corridor between Civic and Gungahlin, through the newly established Gungahlin to City Project Office, by coordinating and developing transit, urban planning and financial and delivery options.

Estimated Employment Level

2010-11 Actual Outcome	2011-12 Budget	2011-12 Est. Outcome	2012-13 Budget
97 Staffing (FTE)	100	100	100

Land Development Agency Operating Statement

2011-12 Budget \$'000		2011-12 Est. Outcome \$'000	2012-13 Budget \$'000	Var %	2013-14 Estimate \$'000	2014-15 Estimate \$'000	2015-16 Estimate \$'000
Income							
Revenue							
140	User Charges - Non ACT Government	140	140	-	144	147	151
4,291	Grants from the Commonwealth	4,291	3,414	-20	0	0	0
2,800	Interest	5,300	2,700	-49	1,600	3,600	5,600
689,061	Land Revenue	478,517	381,861	-20	576,055	614,972	762,063
132	Other Revenue	9,162	132	-99	135	139	142
0	Resources Received Free of Charge	83	0	-100	0	0	0
696,424	Total Revenue	497,493	388,247	-22	577,934	618,858	767,956
Gains							
0	Other Gains	7,012	0	-100	0	0	0
0	Total Gains	7,012	0	-100	0	0	0
696,424	Total Income	504,505	388,247	-23	577,934	618,858	767,956
Expenses							
11,360	Employee Expenses	10,689	11,547	8	12,068	12,606	13,162
1,466	Superannuation Expenses	1,394	1,251	-10	1,295	1,339	1,386
21,795	Supplies and Services	16,033	16,983	6	17,027	17,715	17,553
606	Depreciation and Amortisation	543	459	-15	344	56	56
5,650	Borrowing Costs	5,645	5,822	3	2,390	3,355	6,255
452,991	Cost of Goods Sold	284,813	259,811	-9	397,118	414,821	484,707
3,789	Grants and Purchased Services	3,870	3,454	-11	41	42	43
15,460	Other Expenses	16,334	2,285	-86	3,579	7,070	8,456
513,117	Total Ordinary Expenses	339,321	301,612	-11	433,862	457,004	531,618
37,960	Share of Operating Result from Joint Venture accounted for using the Equity Method	33,544	16,667	-50	9,639	3,426	-108
221,267	Operating Result from Ordinary Activities	198,728	103,302	-48	153,711	165,280	236,230
66,380	Income Tax Equivalent	59,618	30,990	-48	46,112	49,584	70,867
154,887	Operating Result	139,110	72,312	-48	107,599	115,696	165,363
154,887	Total Comprehensive Income	139,110	72,312	-48	107,599	115,696	165,363

Land Development Agency Balance Sheet

Budget as at 30/6/12 \$'000		Est. Outcome as at 30/6/12 \$'000	Planned as at 30/6/13 \$'000	Var %	Planned as at 30/6/14 \$'000	Planned as at 30/6/15 \$'000	Planned as at 30/6/16 \$'000
	Current Assets						
5,001	Cash and Cash Equivalents	7,896	20,253	156	31,127	52,413	42,839
44,498	Receivables	65,311	34,758	-47	34,202	34,334	40,680
93,931	Investments	112,589	17,766	-84	5,507	84,840	84,840
235,005	Inventories	93,539	121,150	30	129,004	76,370	71,789
378,435	Total Current Assets	279,335	193,927	-31	199,840	247,957	240,148
	Non Current Assets						
9,107	Receivables	17,042	17,042	-	16,042	14,520	13,720
425	Investments	3,369	3,369	-	3,369	3,369	3,369
924	Inventories	35,034	95,031	171	101,049	57,576	53,255
5,425	Property, Plant and Equipment	5,182	4,745	-8	4,423	4,367	4,311
600	Intangibles	44	22	-50	0	0	0
16,481	Total Non Current Assets	60,671	120,209	98	124,883	79,832	74,655
394,916	TOTAL ASSETS	340,006	314,136	-8	324,723	327,789	314,803
	Current Liabilities						
139,164	Payables	34,255	35,425	3	32,113	44,376	28,693
32	Finance Leases	83	83	-	83	83	83
2,523	Employee Benefits	3,050	3,187	4	3,299	3,414	3,532
54,794	Other Provisions	58,786	63,204	8	64,504	65,004	66,224
16,303	Income Tax Payable	38,729	7,544	-81	9,823	14,002	11,872
15,215	Other Liabilities	22,767	21,767	-4	32,767	18,767	22,767
228,031	Total Current Liabilities	157,670	131,210	-17	142,589	145,646	133,171
	Non Current Liabilities						
96	Finance Leases	23	23	-	23	23	23
308	Employee Benefits	229	237	3	245	254	263
25,048	Other Non-Current Provisions	36,405	36,987	2	36,187	36,187	35,667
14,984	Income Tax Payable Non-Current	19,176	19,176	-	19,176	19,176	19,176
40,436	Total Non Current Liabilities	55,833	56,423	1	55,631	55,640	55,129
268,467	TOTAL LIABILITIES	213,503	187,633	-12	198,220	201,286	188,300
126,449	NET ASSETS	126,503	126,503	-	126,503	126,503	126,503
	REPRESENTED BY FUNDS EMPLOYED						
123,285	Accumulated Funds	122,902	122,902	-	122,902	122,902	122,902
3,164	Reserves	3,601	3,601	-	3,601	3,601	3,601
126,449	TOTAL FUNDS EMPLOYED	126,503	126,503	-	126,503	126,503	126,503

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

Budget as at 30/6/12 \$'000		Est. Outcome as at 30/6/12 \$'000	Planned as at 30/6/13 \$'000	Var %	Planned as at 30/6/14 \$'000	Planned as at 30/6/15 \$'000	Planned as at 30/6/16 \$'000
Opening Equity							
123,285	Opening Accumulated Funds	122,902	122,902	-	122,902	122,902	122,902
3,164	Opening Asset Revaluation Reserve	3,601	3,601	-	3,601	3,601	3,601
126,449	Balance at the Start of the Reporting Period	126,503	126,503	-	126,503	126,503	126,503
Comprehensive Income							
154,887	Operating Result for the Period	139,110	72,312	-48	107,599	115,696	165,363
154,887	Total Comprehensive Income	139,110	72,312	-48	107,599	115,696	165,363
0	Total Movement in Reserves	0	0	-	0	0	0
Transactions Involving Owners Affecting Accumulated Funds							
-154,887	Dividend Approved	-139,110	-72,312	48	-107,599	-115,696	-165,363
-154,887	Total Transactions Involving Owners Affecting Accumulated Funds	-139,110	-72,312	48	-107,599	-115,696	-165,363
Closing Equity							
123,285	Closing Accumulated Funds	122,902	122,902	-	122,902	122,902	122,902
3,164	Closing Asset Revaluation Reserve	3,601	3,601	-	3,601	3,601	3,601
126,449	Balance at the End of the Reporting Period	126,503	126,503	-	126,503	126,503	126,503

Land Development Agency Cash Flow Statement

2011-12 Budget \$'000	2011-12 Est. Outcome \$'000	2012-13 Budget \$'000	Var %	2013-14 Estimate \$'000	2014-15 Estimate \$'000	2015-16 Estimate \$'000
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts						
140	140	140	-	144	147	151
4,291	4,291	3,414	-20	0	0	0
2,800	6,472	2,700	-58	1,600	3,600	5,600
724,412	484,108	437,893	-10	629,066	653,068	805,522
731,643	495,011	444,147	-10	630,810	656,815	811,273
Payments						
11,359	10,689	11,402	7	11,948	12,482	13,036
1,466	1,394	1,251	-10	1,295	1,339	1,386
21,804	19,048	18,794	-1	19,085	19,887	19,433
5,640	5,640	5,817	3	2,385	3,350	6,250
3,790	3,870	3,454	-11	41	42	43
597,901	352,990	430,352	22	499,586	406,930	615,340
641,960	393,631	471,070	20	534,340	444,030	655,488
89,683	101,380	-26,923	-127	96,470	212,785	155,785
CASH FLOWS FROM INVESTING ACTIVITIES						
Receipts						
53,500	37,500	111,590	198	22,000	9,038	0
53,500	37,500	111,590	198	22,000	9,038	0
Payments						
0	1,000	0	-100	0	84,840	0
0	55	0	-100	0	0	0
0	1,055	0	-100	0	84,840	0
53,500	36,445	111,590	206	22,000	-75,802	0
CASH FLOWS FROM FINANCING ACTIVITIES						
Payments						
139,135	145,976	72,310	-50	107,596	115,697	165,359
139,135	145,976	72,310	-50	107,596	115,697	165,359
-139,135	-145,976	-72,310	50	-107,596	-115,697	-165,359
4,048	-8,151	12,357	252	10,874	21,286	-9,574
76,700	16,047	7,896	-51	20,253	31,127	52,413
80,748	7,896	20,253	156	31,127	52,413	42,839

Notes to the Budget Statements

Significant variations are as follows:

Operating Statement

- grants from the Commonwealth: the decrease of \$0.877 million in the 2012-13 Budget from the 2011-12 estimated outcome is due to a reduction in Housing Affordability Funding received from the Commonwealth.
- interest:
 - the increase of \$2.5 million in the 2011-12 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 activity; and
 - the decrease of \$2.6 million in 2012-13 Budget from the 2011-12 estimated outcome is due to the LDA having, on average, lower cash balances to invest as a result of development activity returning to normal levels.
- land revenue:
 - the decrease of \$210.544 million in the 2011-12 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 decreased demand in the industrial and commercial sector; and
 - the decrease of \$96.656 million in the 2012-13 Budget from the 2011-12 estimated outcome is largely due to decreased land sales revenue from residential lease settlements in 2012-13 reflecting delayed releases in 2010-11 and 2011-12, partially offset by increased revenue from commercial and industrial land sales.
- other revenue: the increase of \$9.030 million in the 2011-12 estimated outcome from the original budget and the decrease of \$9.030 million in 2012-13 Budget from the 2011-12 estimated outcome are due to the one-off gain on the transfer of Arscott House to the LDA in 2011-12.
- other gains: the increase of \$7.012 million in the 2011-12 estimated outcome from the original budget and decrease of \$7.012 million in the 2012-13 Budget from the 2011-12 estimated outcome are due to a one-off transfer of two blocks of land from other Directorates.
- employee and superannuation expenses:
 - the decrease of \$0.743 million in the 2011-12 estimated outcome from the original budget is mainly due to unfilled positions; and
 - the increase of \$0.715 million in the 2012-13 Budget from the 2011-12 estimated outcome is due to the filling of staff vacancies.

- supplies and services:
 - the decrease of \$5.762 million in the 2011-12 estimated outcome from the original budget is mainly due to decreased consultant and contractors expenses, selling expenses and marketing expense relating to decreased land sales; and
 - the increase of \$0.950 million in the 2012-13 Budget from the 2011-12 estimated outcome is mainly due to an anticipated increase in land sales for 2012-13.
- cost of goods sold: the decreases of \$168.178 million in the 2011-12 estimated outcome from the original budget and \$25.002 million in the 2012-13 Budget from the 2011-12 estimated outcome are due to lower expensing of cost of goods sold as a result of anticipated lower land sale settlements.
- grants and purchased services: the decrease of \$0.416 million in the 2012-13 Budget from the 2011-12 estimated outcome is mainly due to the reduction in 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 \$0.874 million in the 2011-12 estimated outcome from the original budget is mainly due to a contribution to the Wetland Trust Fund, partially offset by decreased land transfers to TAMS; and
 - the decrease of \$14.049 million in the 2012-13 Budget from the 2011-12 estimated outcome is due to less conveyance duty being paid on the lower level of land being transferred to TAMS.
- share of operating result from Joint Venture:
 - the decrease of \$4.416 million in the 2011-12 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 \$16.877 million in the 2012-13 Budget from the 2011-12 estimated outcome is due to lower Joint Venture activity.
- income tax equivalent: the decrease of \$6.762 million in the 2011-12 estimated outcome from the original budget and the decrease of \$28.628 million in the 2012-13 Budget from the 2011-12 estimated outcome are due to the lower than anticipated land sales settlements.

Balance Sheet

- cash and cash equivalents:
 - the increase of \$2.895 million in the 2011-12 estimated outcome from the original budget is largely due to higher than budgeted cash receipts from interest; and
 - the increase of \$12.357 million in the 2012-13 Budget from the 2011-12 estimated outcome is largely due to the receipt of previous year's land sales revenue.

- current and non current receivables:
 - the increase \$28.748 million in the 2011-12 estimated outcome from the original budget is due to an increase in receivables for land sales; and
 - the decrease of \$30.553 million in the 2012-13 Budget from the 2011-12 estimated outcome is due to a change in the expected timing of the receipt of cash for land sales.
- current and non current investments:
 - the increase of \$21.602 million in the 2011-12 estimated outcome from the original budget is due to an increase in the carrying value of combined Joint Venture investments and increased investments in the Territory Bank Account (TBA); and
 - the decrease of \$94.823 million in the 2012-13 Budget from the 2011-12 estimated outcome is due to decreased investment in the TBA and Joint Ventures.
- current and non current inventories:
 - the decrease of \$107.356 million in the 2011-12 estimated outcome from the original budget is mainly due to lower than expected development activity and expenditure; and
 - the increase of \$87.608 million in the 2012-13 Budget from the 2011-12 estimated outcome is due to increased development activity and expenditure.
- property, plant and equipment: the decrease of \$0.243 million in the 2011-12 estimated outcome from the original budget and the decrease of \$0.437 million in the 2012-13 Budget from the 2011-12 estimated outcome are mainly due to depreciation.
- intangibles: the decrease of \$0.556 million in the 2011-12 estimated outcome from the original budget is due to amortisation and an asset write-off.
- current payables:
 - the decrease of \$104.909 million in the 2011-12 estimated outcome from the original budget is mainly due to timing differences in land payments due to lower development activity and land sales; and
 - the increase of \$1.170 million in the 2012-13 Budget from the 2011-12 estimated outcome is mainly due to a reassessment of the timing of land payments.
- current and non current employee benefits: the increases of \$0.448 million in the 2011-12 estimated outcome from the original budget and \$0.145 million in the 2012-13 Budget from the 2011-12 estimated outcome are mainly due to indexation.
- current and non current income tax payable:
 - the increase of \$26.618 million in the 2011-12 estimated outcome from the original budget is due to timing differences in income tax payments under tax effect accounting principles; and
 - the decrease of \$31.185 million in the 2012-13 Budget from the 2011-12 estimated outcome is due to timing differences in income tax payments under tax effect accounting principles and a reduction in the budgeted operating surplus in 2012-13.

- current and non current other provisions: the increase of \$15.349 million in the 2011-12 estimated outcome from the original budget and the increase of \$5 million in the 2012-13 Budget from the 2011-12 estimated outcome are due to an increase in the provisions for project completion and the transfer of infrastructure assets to the TAMS and ACTEW Corporation.
- current other liabilities:
 - the increase of \$7.552 million in the 2011-12 estimated outcome from the original budget is due to increased land sales revenue received in advance relating to exchanged contracts held at the end of the financial year; and
 - the decrease of \$1.0 million in the 2012-13 Budget from the 2011-12 estimated outcome is due to an expected reduction in land sales revenue received in advance.
- asset revaluation reserve: the increase of \$0.437 million in the 2011-12 estimated outcome from the original budget is due to flow-on effects of the audited financial statements.

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.

