2016-17

ANNUAL REPORT

INDUSTRIAL & COMMERCIAL

RESIDENTIAL

SALES & LEASING

PARTNERSHIPS

LAND DEVELOPMENT CORPORATION

2

LETTER TO MINISTER

7 November 2017

The Honourable Nicole Manison MLA
Minister for Infrastructure, Planning and Logistics
Parliament House
DARWIN NT 0800

Dear Minister

It is with pleasure that I present the annual report of the Land Development Corporation (LDC). The report describes the activities and operations of the LDC for the year ending 30 June 2017 in accordance with section 28 of the *Public Sector Employment and Management Act* and Section 32 of the *Land Development Corporation Act*.

In presenting this report, I advise that:

a) proper records of all transactions affecting the agency are kept and that employees under my control observe the provisions of the *Financial Management Act*, the Financial Management Regulations and Treasurer's Directions

b) procedures within the agency afford proper internal control and a current description of such procedures is recorded in the accounting and property manual which has been prepared in accordance with the requirements of the *Financial Management Act*

c) no indication of fraud, malpractice, major breach of legislation or delegation, major error in or omission from the accounts and records exists (or, where this is not the case, details to be provided of any such instances)

d) in accordance with the requirements of section 15 of the *Financial Management Act*, the internal audit capacity available to the agency is adequate and the results of internal audits have been reported to myself

e) the financial statements included in the annual report have been prepared from proper accounts and records and are in accordance with Treasurer's Directions

f) all employment instructions issued by the Commissioner for Public Employment have been satisfied and

g) the agency has implemented processes to achieve compliance with the archives and records management provisions as prescribed in Part 9 of the *Information Act*.

Yours sincerely,

Tony Stubbin
Chief Executive Officer

TABLE OF CONTENTS

4 CHIEF EXECUTIVE OFFICER'S REPORT 2016-17

In March 2017 I was appointed Chief Executive Officer (CEO) of the LDC replacing Mr Michael Tenant. This appointment is the first time the LDC has had a CEO that does not hold a concurrent CEO position for another Northern Territory Government Department.

I would like to thank Michael for his contribution to the LDC during his tenure. Michael was instrumental in progressing the vision for a strong economy for all Territorians and ensuring the LDC was an integral part of that vision. Michael continues in his role as CEO of the Department of Trade, Business and Innovation. As a result of my appointment to CEO, Andrew Williams was appointed General Manager.

It has been an exciting year for the LDC in many respects. Whilst the economy and market conditions remain subdued the LDC has been busily preparing for the upward change in the economy.

The LDC achieved several milestones this year. On 18 November 2016 the LDC celebrated the opening of the Multi-User Barge Ramp at the Common User Facility in East Arm. The new Multi-User Barge Ramp was officially opened by Deputy Chief Minister, the Honourable Nicole Manison MLA at an event attended by representatives of the Australian Defence Force, Traditional Owners and local businesses.

The LDC settled on two industrial lots during the 2016-17 financial year with Linfox and Frontier Cement Supplies, and entered into a sales agreement with Landbridge.

The Linfox development on O'Sullivan Circuit will see the expansion of Linfox's services to the Northern Territory with an investment of $10 million for the construction of the new inter-modal transport and logistics facility.

Frontier Cement Supplies, a family owned and operated business, commenced operations in Broome, Western Australia in 1995. The soon to be constructed warehouse at 45 Dawson Street, East Arm will add to a chain of supply warehouses in the Northern Territory and Western Australia.

The LDC is also excited to have entered into a sales agreement with Landbridge for 34 hectares of land along Berrimah Road within the East Arm Logistics Precinct. The Landbridge development will provide for a range of uses comprising large logistics cold stores, import and export distribution warehouses, transportation and production activities, container storage and general cargo which will support future trade activities through the Darwin Port.

In 2016 the LDC, as part of a joint Government and business delegation, visited Rizhao, China to showcase the capabilities of the Northern Territory and specifically how the LDC can provide well serviced industrial land close to strategically located transport infrastructure.

The LDC was pleased to be involved with the Trucking Australia 2017 conference as the official 'Welcome to Darwin' sponsor. Trucking Australia 2017 provided an opportunity to showcase the Northern Territory's road transport and logistical capabilities to a national audience, with over 300 delegates attending the conference.

Despite a relatively weak residential market, the LDC was fortunate enough to enjoy some successes with its residential developments. Titles for the second stage of Kilgariff Estate were issued in May 2017 which provided an additional 47 lots to the Alice Springs market.

Our Zuccoli Village project continues to perform well despite a general market weakness. In October 2016 the LDC attended the 7th Annual Urban Development Institute of Australia (NT) Dinner and Awards Night. The event was a great success with over 150 guests from the development industry attending. In recognition of the quality of the Zuccoli Village development the LDC, along with our development partner Urbex Pty Ltd, was awarded the 2016 Masterplanned Development Award. March 2017 also saw the opening of the new Zuccoli Plaza shopping centre which incorporates 14 specialty stores as well as a large IGA supermarket, to provide facilities and amenities for local residents.

The LDC continues to work on a number of projects to ensure a suitable supply of residential and strategic industrial land is available when market conditions strengthen.

Tony Stubbin
Chief Executive Officer

6

WHO WE ARE

OVERVIEW

The LDC is the Northern Territory Governments strategic land developer. We facilitate economic growth in the Northern Territory by developing and managing residential, industrial and commercial developments that benefit the people that live here.

We plan for the future by developing strategic industrial land close to railway, road, and maritime infrastructure, connecting networks across Australia and beyond to build business, trade and job opportunities.

We build partnerships with local businesses to deliver affordable, modern housing estates for Territorians that provide lasting benefit for the community.

Our work supports regional growth, urban city revitalisation and strategic tourism and infrastructure initiatives.

Our commitment to sustainability, innovation and partnerships underpins our development approach as we recognise much of what we do has a direct impact on social, economic and environmental development outcomes.

8

STRATEGIC DIRECTION

As the Northern Territory Governments strategic land developer, we play a pivotal role in planning and tailoring solutions for development and economic growth of the Territory.

We ensure sufficient strategic land is available to stimulate economic growth and create opportunities to meet market demand. In doing so, we are able to provide development ready land or negotiate off-the-plan outcomes.

Our focus is to increase long term opportunities and improve asset performance through:

> Delivering strategic land and investment opportunities to the Northern Territory market in a commercial manner

> Optimising commercial returns to the LDC while operating within the Government Business Division Guidelines

> Planning for growth in the sectors of Defence, Mining and Oil and Gas by developing strategic industrial land with appropriate infrastructure to support the public and private sector

> Undertaking residential and commercial developments where the risk is too high or otherwise impractical for the private sector to develop

> Promoting partnerships with the private sector wherever possible to achieve common goals

> Acting in a socially and environmentally responsible manner

> Leading the way in the delivery of strategic land that supports industry through sustainability and innovation

> Developing Aboriginal land in collaboration with traditional owners for the economic benefit of their broader communities

WHAT WE DO

The LDC is a Government Business Division. To operate as a successful business, we sell and lease land to create revenue that supports our operations and funds future projects. We contribute to the Northern Territory Government through payment of taxes and dividends.

The following principles underpin our approach to the delivery of our land assets:

PLAN	BUILD	DELIVER
Anticipate demand by researching market trends	Partner with the private sector	Meet project deadlines
Plan for future growth opportunities	Collaborate with Government departments	Create positive outcomes for stakeholders
Show consideration for surrounding land uses	Facilitate and nurture business growth	Share knowledge with the public and private sector for future development
Work with the environment to achieve best practice methods	Develop products with quality and longevity in mind	Provide a range of tenure options available to each project
Tailor land and building options to meet client needs	Create and maintain strong relationships with industry	Deliver developed land for sale and lease
Position for future investment	Reinvest in our own products	Work with clients to tailor development options where the market cannot meet demand
Mitigate risk through best practice methods	Tailor land solutions to the market	Learn from past projects and industry to improve on delivery outcomes

GOVERNANCE

We will be accountable and act commercially in accordance with:

- the *Land Development Corporation Act* and its regulations
- relevant Northern Territory and Australian government legislation
- Ministerial directions pursuant to section 8 of the *Land Development Corporation Act*
- sound business and financial management practices, including a program of internal and external audit
- Northern Territory Government policies and objectives for the conduct of its Government Business Divisions including, importantly, the principle of competitive neutrality
- prudent risk management practices, including implementing an effective risk minimisation strategy through regular due diligence reviews

10

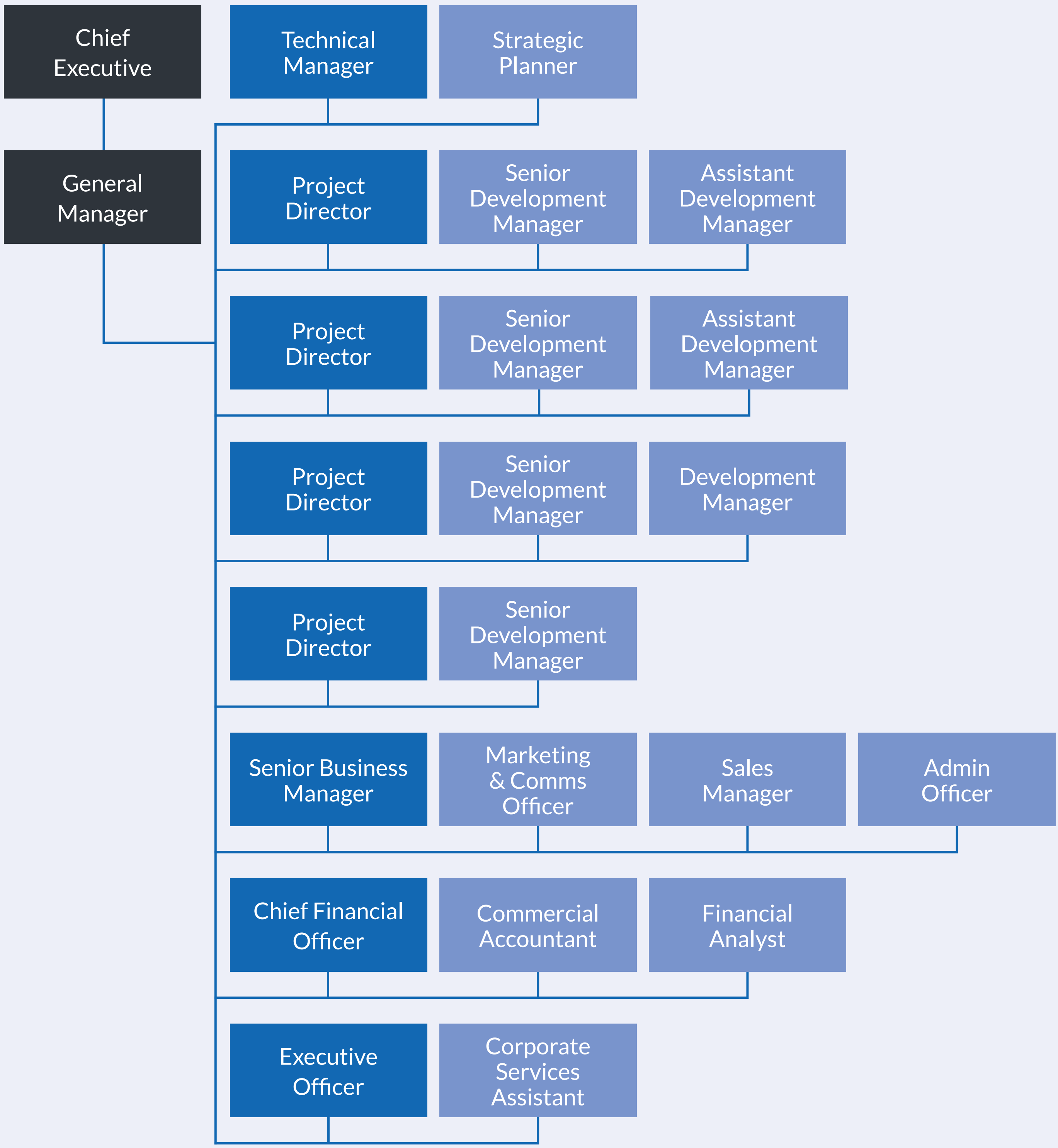
OUR PEOPLE

The LDC has a committed, skilled, multi-disciplinary team who continue to provide their experience and expertise to our projects.

From business case and feasibility investigations of land assets, through to planning, engineering design, implementation and sales and marketing. Our ability to work across all tiers of Government, business and industry enables us to deliver sustainable and innovate development outcomes.

We continue to engage with both private and public sector partners on complex, challenging projects to achieve the best outcomes for the Territory.

ORGANISATIONAL CHART



MANAGEMENT TEAM

Tony Stubbin

CHIEF EXECUTIVE OFFICER

Tony Stubbin commenced as the Chief Executive Officer of the LDC on 1 March 2017, prior to which he was the General Manager. Prior to commencing with the LDC, Tony was a Deputy Under Treasurer in the Northern Territory Department of Treasury & Finance with responsibility for the Economic Group; Corporate Support Group; Superannuation Office and the Northern Territory Treasury Corporation.

Tony joined Treasury in 1992 and has more than 30 years' experience in various Territory and Commonwealth Government departments. He has a Bachelor of Arts (Economics) from the University of Wollongong and a Postgraduate Certificate in Management from the University of Southern Queensland.

Andrew Williams

GENERAL MANAGER

Andrew commenced with the LDC in February 2016 and was appointed General Manager of the LDC in March 2017. Andrew has been involved with the property development industry for nearly 20 years having held management positions with two ASX listed companies, a national project management consulting firm and a civil construction contractor. Through his professional experience Andrew has developed a strong customer focus, financial skills and commercial acumen.

Andrew has worked primarily on the management and delivery of residential development projects, however has also worked on commercial, retail and industrial developments. His involvement on property development projects, both land and built form, have seen him take responsibility for design management, approvals, tendering, construction, marketing, sales, handover and close-out. He has also developed a keen appreciation and understanding of the statutory approvals processes for development projects and has considerable experience liaising and negotiating with various local and state government agencies and authorities.

Andrew is a Member of the Australian Institute of Company Directors, holds an Honours Degree in Urban and Regional Planning and a Graduate Diploma in Project Management.

David Gomez

CHIEF FINANCIAL OFFICER

David Gomez joined the Northern Territory Government on 1 March 2013 as the Chief Financial Officer of the Darwin Waterfront Corporation, the LDC and the AustralAsia Railway Corporation.

David is an accountant with significant experience in both the private and public sectors. David previously held roles as principal of the audit and assurance division of a Darwin-based chartered accounting firm, as a lawyer with the Australian Government Solicitor's Office, the Director of Operations at the Australian Securities and Investments Commission NT Office, and as State Manager of Fraud Prevention and Internal Audit for the Commonwealth Department of Employment Education and Training in Darwin. He was also an audit/insolvency accountant with PKF Chartered Accountants.

David is a Fellow of CPA Australia and has degrees in commerce, accounting and law. He is an adjunct lecturer at Charles Darwin University and has lectured on various accounting and legal subjects.

Paul Schneider

PROJECT DIRECTOR

Paul has held a variety of positions within the Commonwealth, Northern Territory and Western Australia Governments in valuation, commercial leasing, land administration and land development roles. Prior to re-joining the LDC in 2011, Paul was involved in the planning of strategic industrial areas in the Pilbara to accommodate major LNG, gas processing and iron ore export facilities. Paul is currently the Project Director for industrial development including the Marine Industry Park and Transport Industry Precinct.

Paul holds a Bachelor of Business (Real Property Valuation and Administration) and is an associate member of the Australian Property Institute.

Kassi Picken

PROJECT DIRECTOR

Kassi initially commenced employment with the LDC in 2008 however left in early 2013 to take up a position with the Department of Housing as Director of Market Housing. In late 2015 Kassi re-joined the LDC as Project Director and has since primarily been responsible for the LDC's residential projects including Zuccoli Stage 1, Waratah Crescent, Fannie Bay, and Kilgariff Estate Alice Springs. She has worked on developments in both the industrial and residential sectors, from project inception through to completion. Kassi's background is in project management, contract management, stakeholder negotiation and private sector engagement.

Kassi holds a Bachelor of Business and Graduate Diploma in Project Management.

Geoff Mackenzie

PROJECT DIRECTOR

Geoff commenced as a Project Director with the LDC in 2014. Geoff has held a variety of positions within the Commonwealth and the Northern Territory Governments. Geoff has held key leadership roles in a range of engineering and construction projects within the Northern Territory and throughout Australia and has delivered land development projects in urban and remote locations. Geoff has tertiary qualifications in engineering and post graduate qualifications in management.

OUR PORTFOLIO AT A GLANCE

Through strategic land release, we have made significant investments in the Territory's future by building capacity to service major projects and to provide housing choices for our growing population. Our vision now also extends to our regions, in particular on the Tiwi Islands where we are promoting investment opportunities to develop land in conjunction with traditional owners for the economic benefit of their broader communities.

PERFORMANCE

The Northern Territory property market has experienced another challenging year for land sales in both the industrial and residential sectors. Industrial sales are primarily affected by financial lending criteria and suppressed commodity prices which continue to influence business activity. As for the residential market, an increase in land supply, coupled with a decrease in median house prices resulted in a challenging market right across the Territory. Although there is a challenging sales environment, strong sales were still achieved at Zuccoli Village where urban design and community infrastructure outcomes are continuing to meet key buyer requirements.

RESIDENTIAL

- Zuccoli Village
- Maluka Views
- Kilgariff Estate
- Waratah Crescent

INDUSTRIAL

- Marine Industry Park
  - Marine Service Area
  - Common User Facility
- Darwin Business Park
- Transport Industry Precinct
- Middle Arm Industrial Precinct
- Defence Support Hub

SPECIAL

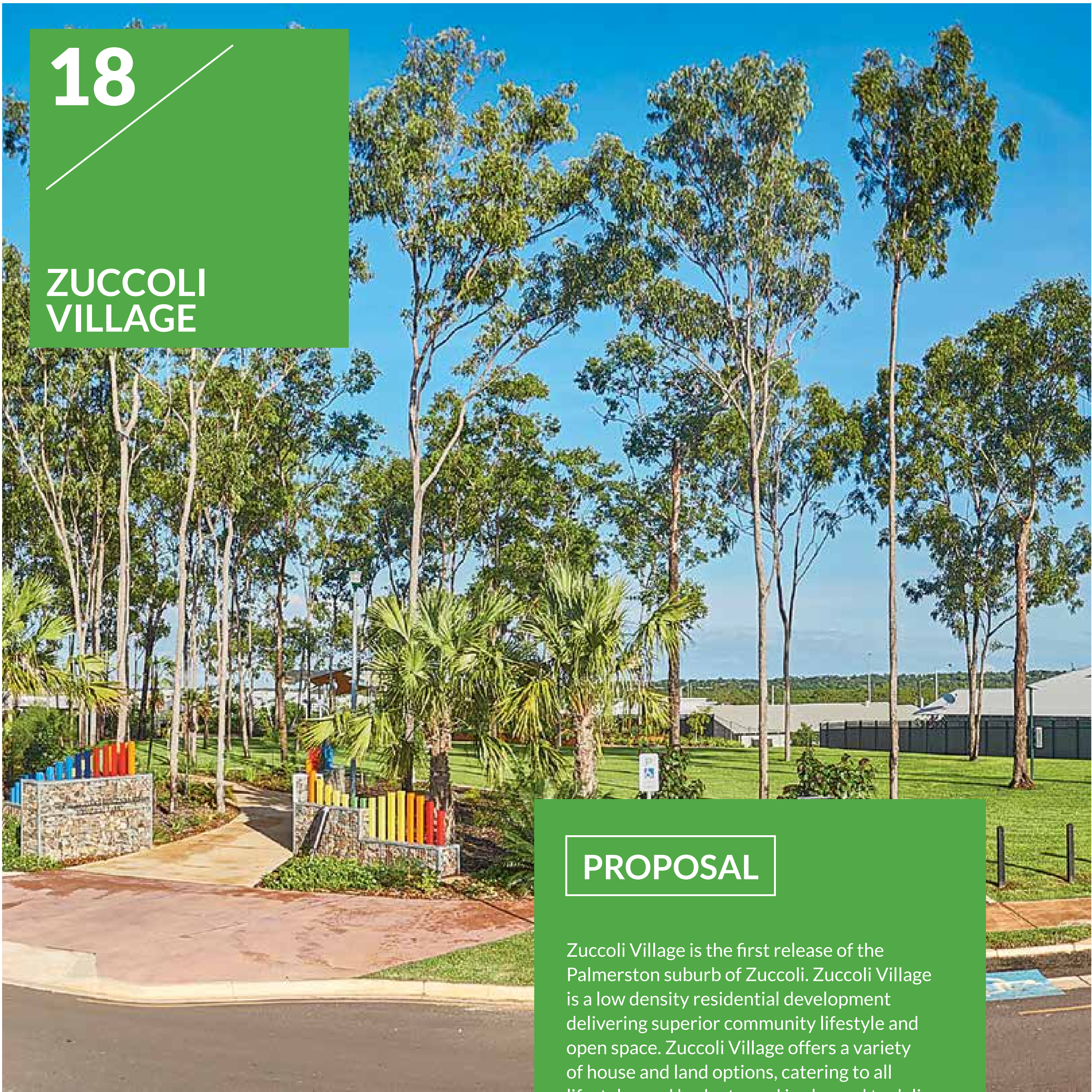
- Tiwi Islands

16

RESIDENTIAL DEVELOPMENTS

DELIVERING STRATEGIC RESIDENTIAL DEVELOPMENTS THAT BUILD ON SUSTAINABILITY, INNOVATION AND COMMUNITY ENGAGEMENT.

ZUCCOLI VILLAGE



PROPOSAL

Zuccoli Village is the first release of the Palmerston suburb of Zuccoli. Zuccoli Village is a low density residential development delivering superior community lifestyle and open space. Zuccoli Village offers a variety of house and land options, catering to all lifestyles and budgets, and is planned to deliver approximately 800 residential lots to the market. The project, which is part of a master-planned community, is being delivered by the LDC with development partner Urbex Pty Ltd.

ZUCCOLI
CITY OF PALMERSTON

96 HECTARES

OUR ROLE

To meet the growing demand for residential land in the Northern Territory, we are working with the private sector to deliver more land and housing options for Territorians. As part of our commitment to work with the private sector, we engaged Urbex Pty Ltd in April 2011 to act as the Zuccoli Stage 1 Joint Venture development partner to deliver 96 hectares of the new suburb of Zuccoli.

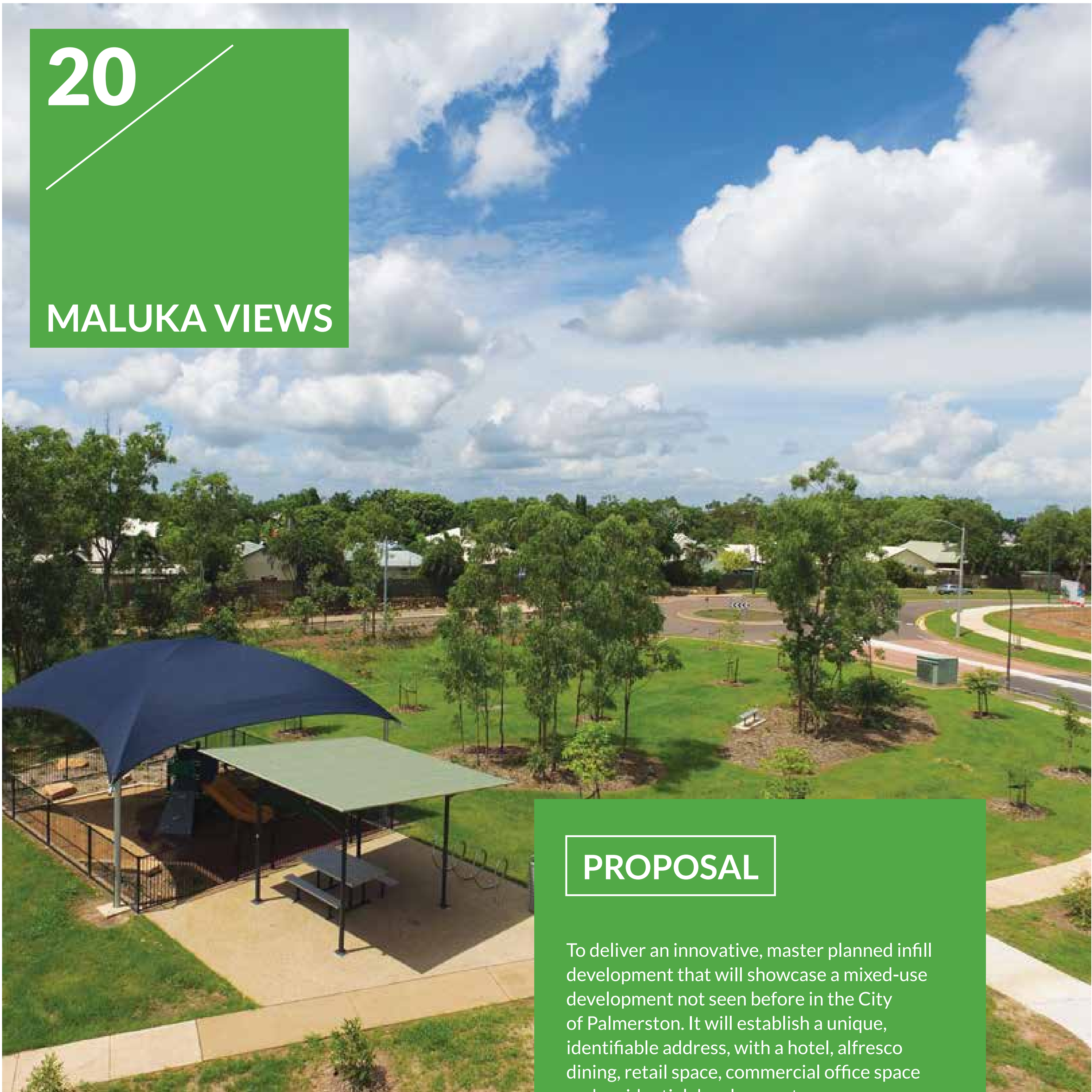
CURRENT STATUS

The project is now into its third release phase having sold hundreds of lots since the start of the project. The project has delivered a new shopping centre, Zuccoli Plaza and a new recreation park, The William Kirkby-Jones Memorial Park.

FEATURES

Zuccoli Village offers immediate access to vibrant and exciting playgrounds, bush land, walking trails and bike paths. Focused on amenity and affordability, residents have peace of mind knowing they are removed from the hustle and bustle of high density, elevated unit living. Residents also enjoy the convenience of a village centre, Zuccoli Plaza, as well as the immediate locality of public and private schools.

MALUKA VIEWS



PROPOSAL

To deliver an innovative, master planned infill development that will showcase a mixed-use development not seen before in the City of Palmerston. It will establish a unique, identifiable address, with a hotel, alfresco dining, retail space, commercial office space and residential developments.

The development will have a high level of architecturally designed streetscape amenity to complement the surrounding areas.

MALUKA DRIVE, PALMERSTON
CITY OF PALMERSTON

4.32 HECTARES

OUR ROLE

Our role has been to facilitate the delivery of the master plan by working closely with local developers, key Government agencies and the City of Palmerston to establish a unique infill development for the City of Palmerston.

CURRENT STATUS

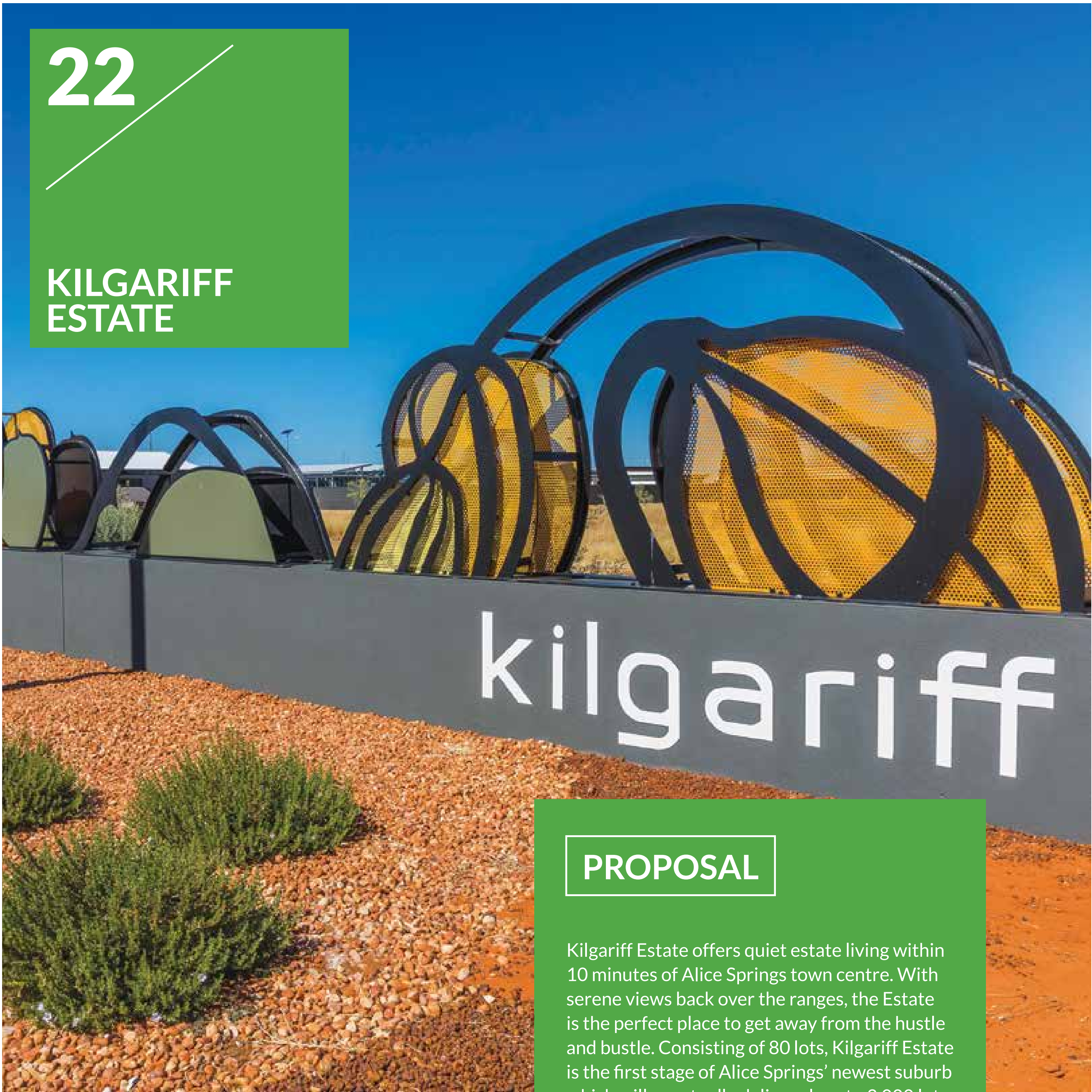
The first stage of the development is complete and incorporates a new Rydges hotel with a 200 room capacity.
The civil works for Stage 2 of the development have been completed.

FEATURES

Maluka Views will provide a centrally located, vibrant mixed-use development within the Palmerston CBD.
It will also provide a place for people to eat and shop.

Maluka Views will embrace tropical city-friendly climate control solutions with the use of intelligent ventilation, shade and seamless connectivity throughout. When complete, Maluka Views will give a modern, new urban heart to the rapidly growing City of Palmerston

KILGARIFF ESTATE



PROPOSAL

Kilgariff Estate offers quiet estate living within 10 minutes of Alice Springs town centre. With serene views back over the ranges, the Estate is the perfect place to get away from the hustle and bustle. Consisting of 80 lots, Kilgariff Estate is the first stage of Alice Springs' newest suburb which will eventually deliver close to 3,000 lots.

KILGARIFF
ALICE SPRINGS TOWN COUNCIL

13 HECTARES

OUR ROLE

The LDC is the developer of the first stage of Kilgariff Estate. Our key aim is to ensure our development planning aligns with the overall masterplan for the suburb to provide a cohesive and engaging community in future years.

CURRENT STATUS

The LDC delivered Stage 1 of Kilgariff Estate in two parts, Stage 1A with 33 titled lots and Stage 1B with 47 titled lots. The majority of lots within Stage 1A have been sold and sales agreements are being issued for Stage 1B.

Lots within Kilgariff Estate are generous in size and range from 700m^2 to 900m^2 and are affordably priced between $160,000 - $180,000.

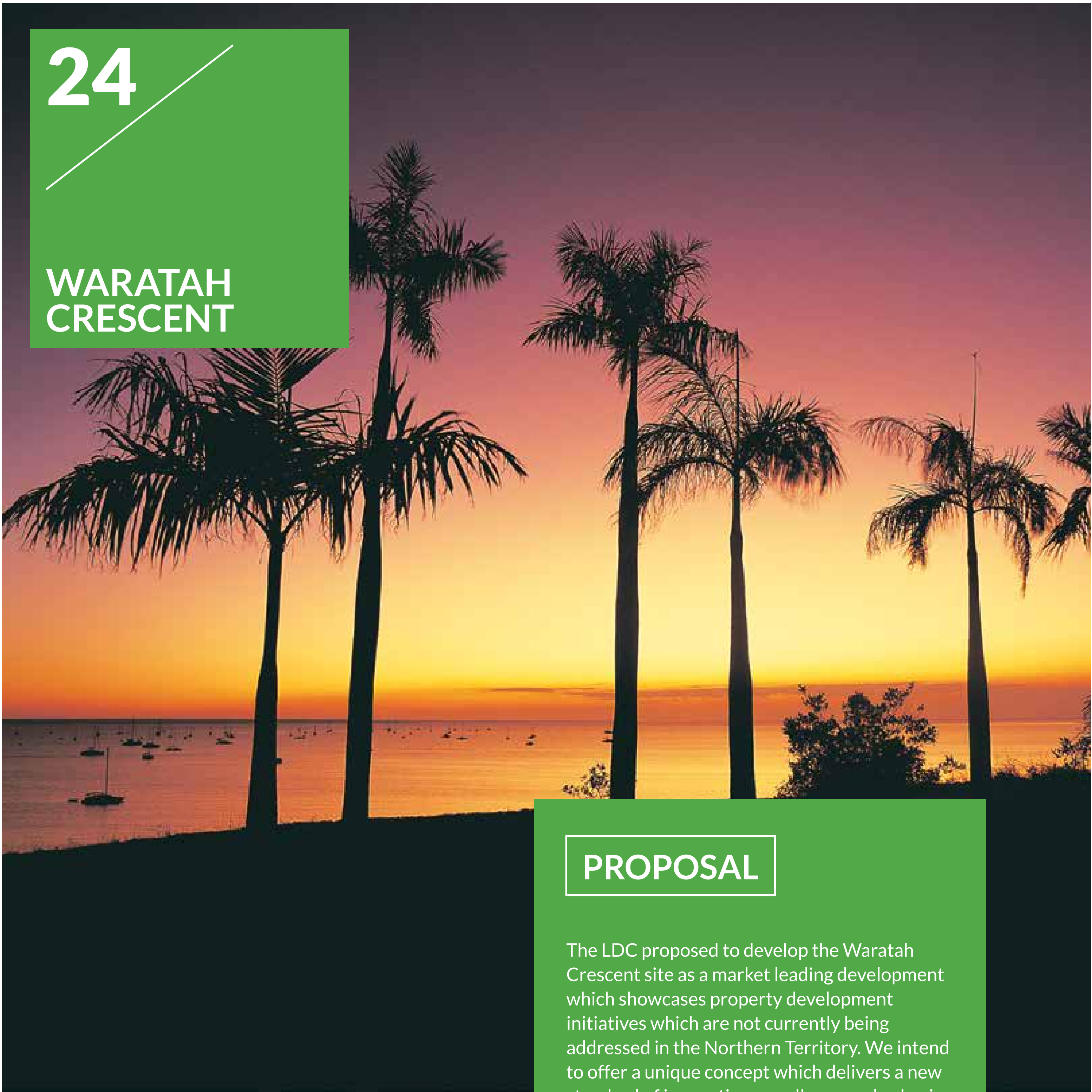
The LDC is undertaking the design of a recreation park, which is planned for construction in financial year 2017-18.

FEATURES

Kilgariff Estate is a very quiet location with attractive views across the surrounding landscape. It offers a great option for families and also affordable house and land packages.

24

WARATAH CRESCENT



PROPOSAL

The LDC proposed to develop the Waratah Crescent site as a market leading development which showcases property development initiatives which are not currently being addressed in the Northern Territory. We intend to offer a unique concept which delivers a new standard of innovation, excellence and value in urban design and sustainable development.

7 WARATAH CRESCENT, FANNIE BAY
CITY OF DARWIN

1.46 HECTARES

OUR ROLE

The LDC is the Northern Territory Government's land developer, we play an important role in leading the development industry by pushing the boundaries for a more sustainable future.

CURRENT STATUS

We are currently investigating design concepts with the aim of understanding feasibility and commerciality before proceeding with the development. The focus of the project is to achieve sustainable design outcomes.

FEATURES

Key principles of the proposed design include:

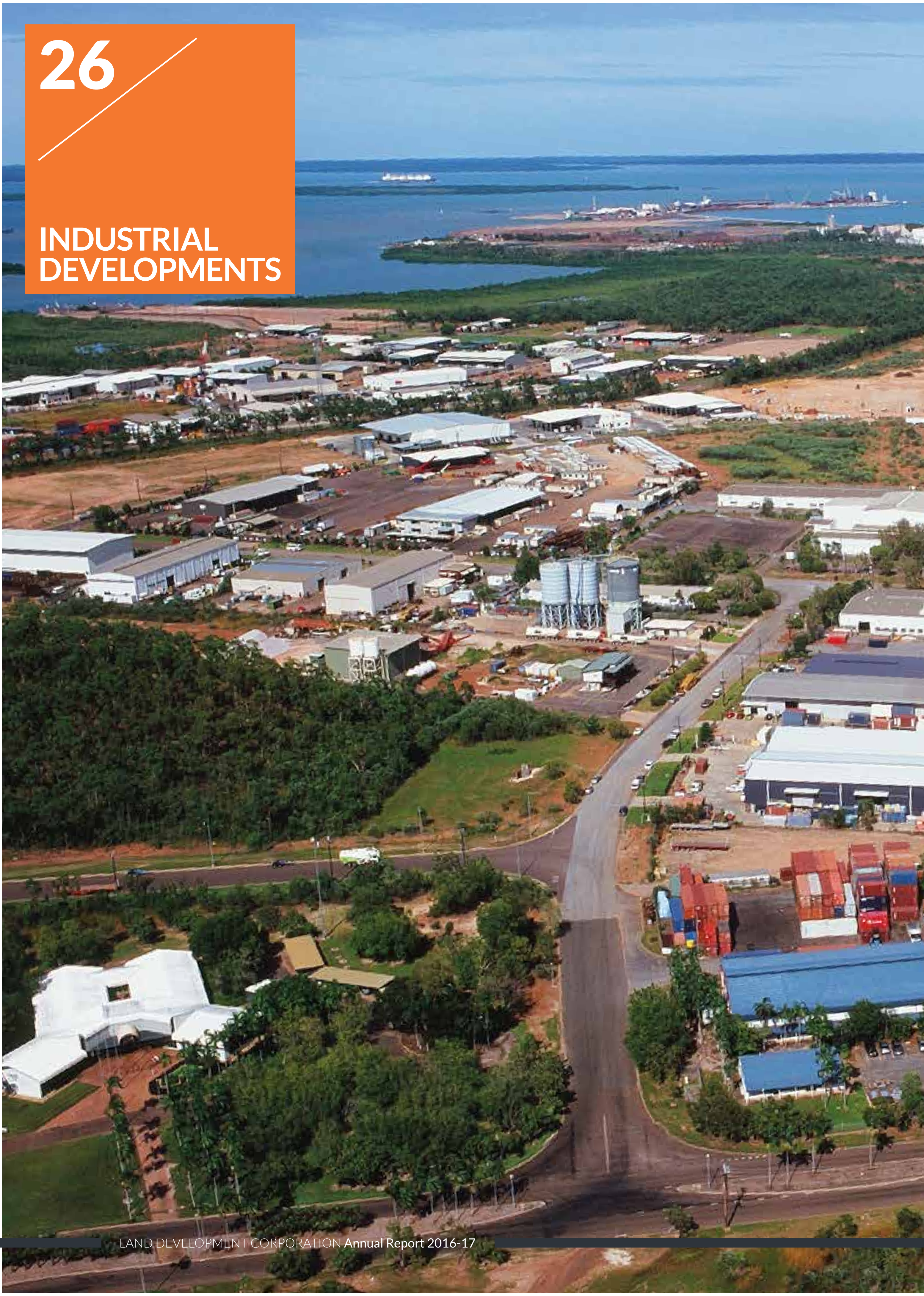
> Community living

> Sustainable development

> Unique dwelling types

> Active lifestyle

> Technology and trends



26

INDUSTRIAL DEVELOPMENTS

DELIVERING KEY STRATEGIC INDUSTRIAL LAND TO DRIVE ECONOMIC PROSPERITY

MARINE INDUSTRY PARK

– MARINE SERVICE AREA

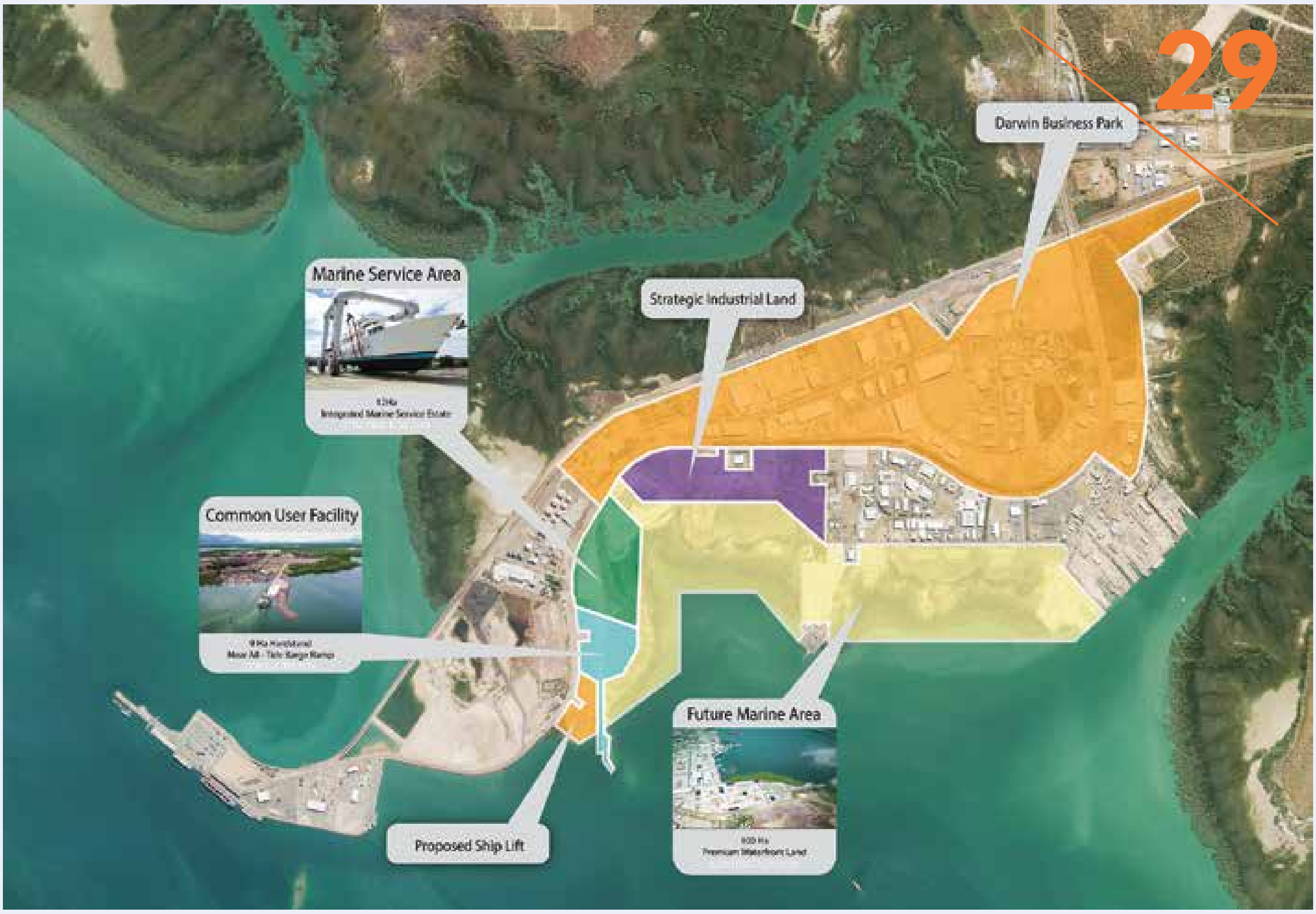
PROPOSAL

The Marine Service Area is a new industrial subdivision within the Marine Industry Park at East Arm. The Marine Service Area can provide large sites between 2 and 4 hectares to accommodate ship repair, maintenance and marine service activities. Initial concepts suggest a potential yield of 7 lots.

The Marine Service Area adjoins the Common User Facility and is in close proximity to the preferred site for Darwin's Ship Lift and Marine Industry project. The Marina Service Area will provide well positioned large sites suitable for marine maintenance workshop activities to complement the Ship Lift and Marine Industry project.

BERRIMAH ROAD, EAST ARM
UNINCORPORATED

20 HECTARES



OUR ROLE

The LDC is working with consultants to plan and design the Marine Service Area.

The Department of Trade, Business and Innovation is lead agency for the Ship Lift and Marine Industry project. The LDC will continue to work with the Department of Trade, Business and Innovation, service authorities and industry to ensure the Marine Service Area design complements the existing Common User Facility and proposed Ship Lift and Marine Industry project. The Marine Service Area will be a purpose built estate for the expansion of Darwin's marine service capabilities and to provide long term skilled jobs.

CURRENT STATUS

Initial concepts for the Marine Service Area were developed as part of investigations for the broader Marine Industry Park.

In April 2017, the LDC approved the commencement of pre-feasibility investigations into the development of the Marine Service Area, including earthworks, road design, lot layout and servicing options.

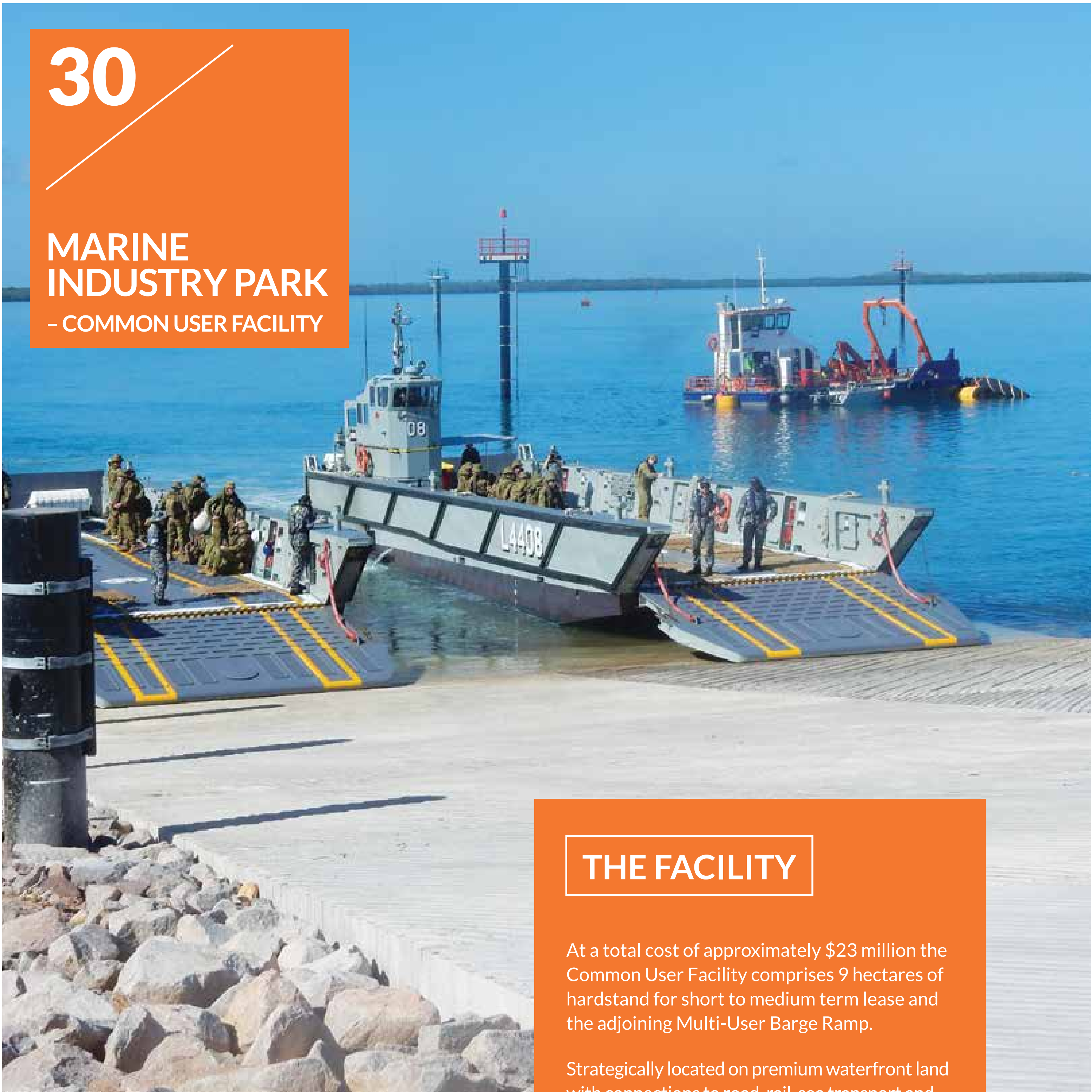
Engineering investigations will inform the design and identification of construction risks to support a business case to progress the project.

FEATURES

Concept design investigations will include options for a seamless interface between the Marine Service Area, Common User Facility and Ship Lift and Marine Industry projects to facilitate vessel maintenance activities and improve Darwin's capabilities and competitiveness.

MARINE INDUSTRY PARK

– COMMON USER FACILITY



THE FACILITY

At a total cost of approximately $23 million the Common User Facility comprises 9 hectares of hardstand for short to medium term lease and the adjoining Multi-User Barge Ramp.

Strategically located on premium waterfront land with connections to road, rail, sea transport and other supporting infrastructure the Common User Facility enhances the capability of Territory businesses to service the oil and gas, resources, logistics and Defence sectors.

845 BERRIMAH ROAD, EAST ARM
UNINCORPORATED

9 HECTARES

OUR ROLE

The LDC worked closely with the Manufacturer's Council, NT Chamber of Commerce and Industry, Darwin Port Corporation, NT Industry Capability Network, Defence and the Department of Trade, Business and Innovation to deliver a Common User Facility for key industries in the East Arm Logistics Precinct.

The Common User Facility is owned and managed by the LDC with short to medium term leases available for businesses looking to undertake fabrication, assembly, lay-down, storage and marine logistics activities. The Common User Facility allows local businesses the opportunity to effectively service major projects and coastal communities.

CURRENT STATUS

The LDC worked with the Department of Defence to successfully secure $16.24 million of Commonwealth Government funding for construction of the Multi-User Barge Ramp. The agreement with Defence provides it with up to 60 days access to the Common User Facility on a periodic basis. When the Common User Facility is not being utilised by the Department of Defence the LDC makes it available to commercial users.

Local company Ostojic Group Pty Ltd completed the construction of the Multi-User Barge Ramp on time and budget in August 2016. Operation of the Common User Facility commenced in September 2016 with the visit of the HMAS Adelaide. Not only does the Common User Facility provide industry with more options in terms of barge operations, it also provides Defence with strategic capability supporting the Royal Australian Navy's two new Landing Helicopter Dock vessels, HMAS Adelaide and HMAS Canberra.

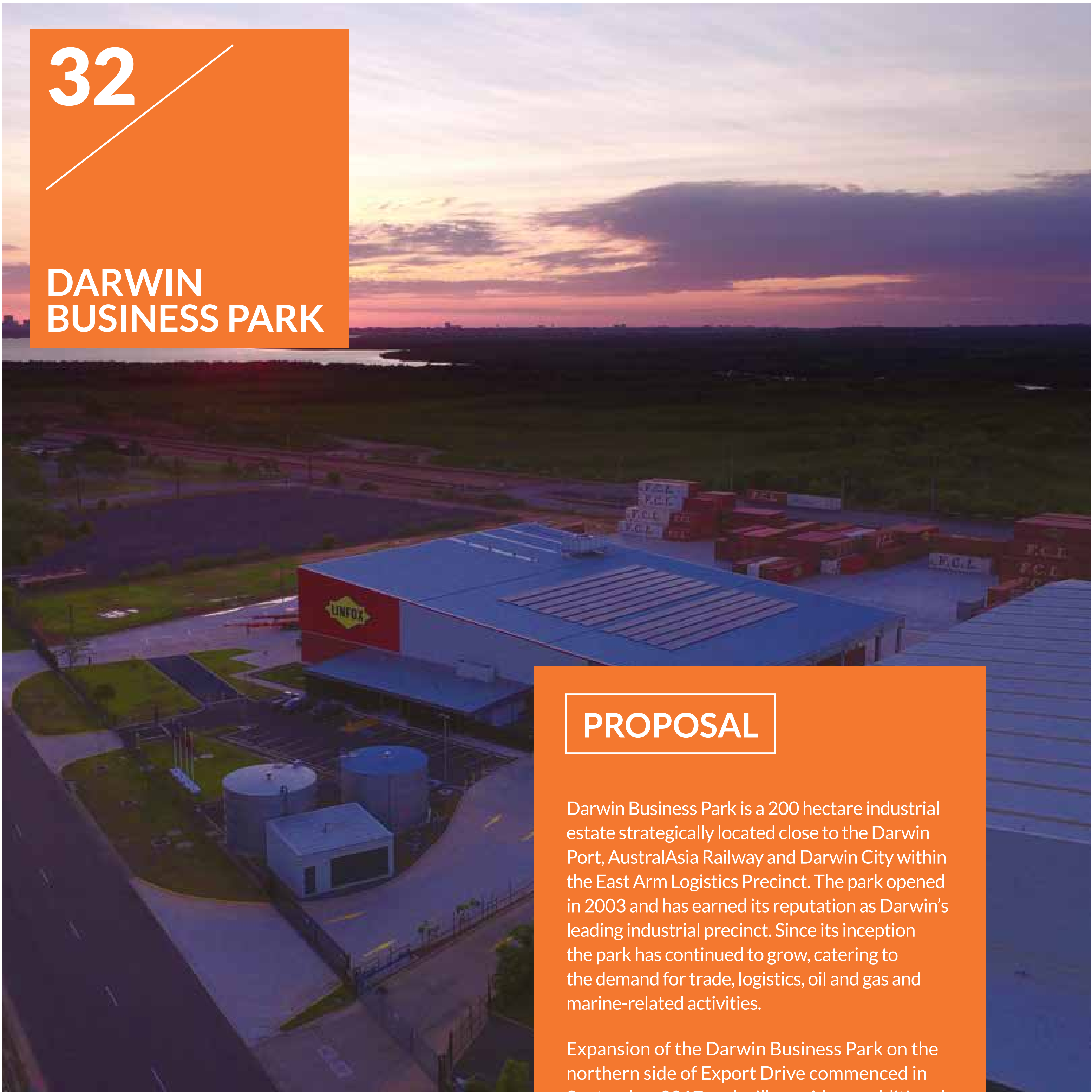
FEATURES

Located close to the Darwin Port within the East Arm Logistics Precinct the Common User Facility is ideally positioned to catalyse new growth opportunities in the industrial, marine, oil and gas and Defence market sectors.

The Facility aims to attract a variety of users in a common user approach and features:

- 24/7 access
- 9 hectares of secure hardstand area
- Multi-User Barge Ramp providing all tide access for shallow draft barges (minimum 1.1m of water depth at lowest tide)
- Dredged access channel and navigational aids
- Heavy duty paved access roadway and concrete ramp
- A rock protection breakwater
- A ramp designed for amphibious landing craft that can cater for a variety of coastal type barges
- Lighting and potable water supply

DARWIN BUSINESS PARK



PROPOSAL

Darwin Business Park is a 200 hectare industrial estate strategically located close to the Darwin Port, AustralAsia Railway and Darwin City within the East Arm Logistics Precinct. The park opened in 2003 and has earned its reputation as Darwin's leading industrial precinct. Since its inception the park has continued to grow, catering to the demand for trade, logistics, oil and gas and marine-related activities.

Expansion of the Darwin Business Park on the northern side of Export Drive commenced in September 2017 and will provide an additional 14 lots ranging in size from 0.6 hectares to 1.7 hectares. The new lots will provide businesses with great exposure in a high profile location and are well suited for a wide range of logistics activities.

To date over $320 million of private investment in infrastructure development has been committed in the Darwin Business Park with many influential local, national and international businesses establishing operations in the park.

EXPORT DRIVE, EAST ARM
UNINCORPORATED

200 HECTARES

OUR ROLE

Our role is to ensure supply of appropriately sized strategic industrial land for the Darwin market, specifically catering to the transport, trade, logistics and oil and gas industries. The development of strategic land in the Darwin Business Park opens up growth opportunities to businesses working on Darwin's major projects.

CURRENT STATUS

During 2016-17, a number of private developments have been completed within the Darwin Business Park. Linfox completed construction of an inter-modal transport and logistics facility at 9 O'Sullivan Circuit which opened in May and Frontier Cement Supplies settled and will soon commence construction of a distribution facility at 45 Dawson Street, East Arm.

The National Broadband Network (NBN) completed the roll out of NBN infrastructure to the Darwin Business Park providing the option of high speed communication connectivity for businesses.

FEATURES

Features of the park include:

> asphalt pavements, power, water, sewerage and NBN services

> potential for reticulated gas

> a variety of lot sizes with an average size of 1 hectare, which can adequately accommodate a range of development activities

TRANSPORT INDUSTRY PRECINCT

PROPOSAL

The Transport Industry Precinct is a 70 hectare industrial estate to be developed over 9 stages. The Transport Industry Precinct is bordered by the major heavy transport routes of Tiger Brennan Drive, Berrimah Road and Wishart Road.

The first stage of the Transport Industry Precinct comprises a 16 hectare subdivision known as Truck Central which will deliver 25 industrial lots. Truck Central will comprise a fuel station, restaurant, rest/fatigue management facilities, a large Road Train Assembly Area, Heavy Vehicle Inspection Facility and industrial lots for sale and development.

Stage 2 of the Transport Industry Precinct has frontage to Wishart Road and will provide larger lots not available within Truck Central. This stage has approximately 5.5 hectares of developable area and will be accessed via a new intersection from Wishart Road, providing an additional entrance for the wider Transport Industry Precinct.

The remainder of the 70 hectare Transport Industry Precinct will be progressively released in stages to meet market demand providing around 100 lots in total. The LDC continues to work with adjoining land owners to potentially consolidate developable areas to achieve an efficient and cost effective subdivision layout.

BORDERED BY BERRIMAH ROAD, WISHART ROAD AND TIGER BRENNAN DRIVE, WISHART UNINCORPORATED

APPROXIMATELY 70 HECTARES

OUR ROLE

The LDC has identified the need for a Transport Industry Precinct to support transport services for the greater Darwin area. The Transport Industry Precinct will provide larger lots to accommodate transport depots and vehicle servicing activities with easy access to major road transport links and transport nodes within the East Arm Logistics Precinct.

CURRENT STATUS

The LDC, through a public process, selected Ostojic Group as the preferred developer for the delivery of Truck Central. Ostojic Group recommenced construction works on Truck Central in mid-2017 with completion scheduled for late 2018 following the construction of major intersection works.

Stage 2 has commenced preliminary design. Subject to a business case process, Stage 2 could potentially be construction ready for the 2018 dry-season.

FEATURES

The Department of Infrastructure, Planning and Logistics has secured Australian Government funding via the Heavy Vehicle Safety and Productivity Program to help deliver the Heavy Vehicle Inspection Facility and the Road Train Assembly Area at Truck Central.

The Heavy Vehicle Inspection Facility will allow for the inspection of fully configured road trains and replaces the Goyder Road Test Shed at Parap. The Road Train Assembly Area will comprise over 3 hectares of concrete hardstand and complements the Heavy Vehicle Inspection Facility by providing a safe area for the queuing of heavy vehicles.

The Department of Infrastructure, Planning and Logistics has worked closely with NT Road Transport Association in the planning of the Road Train Assembly Area and Truck Central. The Road Train Assembly Area layout provides over 17 parking bays for triple road trains, a further 11 wider bays for reconfiguration and assembly of trailers plus an additional 28 bays for smaller configurations such as B-doubles, semi-trailers and dolly parking.

The remaining 23 lots of Truck Central will be for the clustering of services around these heavy transport features, therefore delivering a one stop transport industry estate. This provides the opportunity for the co-location of major road transport activities including heavy vehicle sales, depots, servicing and repairs, truck washes, fuel station and fatigue management facilities.

Existing businesses already operating within the precinct include Puma, Direct Haul, Hastings Deering, Hallmark Trailers, Caltex, Cape Transport, Gilbert's Transport Service and Bidvest Foodservice. Power Water Corporation, Bureau of Meteorology and NT Fire and Emergency Services have significant assets within or adjoining the Transport Industry Precinct.

MIDDLE ARM INDUSTRIAL PRECINCT

PROPOSAL

The Middle Arm Industrial Precinct is a 600 hectare site for businesses associated with oil and gas, chemical, minerals, transport (rail) and power generation. The intention is to release lots that range in size from 5 to 50 hectares, on an 'as needs' basis.

The LDC is one of several key stakeholders that own land within the Middle Arm Peninsula. There are existing gas processing developments within the peninsula and there is a strong focus to encourage further gas related industries.

The precinct has an extensive product corridor network, which will allow new lots to be serviced with a range of infrastructure including high voltage power, gas, rail and other services.

The precinct has an area identified for water access, this provides an opportunity for the development of wharf facilities.

MIDDLE ARM PENINSULA
LITCHFIELD COUNCIL

600 HECTARES

OUR ROLE

The LDC is developing the precinct as the principal land holder. Investigations and design concepts will form the basis of site selection for incoming developments and industry.

CURRENT STATUS

Investigations and planning for suitable infrastructure for the precinct are continuing and will help to define subdivision options that suit a range of incoming industries with flexibility on layout and lot size.

FEATURES

Located approximately 9 kilometres from the City of Palmerston and with the potential for reticulated gas, wharf facility, rail corridor, and rail rolling stock maintenance yard, overall the precinct can accommodate a range of incoming industries including:

> Industrial – oil and gas, chemical

> Utilities – power generation

> Logistics – rail

> Commercial

> Manufacturing

DEFENCE SUPPORT HUB

PROPOSAL

The LDC has delivered the initial stage of a 53 hectare industrial estate. The initial stage, which is known as the Defence Support Hub, is for businesses that support the needs of the Australian Department of Defence. The Defence Support Hub allows prime contractors and sub-contractors to deliver industry support for Defence requirements, with a focus on on-going service and maintenance of Defence platforms.

The broad vision for the Defence Support Hub is to attract manufacturing, research and development and associated activities to support the Australian Defence Force in its operations, while providing benefits to the Northern Territory economy.

The Defence Support Hub is expected to attract small to medium sized companies that service Defence platforms as well as other industries using similar technologies, such as mining, oil and gas, commodities processing and transport.

The LDC constructed a purpose built mechanical workshop for RGM Maintenance, who service a number of Defence vehicles, buses and other diesel engine vehicles. RGM commenced operations from the new facility in 2014.

MATTHEW HOPKINS ROAD, HOLTZE
LITCHFIELD COUNCIL

53 HECTARES

OUR ROLE

Our role is to deliver to the market a site for businesses to take advantage of the support requirements for the Australian Defence Forces. The initial stages of development are complete and include an access road and services to four lots ranging in size from 6,500m^2 to 5 hectares.

CURRENT STATUS

The LDC is currently investigating design concept options for the next stage of the development.

FEATURES

The Defence Support Hub site is the initial stage of an industrial estate, strategically located near the Australian Army's Robertson Barracks, about four kilometres from the City of Palmerston central business district and 25 kilometres from the Darwin central business district.

TIWI ISLAND DEVELOPMENTS

DELIVERING UNIQUE PROJECTS THROUGH COLLABORATION AND ENGAGEMENT TO GENERATE NEW ECONOMIC DEVELOPMENT ACROSS THE TERRITORY IN STRATEGIC LOCATIONS

TIWI ISLANDS

PROPOSAL

The Tiwi Islands, Bathurst and Melville, cover a large expanse of around 780,000 hectares and are located approximately 70 kilometres north of Darwin, within easy reach via light aircraft or ferry. The LDC proposes to lease land on the Tiwi Islands for tourism/residential, aquaculture, agriculture and industrial purposes. This will generate new income streams for the Traditional Owners and create employment and business opportunities for the Tiwi people.

TIWI ISLANDS (BATHURST AND MELVILLE ISLANDS)
TIWI ISLANDS REGIONAL COUNCIL

10,040 HECTARES

OUR ROLE

The LDC is working closely with the Tiwi Land Council and Tiwi Aboriginal Land Trust to support economic development on the Tiwi Islands by providing the private sector with investment opportunities through the Tiwi Development Framework Agreement.

The commercial framework is in place for selected greenfield sites on the Tiwi Islands to provide investors with a secure long-term lease interest in land.

The LDC maintains an ongoing and strong relationship with the Tiwi Land Council and Tiwi Aboriginal Land Trust which will facilitate the negotiation of leases on selected greenfield sites on the Tiwi Islands. As the Northern Territory Government's strategic land developer we are able to provide professional and technical information about the Tiwi Islands by drawing on expertise across the Northern Territory Government.

CURRENT STATUS

The LDC has worked with the Tiwi Land Council to identify potential tourism and residential development opportunities. The LDC engaged specialist consultants to assist with the site selection and feasibility analysis of the opportunities. It is anticipated that the opportunities will be released to the market in financial year 2017-18.

FEATURES

The LDC is seeking to promote the very special features of the Tiwi people and the Tiwi Islands with tourism and residential development opportunities, which have a range of features including:

> Close proximity to Darwin, with easy access by plane and ferry

> Attractions such as beaches, wetlands and wildlife

> Activities such as fishing, Aboriginal art, culture and bushtucker

> Existing tourism operations such as fishing lodges, Aboriginal art and culture tours and the annual Tiwi Islands grand final and art sale

SAFETY AND THE ENVIRONMENT

ENVIRONMENT AND HERITAGE

We are committed to the sustainable development of our environment. Our business activities are planned and conducted to minimise and, where possible, avoid adverse effects on the environment and social surroundings for the benefit of current and future generations.

The LDC from the initial planning phases of development considers regional environmental and heritage issues. This allows us to identify the best type of development suited to a locality as well as providing the potential to minimise obstacles for prospective developers seeking to locate at a site.

In implementing these objectives the LDC:

> Integrates its economic, social and environmental responsibilities throughout our business decision making processes

> Anticipates or identifies potential environmental concerns

> Minimises the environmental impact of its activities

> Consistently achieves socially and environmentally responsible standards

> Networks with stakeholders on environmental and heritage topics achieving good outcomes for all parities

> Preserves identified sites of cultural, historical, natural or scientific significance where possible

> Promotes environmental sustainability initiatives both with the development and at a regional and/ or national level, such as renewable energy technologies

WORK, HEALTH AND SAFETY

We recognise the importance of providing all employees, visitors and contractors with a safe and healthy work environment.

Our goal is to promote responsible management practices that prevent all occupational injuries and illness. The LDC does this by:

> Providing instruction, training and supervision to improve individual's understanding of workplace hazards, including safe work practices and emergency procedures;

> Involving individuals in occupational health and safety matters and consulting with them on ways to recognise, evaluate and control workplace hazards;

> Ensuring that everyone (including visitors and contractors) comply with appropriate standards and workplace directions to protect their own and others health and safety at work;

> Implementing and maintaining an ongoing occupational health and safety program, including conducting regular inspections of the workplace aimed at preventing accidents and incidents;

> Conducting all of our operations in accordance with relevant legislation and government policy and agreements; and

> Monitoring, reviewing and reporting on the health and safety performance of the organisation.

All managers and supervisors are responsible and accountable for the safety of employees, contractors and company property under their control.

Managers and supervisors are responsible for ensuring all regulations, procedures and safe work practices are followed at all times.

KEY EVENTS 2016 -17

ALICE SPRINGS SHOW
1 – 2 JULY 2016

The LDC flew down to the red centre to promote our Alice Springs residential development, Kilgariff Estate.

The 2016 Alice Springs Show saw hundreds of families attend the event including first home buyers and young families.

The event provided the opportunity to connect with our target market by creating relationships with locals and building brand awareness of Kilgariff Estate.

NORTHERN TERRITORY RESOURCES WEEK
14 – 15 SEPTEMBER 2016

The South East Asia Australia Oil Conference (SEAAOC), Building the Territory and Mining the Territory Conferences run alongside each other to create Northern Territory Resources Week.

As an event sponsor, we exhibited at the event alongside major oil and gas industry operators including SupaGas, ConocoPhillips and Inpex.

As a regular sponsor, the LDC uses this platform to update regular attendees on our projects and communicate how we can assist the private sector in their ventures across, oil and gas, mining, logistics and other key industries.

URBAN DEVELOPMENT INSTITUTE OF AUSTRALIA AWARDS – NORTHERN TERRITORY
21 OCTOBER 2016

The Urban Development Institute of Australia (UDIA) NT Awards showcases residential developments in the Northern Territory.

Categories include Masterplanned Development, Urban Renewal, Environmental Excellence, Affordable Housing, Community Infrastructure and Innovation in Development.

In 2016, the Zuccoli Village joint venture between the LDC and Urbex received the NT Masterplanned Development Award and was shortlisted as a finalist for the National UDIA Awards in Perth.

CHIEF MINISTER’S CHINA JAPAN KOREA INVESTMENT MISSION
3 – 5 NOVEMBER 2016

To further international investment, the LDC joined a Northern Territory Trade delegation to Rizhao China on 3-5 November 2016.

During the event, Chief Minister Michael Gunner and Mr Ye, Chairman of the Landbridge Group, announced that Landbridge will develop the Landbridge Industry and Logistics Park for port and trade related logistic activities within the East Arm Logistics Precinct.

The Park will be located on a 34 hectare parcel of land along Berrimah Road which was sold to Landbridge, on commercial terms, by the LDC.

NT MAJOR PROJECTS
8 – 9 NOVEMBER 2016

Held annually at the Darwin Convention Centre, the 2016 Major Projects Conference explores major infrastructural projects and opportunities in the Territory.

Project Director, Paul Schneider delivered a presentation on the LDC major development projects including the Marine Industry Park, East Arm Logistics Precinct and Transport Industry Precinct.

The NT Major Projects Conference created a networking platform for Government and the private sector to share ideas and encourage collaboration.

MULTI – USER BARGE RAMP OPENING
18 NOVEMBER 2016

In November, Deputy Chief Minister Nicole Manison opened the new Multi-User Barge Ramp at Darwin's East Arm Logistics Precinct.

The project was jointly funded by the Australian Government's Department of Defence and the LDC.

The VIP media event received widespread attention across local media platforms, highlighting the timeliness of the project, positive partnerships and the opportunities for commercial usage and trade.

ZUCCOLI SALES CENTRE OPENING
30 MARCH 2017

Deputy Chief Minister, Nicole Manison, officially opened the Zuccoli Village Sales and Information Centre located at the Zuccoli Plaza in March 2017.

The new sales centre, originally located in Darwin City, was moved to a prominent location within Zuccoli to act as an information hub for potential purchasers and community members to view and discuss new home packages with Urbex Pty Ltd.

The event was aimed at promoting Zuccoli Village and the new Zuccoli Plaza.

TRUCKING AUSTRALIA
21 - 23 JUNE 2017

The LDC participated in the 2017 Trucking Australia conference, held at the Darwin Convention Centre to present the Transport Industry Precinct and Truck Central Stage 1 project in partnership with Ostojic Group.

The LDC was a major sponsor of this event and also provided a presentation to delegates of the various logistics projects it is undertaking in Darwin. The LDC also hosted a tour which showed delegates around the Darwin Port, Transport Industry Precinct and East Arm Logistics Precinct including the Common User Facility, Darwin Business Park and the proposed Marine Service Area.

Trucking Australia provided us with key networking opportunities within the trucking, transport and logistics industries.

48

OUR FINANCIAL REPORT

INDEPENDENT AUDITORS REPORT

Auditor-General

Independent Auditor's Report
to the Minister for Infrastructure, Planning and Logistics

Land Development Corporation

Page 1 of 2

Opinion

I have audited the accompanying financial report of Land Development Corporation, which comprises the balance sheet as at 30 June 2017, and the comprehensive operating statement, statement of changes in equity and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes, and the certification of the financial statements by the Chief Executive Officer.

In my opinion, the financial report gives a true and fair view, in all material respects, of the financial position of Land Development Corporation as at 30 June 2017, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report. I am independent of Land Development Corporation in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the Chief Executive Officer for the Financial Report

The Chief Executive Officer is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and for such internal control as the Chief Executive Officer determines is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, management is responsible for assessing Land Development Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate Land Development Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Land Development Corporation's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Report

My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

Level 12 Northern Territory House 22 Mitchell Street Darwin 0800 Tel: 08 8999 7155

Auditor-General

Page 2 of 2

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Land Development Corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Land Development Corporation's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause Land Development Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Julie Crisp
Auditor-General for the Northern Territory

Darwin, Northern Territory

25 September 2017

Level 12 Northern Territory House 22 Mitchell Street Darwin 0800 Tel: 08 8999 7155

FINANCIAL STATEMENT OVERVIEW

FOR THE YEAR ENDED 30 JUNE 2017

The year ended 30 June 2017, represents the sixth year that the Land Development Corporation (the Corporation) has operated as a Government Business Division (GBD).

FINANCIAL PERFORMANCE

The Corporation's total income of $30.55 million ($36.96 million revenue less $6.41 million cost of land sold) for the year ended 30 June 2017 includes the recognition of the capital grant of $16.24 million and gross revenue from land sales of $12.23 million during the year ended 30 June 2017. The land sales represent sales from both industrial and residential developments. While the land sales had improved over the previous financial year the land sales revenue was below budget.

The Corporation holds land as current and non-current inventory representing land available for development and sale. Strategic land with rail or water frontage are held as non-current inventory. Costs incurred by the Corporation related to the development of land and are initially recorded as inventory assets in the balance sheet. When sold the costs are recognised in the comprehensive operating statement as the cost of land sold.

The Corporation's main operating expenditure during the year was the $14.85 million impairment of infrastructure assets. The other main operating expenditure relates to residential and industrial land development. The Corporation's employee expenses for the year were $2.64 million and the Corporation employed 20 full time equivalent employees as at 30 June 2017. The Corporation purchases services from other agencies ($0.32 million).

FINANCIAL POSITION

Overall the Corporation maintains a strong financial position with $144.4 million in net assets at 30 June 2017 compared to $139.8 million in the previous year.

The Corporation has a secure liquidity position with $39.44 million in cash. The Corporation also has a healthy portfolio of land with $25.36 million in current land inventory and $110.78 million in non-current land inventory.

CERTIFICATION OF THE FINANCIAL STATEMENTS

We certify that the attached financial statements for the Land Development Corporation have been prepared from proper accounts and records in accordance with the prescribed format, the *Financial Management Act* and Treasurer's Directions.

We further state that the information set out in the Comprehensive Operating Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and notes to and forming part of the financial statements, presents fairly the financial performance and cash flows for the year ended 30 June 2017 and the financial position on that date.

At the time of signing, we are not aware of any circumstances that would render the particulars included in the financial statements misleading or inaccurate.

Tony Stubbin
Chief Executive Officer
September 2017

Carly Beh
Commercial Accountant
September 2017

COMPREHENSIVE OPERATING STATEMENT

FOR THE YEAR ENDED 30 JUNE 2017

	NOTE	2017 $000	2016 $000
INCOME			
Revenue from land sales		12 230	8 017
Cost of land sold		(6 410)	(7 536)
Gross Profit		5 820	481
Grants and subsidies	4	19 249	7 960
Interest revenue		365	521
Royalties, rents and dividends		2 893	1 868
Miscellaneous income		2 223	880
TOTAL INCOME		30 550	11 710
EXPENSES			
Employee expenses		2 639	2 739
Administrative expenses			
Purchases of goods and services	6	2 187	1 515
Repairs and maintenance		454	352
Depreciation and amortisation	11,12	357	351
Other administrative expenses		1 338	2 809
Impairment loss	11	14 848	-
Interest expenses		1 015	1 134
TOTAL EXPENSES		22 838	8 900
NET SURPLUS BEFORE INCOME TAX		7 712	2 810
Income tax expense	5	2 314	843
NET SURPLUS		5 398	1 967
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to net surplus			
Increase in asset revaluation reserve		1 863	-
TOTAL OTHER COMPREHENSIVE INCOME		1 863	-
COMPREHENSIVE RESULT		7 261	1 967

The Comprehensive Operating Statement is to be read in conjunction with the notes to the financial statements.

BALANCE SHEET

AS AT 30 JUNE 2017

	NOTE	2017 $000	2016 $000
ASSETS			
Current Assets			
Cash and deposits	8	39 435	22 528
Receivables	9	1 466	801
Inventories	10	25 357	23 448
Total Current Assets		66 258	46 777
NON-CURRENT ASSETS			
Inventories	10	110 776	113 854
Property, plant and equipment	11	12 045	19 361
Heritage and cultural assets	12	67	68
Total Non-Current Assets		122 888	133 283
TOTAL ASSETS		189 146	180 060
LIABILITIES			
Current Liabilities			
Payables	14	4 319	341
Borrowings and advances	15	5 000	5 000
Provisions	16	3 011	1 258
Other liabilities	17	14 616	16 951
Deposits held	18	521	846
Income tax liability	5	2 314	843
Total Current Liabilities		29 781	25 239

The Balance Sheet is to be read in conjunction with the notes to the financial statements.

BALANCE SHEET (Continued)

AS AT 30 JUNE 2017

	NOTE	2017 $000	2016 $000
Non-Current Liabilities			
Borrowings and advances	15	15 000	15 000
Provisions	16	-	19
Total Non-Current Liabilities		15 000	15 019
TOTAL LIABILITIES		44 781	40 258
NET ASSETS		144 365	139 802
EQUITY			
Capital		54 089	54 089
Reserves	20	3 727	1 864
Accumulated funds		86 549	83 849
TOTAL EQUITY		144 365	139 802

The Balance Sheet is to be read in conjunction with the notes to the financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2017

	NOTE	EQUITY AT 1 JULY 2016 $000	COMPREHENSIVE RESULT $000	TRANSACTIONS WITH OWNERS $000	EQUITY AT 30 JUNE 2017 $000
2016-2017					
Accumulated Funds		83 849	-	-	83 849
Surplus for the period		-	5 398	-	5 398
Dividends		-	-	(2 698)	(2 698)
		83 849	5 398	(2 698)	86 549
Reserves	20	1 864	-	-	1 864
Asset revaluation		-	1 863	-	1 863
	20	1 864	1 863	-	3 727
Capital – Transactions with Owners		54 089	-	-	54 089
		54 089	-	-	54 089
Total Equity at End of Financial Year		139 802	7 261	(2 698)	144 365

The Statement of Changes in Equity is to be read in conjunction with the notes to the financial statements.

STATEMENT OF CHANGES IN EQUITY (Continued)

FOR THE YEAR ENDED 30 JUNE 2017

	NOTE	EQUITY AT 1 JULY 2015 $000	COMPREHENSIVE RESULT $000	TRANSACTIONS WITH OWNERS $000	EQUITY AT 30 JUNE 2016 $000
2015-2016					
Accumulated Funds		82 866	-	-	82 866
Surplus for the period		-	1 967	-	1 967
Dividends		-	-	(984)	(984)
		82 866	1 967	(984)	83 849
Reserves	20	1 864	-	-	1 864
	20	1 864	-	-	1 864
Capital – Transactions with Owners		54 095	-	-	54 095
Equity injections		-	-	8 000	8 000
Equity withdrawals		-	-	(8 006)	(8 006)
		54 095	-	(6)	54 089
Total Equity at End of Financial Year		138 825	1 967	(990)	139 802

The Statement of Changes in Equity is to be read in conjunction with the notes to the financial statements.

CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2017

	NOTE	2017 $000	2016 $000
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating Receipts			
Community service obligations		3 005	7 960
Receipts from sales of goods and services		30 782	11 060
GST receipts		2 541	2 599
Interest received		343	537
Total Operating Receipts		**36 671**	**22 156**
Operating Payments			
Payments to employees		(2 609)	(2 858)
Payments for goods and services		(7 221)	(18 697)
GST payments		(2 713)	(4 331)
Income tax paid		(843)	(2 953)
Interest paid		(1 025)	(1 150)
Total Operating Payments		**(14 411)**	**(29 989)**
Net Cash From/(Used in) Operating Activities	21	**22 260**	**(7 833)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Investing Payments			
Purchases of assets		(4 045)	(12 668)
Total Investing Payments		**(4 045)**	**(12 668)**
Net Cash Used in Investing Activities		**(4 045)**	**(12 668)**

The Cash Flow Statement is to be read in conjunction with the notes to the financial statements.

CASH FLOW STATEMENT (Continued)

FOR THE YEAR ENDED 30 JUNE 2017

	NOTE	2017 $000	2016 $000
CASH FLOWS FROM FINANCING ACTIVITIES			
Financing Receipts			
Deposits (refunded)/received		(324)	417
Equity injection		-	8 000
Total Financing (Payments)/Receipts		**(324)**	**8 417**
Financing Payments			
Dividends paid		(984)	(3 445)
Total Financing Payments		**(984)**	**(3 445)**
Net Cash (Used in)/From Financing Activities		**(1 308)**	**4 972**
Net increase/(decrease) in cash held		16 907	(15 529)
Cash at beginning of financial year		22 528	38 057
CASH AT END OF FINANCIAL YEAR	8	**39 435**	**22 528**

The Cash Flow Statement is to be read in conjunction with the notes to the financial statements

INDEX OF NOTES TO THE FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

1. OBJECTIVES AND FUNDING

The Corporation's role is to contribute to the economic growth of the Northern Territory through innovative development and management of strategic industrial land, residential land and ancillary facilities and activities in the Northern Territory, in partnership with the private sector.

The Corporation's objective is to:

- meet the Northern Territory's strategic industrial land requirements and respond to industry's short and long term requirements;
- deliver on innovative residential subdivisions;
- build strong links with the property industry and development-focused government and semi government entities/agencies throughout Australia to enable comprehensive project support for the Corporation and its project partners; and
- realise the opportunities to optimise returns on the Corporation's assets whilst operating within the guidelines set by the Northern Territory Government for its Government Business Divisions (GBD).

The Corporation is the developer and manager of Northern Territory Government owned land identified for strategic industrial development. It operates under the *Land Development Corporation Act* and reports to the Minister for Infrastructure, Planning and Logistics.

In 2009 the *Land Development Corporation Act* was amended to expand the Corporation's role to include the development of residential land. The Corporation has entered into joint partnership arrangements with participants from the private sector in developing residential land.

The Corporation has been determined by the Treasurer under Section 3(1) of the *Financial Management Act* to be a GBD, commencing 1 July 2011 and is classified as a Not-for-Profit Entity. This has resulted in the Corporation adopting a capital structure comparative to similar entities in the private sector and similar government entities in other States and Territories. Other impacts of this determination include the Corporation being self-funded through the sale of land and hence no longer receiving output appropriation. As a GBD the Corporation receives interest earned on cash balances and is required to pay income tax and dividends. Similarly, commencing from 1 July 2011, the Corporation is required to pay full charges previously received free of charge when it was an agency.

The financial statements encompass all funds through which the Corporation controls resources to carry on its functions and deliver outputs. For reporting purposes, outputs delivered by the Corporation are summarised into several output groups. Note 3 provides summary financial information in the form of a Comprehensive Operating Statement by output group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

a) Statement of Compliance

The financial statements have been prepared in accordance with the requirements of the *Financial Management Act* and related Treasurer's Directions. The *Financial Management Act* requires the Corporation to prepare financial statements for the year ended 30 June based in the form determined by the Treasurer. The form of Corporation's financial statements is to include:

(i) a Certification of the Financial Statements;

(ii) a Comprehensive Operating Statement;

(iii) a Balance Sheet;

(iv) a Statement of Changes in Equity;

(v) a Cash Flow Statement; and

(vi) applicable explanatory notes to the financial statements.

b) Basis of Accounting

The financial statements have been prepared using the accrual basis of accounting, which recognises the effect of financial transactions and events when they occur, rather than when cash is paid out or received. As part of the preparation of the financial statements, all intra-agency transactions and balances have been eliminated.

Except where stated, the financial statements have also been prepared in accordance with the historical cost convention.

The form of the Corporation's financial statements is consistent with reporting requirements of general purpose financial statements and the Australian Accounting Standards. The effects of all relevant new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are effective for the current annual reporting period have been evaluated.

The following new and revised accounting standards and interpretations were effective for the first time in 2016-17:

AASB 124 Related Party Disclosures

This standard applies to not-for-profit sector for the first time in 2016-17. The accounting standard requires disclosures about the remuneration of key management personnel, transactions with related parties, and relationships between parent and controlled entities. For any such transactions, disclosures will include the nature of the related party relationship, as well as information about those transactions' terms/conditions and amounts, any guarantees given/received, outstanding receivables/payables, commitments, and any receivables where collection has been assessed as being doubtful.

Several other amending standards and AASB interpretations have been issued that apply to the current reporting periods, but are considered to have no impact on public sector reporting.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

At the date of authorisation of the financial statements, the following standards and interpretations were in issue but are not yet effective and are expected to have a potential impact on future reporting periods:

AASB 16 Leases

AASB 16 Leases is effective for annual reporting periods beginning on or after 1 January 2019 and will be reported in these financial statements for the first time in 2019-20. When the standard is effective it will supersede AASB 117 Leases and requires the majority of leases to be recognised on the balance sheet.

For lessees with operating leases, a right-of-use asset will now come onto the balance sheet together with a lease liability for all leases with a term of more than 12 months, unless the underlying assets are of low value. The Comprehensive Operating Statement will no longer report operating lease rental payments, instead a depreciation expense will be recognised relating to the right-to-use asset and interest expense relating to the lease liability.

For lessors, the finance and operating lease distinction remains largely unchanged. For finance leases, the lessor recognises a receivable equal to the net investment in the lease. Lease receipts from operating leases are recognised as income either on a straight-line basis or another systematic basis where appropriate.

Consequently, it is expected that approximately $0.308 million in operating lease commitments will be required to be recognised in the balance sheet through a lease liability and corresponding right to use asset from 2019-20 in accordance with AASB 16 Leases. In the comprehensive income statement the operating lease expense will be replaced with a depreciation expense relating to the right to use asset and interest expense relating to the lease liability. These cannot be quantified at this time.

AASB 1058 Income for not-for-profit entities and AASB 15 Revenue from contracts with customers

AASB 1058 Income for Not-for-Profit Entities and AASB 15 Revenue from Contracts with Customers are effective for annual reporting periods beginning on or after 1 January 2019 and will be reported in these financial statements for the first time in 2019-20.

Under the new AASB 1058 Income for Not-for-Profit Entities, revenue from grants and donations will be recognised when any associated performance obligation to provide goods or services is satisfied, and not immediately upon receipt as currently occurs. Consequently, more liabilities will be recognised in the balance sheet after adoption of this standard.

AASB 1058 clarifies and simplifies income-recognition requirements that apply to not-for-profit entities in conjunction with AASB 15 Revenue from Contracts with Customers.

While the full impacts are yet to be determined, potential impacts identified include:

- Grants received to construct or acquire a non-financial asset will be recognised as a liability, and subsequently recognised as revenue as the performance obligations under the grant are satisfied.
- Grants with an enforceable agreement and sufficiently specific performance obligations will be recognised as revenue progressively as the associated performance obligations are satisfied. At present, such grants are recognised as revenue on receipt.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

- Grants that have an enforceable agreement but no specific performance obligations but have restrictions on the timing of expenditure will also continue to be recognised on receipt as time restriction on the use of funds is not sufficiently specific to create a performance obligation.
- Grants that are not enforceable and/or not sufficiently specific will not qualify for deferral, and continue to be recognised as revenue as soon as they are controlled.

Several other amending standards and AASB interpretations have been issued that apply to future reporting periods, but are considered to have limited impact on future financial reporting.

AASB 9 Financial Instruments

AASB 9 Financial Instruments changes will be effective for annual reporting periods beginning on or after 1 January 2018 and will be reported in these financial statements for the first time in 2017-18 financial year. The standard changes the way financial instruments are classified and measured and is not expected to have any significant impact on the financial reporting of the Corporation.

c) Reporting Entity

The financial statements cover the Corporation as an individual reporting entity.

The Corporation is a Northern Territory Government Business Division ("GBD") established under the *Land Development Corporation Act.*

Principal place of business of the Corporation is: Level 2, 37 Woods Street, Darwin NT, 0800

Postal address of the Corporation is: GPO Box 353, Darwin, NT 0801

d) Corporation and Territory Items

The financial statements of the Corporation include income, expenses, assets, liabilities and equity over which the Corporation has control (Corporation items). Certain items, while managed by the Corporation, are controlled and recorded by the Territory rather than the Corporation (Territory items). Territory items are recognised and recorded in the Central Holding Authority as discussed below.

Central Holding Authority

The Central Holding Authority is the 'parent body' that represents the Government's ownership interest in Government-controlled entities.

The Central Holding Authority also records all Territory items, such as income, expenses, assets and liabilities controlled by the Government and managed by entities on behalf of the Government. The main Territory item is Territory income, which includes taxation and royalty revenue, Commonwealth general purpose funding (such as GST revenue), fines, and statutory fees and charges.

The Central Holding Authority also holds certain Territory assets not assigned to entities as well as certain Territory liabilities that are not practical or effective to assign to individual agencies such as unfunded superannuation and long service leave.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

e) Comparatives

Where necessary, comparative information for the 2015-16 financial year has been reclassified to provide consistency with current year disclosures.

f) Presentation and Rounding of Amounts

Amounts in the financial statements and notes to the financial statements are presented in Australian dollars and have been rounded to the nearest thousand dollars, with amounts of $500 or less being rounded down to zero. Figures in the financial statements and notes may not equate due to rounding.

g) Changes in Accounting Policies

There have been no changes to accounting policies adopted in 2016-17 as a result of management decisions.

h) Accounting Judgments and Estimates

The preparation of the financial report requires the making of judgments and estimates that affect the recognised amounts of assets, liabilities, revenues and expenses and the disclosure of contingent liabilities. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments and estimates that have significant effects on the financial statements are disclosed in the relevant notes to the financial statements. Notes that include significant judgments and estimates are:

- Employee Benefits – Note 16: Provisions in respect of employee benefits are measured as the present value of estimated future cash outflows based on the appropriate Government bond rate, estimates of future salary and wage levels and employee periods of service.
- Allowance for Impairment Losses – Note 22: Financial Instruments. The allowance represents debts that are likely to be uncollectible and are considered doubtful. Debtors are grouped according to their aging profile and history of previous financial difficulties.
- Depreciation and Amortisation – Note 11: Property, Plant and Equipment, and Note 12 – Heritage and Cultural Assets.

i) Goods and Services Tax

Income, expenses and assets are recognised net of the amount of Goods and Services Tax (GST), except where the amount of GST incurred on a purchase of goods and services is not recoverable from the Australian Tax Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the Balance Sheet.

Cash flows are included in the Cash Flow Statement on a gross basis. The GST components of cash flows arising from investing and financing activities, which are recoverable from, or payable to, the ATO are classified as operating cash flows. Commitments and contingencies are disclosed net of the amount of GST recoverable or payable unless otherwise specified.

j) Contributions by and Distributions to Government

The Corporation may receive contributions from Government where the Government is acting as owner of the Corporation. Conversely, the Corporation may make distributions to Government. In accordance with the *Financial Management Act* and Treasurer's Directions, certain types of contributions and distributions, including those relating to administrative restructures, have been designated as contributions by, and distributions to, Government. These designated contributions and distributions are treated by the Corporation as adjustments to equity.

The Statement of Changes in Equity provides additional information in relation to contributions by, and distributions to, Government.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

3. COMPREHENSIVE OPERATING STATEMENT BY OUTPUT GROUP

	NOTE	RESIDENTIAL 2017 $000	RESIDENTIAL 2016 $000	INDUSTRIAL 2017 $000	INDUSTRIAL 2016 $000	TOTAL 2017 $000	TOTAL 2016 $000
INCOME							
Revenue from land sales		4 346	7 888	7 884	129	12 230	8 017
Cost of land sold		(2 356)	(7 536)	(4 054)	-	(6 410)	(7 536)
Gross Profit		1 990	352	3 830	129	5 820	481
Capital grants	4	-	-	16 244	-	16 244	-
Community service obligations	4	-	-	3 005	7 960	3 005	7 960
Interest revenue		110	156	255	365	365	521
Royalties, rents and dividends		-	-	2 893	1 868	2 893	1 868
Miscellaneous income		-	-	2 223	880	2 223	880
TOTAL INCOME		2 100	508	28 450	11 202	30 550	11 710
EXPENSES							
Employee expenses		792	821	1 847	1 918	2 639	2 739
Administrative expenses							
Purchases of goods and services	6	1 530	455	657	1 060	2 187	1 515
Repairs and maintenance		136	106	318	246	454	352
Depreciation and amortisation	11, 12	-	-	357	351	357	351
Other administrative expenses		103	97	1 235	2 712	1 338	2 809
Impairment loss[1]	11	-	-	14 848	-	14 848	-
Interest expenses		304	340	711	794	1 015	1 134
TOTAL EXPENSES		2 865	1 819	19 973	7 081	22 838	8 900
NET SURPLUS/(DEFICIT) BEFORE INCOME TAX		(765)	(1 311)	8 477	4 121	7 712	2 810
Income tax expense	5	-	-	-	-	2 314	843
NET SURPLUS		-	-	-	-	5 398	1 967
OTHER COMPREHENSIVE INCOME							
Changes in asset revaluation reserve		-	-	-	-	1 863	-
TOTAL OTHER COMPREHENSIVE INCOME		-	-	-	-	1 863	-
COMPREHENSIVE RESULT		-	-	-	-	7 261	1 967

[1] *Write down of the Multi-User Barge Ramp infrastructure asset.*

This Comprehensive Operating Statement by output group is to be read in conjunction with the notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

Income Recognition

Income encompasses both revenue and gains.

Income is recognised at the fair value of the consideration received, exclusive of the amount of GST. Exchanges of goods or services of the same nature and value without any cash consideration being exchanged are not recognised as income.

Grants and Other Contributions

Grants, donations, gifts and other non-reciprocal contributions are recognised as revenue when the Corporation obtains control over the assets comprising the contributions. Control is normally obtained upon receipt.

Contributions are recognised at their fair value. Contributions of services are only recognised when a fair value can be reliably determined and the services would be purchased if not donated.

Sale of Land

Revenue from the sale of land is recognised when all of the following conditions are satisfied:

- the Corporation transfers the significant risks and rewards of ownership of the land to the buyer;
- the Corporation retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the land sold;
- the amount of revenue can be reliably measured;
- it is probable that the economic benefits associated with the transaction will flow to the Corporation; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rent Revenue

Rent revenue from operating leases is recognised as income on a straight line basis over the rental term.

Project Management Services

Revenue from project management services is recognised in proportion to the stage of completion of the contract at reporting date. The revenue is recognised when:

- the amount of revenue, stage of completion and transaction costs incurred can be reliably measured; and
- it is probable that the economic benefits associated with the transaction will flow to the entity.

Interest Revenue

Interest revenue is recognised as it accrues, taking into account the effective yield on the financial asset.

Disposal of Assets

A gain or loss on disposal of assets is included as a gain or loss on the date control of the asset passes to the buyer, usually when an unconditional contract of sale is signed. The gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal.

Contributions of Assets

Contributions of assets and contributions to assist in the acquisition of assets, being nonreciprocal transfers, are recognised, unless otherwise determined by Government, as gains when the Corporation obtains control of the asset or right to receive the contribution. Contributions are recognised at the fair value received or receivable.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

	2017 $000	2016 $000
4. GRANTS AND SUBSIDIES		
Capital grants	16 244	-
Community service obligations	3 005	7 960
Total Grants and Subsidies	**19 249**	**7 960**
5. INCOME TAX RECONCILIATION		
The income tax for the year can be reconciled to the accounting profit as follows:		
Net surplus before tax for the year	7 712	2 810
Income tax calculation at 30%	2 314	843
Income Tax Recognised in the Comprehensive Operating Statement	**2 314**	**843**

The accounting profits model of the Northern Territory Tax Equivalent Regime has been applicable since the Corporation was established as a Government Business Division on 1 July 2011.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

	2017 $000	2016 $000
6. PURCHASES OF GOODS AND SERVICES		
The net surplus has been arrived at after charging the following expenses:		
Goods and services expenses:		
Property management	1 329	1 045
Consultants	283	121
Marketing and promotion (1)	93	116
Document production	(5)	34
Legal expenses (2)	104	49
Recruitment (3)	-	17
Training and study	40	16
Official duty fares	21	24
Travelling allowance	3	10
Corporate support from other agencies	319	83
Total Purchases of Goods and Services	2 187	1 515

(1) *Includes advertising for marketing and promotion.*
(2) *Includes legal fees, claim and settlement costs.*
(3) *Includes recruitment-related advertising costs.*

Repairs and Maintenance Expense

Costs associated with repairs and maintenance works on the Corporation's assets are expensed as incurred.

Interest Expense

Interest expenses include interest and finance lease charges. Interest expenses are expensed in the period in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

7. WRITE-OFFS, POSTPONEMENTS, WAIVERS, GIFTS AND EX GRATIA PAYMENTS

	AGENCY		AGENCY	
	2017 $000	NO. OF TRANS.	2016	NO. OF TRANS. $000
Gifts Under the *Financial Management Act*	-	-	2 487	1

8. CASH AND DEPOSITS

	2017 $000	2016 $000
Cash on hand	1	1
Cash at bank	39 434	22 527
Total Cash and Deposits	39 435	22 528

For the purposes of the Balance Sheet and the Cash Flow Statement, cash includes cash on hand, cash at bank and cash equivalents. Cash equivalents are highly liquid short-term investments that are readily convertible to cash. Cash at bank includes monies held in the Accountable Officer's Trust Account (AOTA) that are ultimately payable to the beneficial owner – refer also to Note 26.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

	2017 $000	2016 $000
9. RECEIVABLES		
Current		
Accounts receivable	250	507
Less: Allowance for impairment losses	(49)	(49)
	201	458
Interest receivables	47	25
GST receivables	473	301
Other receivables	745	17
Total Receivables	1 466	801

Receivables include accounts receivable and other receivables and are recognised at fair value less any allowance for impairment losses.

The allowance for impairment losses represents the amount of receivables the Corporation estimates are likely to be uncollectible and are considered doubtful. Analyses of the age of the receivables that are past due as at the reporting date are disclosed in an aging schedule under credit risk in Note 22 Financial Instruments. Reconciliation of changes in the allowance accounts is also presented.

Accounts receivable are generally settled within 30 days.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

	2017 $000	2016 $000
10. INVENTORIES		
Current – Under Development and Developed Land		
At cost	25 357	23 448
Non Current – Undeveloped Land		
At cost	110 776	113 854
Total Inventories	136 133	137 302
Land Inventories Comprises:		
Cost of acquisition	102 116	100 893
Development costs	34 017	36 409
Total Inventories	136 133	137 302

Inventories – Land Held for Sale

Land held for development and sale is carried at the lower of cost or net realisable value. Cost includes the cost of acquisition and development. Amounts are disclosed as current where it is anticipated that land will be developed ready for sale within twelve months of reporting date. Net realisable value represents the estimated selling price less all estimated costs of completion and costs necessary to make the sale.

Inventory land relating to the Zuccoli development is the subject of a mortgage as security for the finance provided to fund the development costs of the project.

Inventory land relating to Maluka was written down to net realisable value during 2016-17 with the impairment loss of $2.001 million recognised in cost of goods sold.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

	2017 $000	2016 $000
11. PROPERTY, PLANT AND EQUIPMENT		
Land		
At fair value	4 628	1 359
	4 628	1 359
Buildings		
At fair value	4 430	11 395
Less: Accumulated depreciation	(741)	(6 360)
	3 689	5 035
Infrastructure		
At fair value	18 589	418
Less: Accumulated depreciation	(13)	(119)
Less: Accumulated impairment losses	(14 848)	-
	3 728	299
Construction Work In Progress		
At fair value	-	12 668
	-	12 668
Total Property, Plant and Equipment	12 045	19 361

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

11. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

2017 Property, Plant and Equipment Reconciliation

A reconciliation of the carrying amount of property, plant and equipment at the beginning and end of 2016-17 is set out below:

	LAND $000	BUILDINGS $000	INFRASTRUCTURE $000	CONSTRUCTION (WIP) $000	TOTAL $000
Carrying amount as at 1 July 2016	1 359	5 035	299	12 668	19 361
Additions	-	-	-	4 045	4 045
Depreciation	-	(334)	(23)	-	(357)
Additions/(disposals) from asset transfers	136	-	18 558	(16 713)	1 981
Revaluation increments/ (decrements)	3 133	(1 012)	(258)	-	1 863
Impairment losses	-	-	(14 848)	-	(14 848)
Carrying Amount as at 30 June 2017	**4 628**	**3 689**	**3 728**	**-**	**12 045**

2016 Property, Plant and Equipment Reconciliation

A reconciliation of the carrying amount of property, plant and equipment at the beginning and end of 2015-16 is set out below:

	LAND $000	BUILDINGS $000	INFRASTRUCTURE $000	CONSTRUCTION (WIP) $000	TOTAL $000
Carrying amount as at 1 July 2015	1 359	5 370	315	-	7 044
Additions	-	-	-	12 668	12 668
Depreciation	-	(335)	(16)	-	(351)
Carrying Amount as at 30 June 2016	**1 359**	**5 035**	**299**	**12 668**	**19 361**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

Acquisitions

All items of property, plant and equipment with a cost, or other value, equal to or greater than $10 000 are recognised in the year of acquisition and depreciated as outlined below. Items of property, plant and equipment below the $10 000 threshold are expensed in the year of acquisition.

The construction cost of property, plant and equipment includes the cost of materials and direct labour, and an appropriate proportion of fixed and variable overheads.

Complex Assets

Major items of plant and equipment comprising a number of components that have different useful lives, are accounted for as separate assets. The components may be replaced during the useful life of the complex asset.

Subsequent Additional Costs

Costs incurred on property, plant and equipment subsequent to initial acquisition are capitalised when it is probable that future economic benefits in excess of the originally assessed performance of the asset will flow to the Corporation in future years. Where these costs represent separate components of a complex asset, they are accounted for as separate assets and are separately depreciated over their expected useful lives.

Revaluations and Impairment

Revaluation of Assets

Subsequent to initial recognition, assets belonging to the following classes of non-current assets are revalued with sufficient regularity to ensure that the carrying amount of these assets does not differ materially from their fair value at reporting date:

- land, buildings and infrastructure assets within property, plant and equipment; and
- heritage and cultural assets.

Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable, willing parties in an arms-length transaction.

Plant and equipment are stated at historical cost less depreciation, which is deemed to equate to fair value.

The latest revaluations as undertaken in March 2017 and June 2017 were conducted by independent certified property valuers. The valuers used during this financial year were Herron Todd White, Colliers and Integrated Valuation Services. Refer to Note 13: Fair Value Measurement of Non-Financial Assets for additional disclosures

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

Impairment of Assets

An asset is said to be impaired when the asset's carrying amount exceeds its recoverable amount.

Non-current physical and intangible agency assets are assessed for indicators of impairment on an annual basis or whenever there is indication of impairment. If an indicator of impairment exists, the agency determines the asset's recoverable amount. The asset's recoverable amount is determined as the higher of the asset's depreciated replacement cost and fair value less costs to sell. Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

Impairment losses are recognised in the Comprehensive Operating Statement. They are disclosed as an expense unless the asset is carried at a revalued amount. Where the asset is measured at a revalued amount, the impairment loss is offset against the asset revaluation reserve for that class of asset to the extent that an available balance exists in the asset revaluation reserve.

In certain situations, an impairment loss may subsequently be reversed. Where an impairment loss is subsequently reversed, the carrying amount of the asset is increased to the revised estimate of its recoverable amount. A reversal of an impairment loss is recognised in the Comprehensive Operating Statement as income, unless the asset is carried at a revalued amount, in which case the impairment reversal results in an increase in the asset revaluation reserve. Note 20 provides additional information in relation to the asset revaluation reserve.

The Corporation's property, plant and equipment assets were assessed for impairment as at 30 June 2017. As a result of this review and based on the independent valuations $14.85 million of impairment losses were recognised against Infrastructure Assets. Revaluation of the land and building assets resulted in a revaluation gain of $1.83 million. This gain was added to the revaluation reserve.

Depreciation and Amortisation Expense

Items of property, plant and equipment, including buildings but excluding land, have limited useful lives and are depreciated or amortised using the straight-line method over their estimated useful lives.

Amortisation applies in relation to intangible non-current assets with limited useful lives and is calculated and accounted for in a similar manner to depreciation.

The estimated useful lives for each class of asset are in accordance with the Treasurer's Directions and are determined as follows:

	2017	2016
Buildings	10-50 years	10-50 years
Infrastructure Assets	8-50 years	8-50 years
Heritage and Cultural Assets	100 years	100 years

Assets are depreciated or amortised from the date of acquisition or from the time an asset is completed and held ready for use.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

	2017 $000	2016 $000
12. HERITAGE AND CULTURAL ASSETS		
Carrying Amount		
At valuation	74	74
Less: Accumulated depreciation	(7)	(6)
Written down value – 30 June	**67**	**68**
Reconciliation of Movements		
Carrying amount at 1 July	68	68
Depreciation	(1)	-
Carrying Amount as at 30 June	**67**	**68**

Heritage and Cultural Assets Valuation

The fair value of these assets was determined based on existing restriction on asset use. Where reliable market values were not available, the fair value of the Corporation's assets was based on their depreciated replacement cost.

Impairment of Heritage and Cultural Assets

The Corporation's heritage and cultural assets were assessed for impairment as at 30 June 2017. No impairment adjustments were required as a result of this review.

Leased Assets

Leases under which the Corporation assumes substantially all the risks and rewards of ownership of an asset are classified as finance leases. Other leases are classified as operating leases.

Finance Leases

Finance leases are capitalised. A lease asset and lease liability equal to the lower of the fair value of the leased property and present value of the minimum lease payments, each determined at the inception of the lease, are recognised.

Lease payments are allocated between the principal component of the lease liability and the interest expense.

Operating Leases

Operating lease payments made at regular intervals throughout the term are expensed when the payments are due, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased property. Lease incentives under an operating lease of a building or office space is recognised as an integral part of the consideration for the use of the leased asset. Lease incentives are to be recognised as a deduction of the lease expenses over the term of the lease.

Land Development Corporation as a Lessor

Leases in which the Corporation does not transfer substantially all the risks and benefits of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

13. FAIR VALUE MEASUREMENT OF NON-FINANCIAL ASSETS

a) Fair Value Hierarchy

Fair values of non-financial assets categorised by levels of inputs used to compute fair value are:

	LEVEL 1 $000	LEVEL 2 $000	LEVEL 3 $000	TOTAL FAIR VALUE $000
2016-17				
Asset Classes (Note 11,12)				
Land	4 628	-	-	4 628
Buildings	-	-	3 689	3 689
Infrastructure	-	-	3 728	3 728
Heritage and cultural assets	-	-	67	67
Total	4 628	-	7 484	12 112

	LEVEL 1 $000	LEVEL 2 $000	LEVEL 3 $000	TOTAL FAIR VALUE $000
2015-16				
Asset Classes (Note 11,12)				
Land	1 359	-	-	1 359
Buildings	-	-	5 035	5 035
Infrastructure	-	-	299	299
Construction work in progress	-	-	12 668	12 668
Heritage and cultural assets	-	-	68	68
Total	1 359	-	18 070	19 429

There were no transfers between Levels 1, 2 or 3 during 2016-17.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

(b) Valuation Techniques and Inputs

Valuation techniques used to measure fair value in 2016-17 are:

	LEVEL 1 TECHNIQUES	LEVEL 2 TECHNIQUES	LEVEL 3 TECHNIQUES
ASSET CLASSES			
Land	Fair Value Approach	-	-
Buildings	-	-	Fair Value Approach
Infrastructure	-	-	Fair Value Approach
Construction work in progress	-	-	Cost Approach
Heritage and Cultural assets	-	-	Cost Approach

Level 1 and level 3 fair values of land, buildings and infrastructure were determined by valuations conducted by independent certified property valuers. Construction work in progress and Heritage and Cultural assets were determined by computing their depreciated replacement costs because an active market does not exist for such facilities. The depreciated replacement cost was based on a combination of internal records of the historical cost of the facilities. Significant judgement was also used in assessing the remaining service potential of the facilities, given local environmental conditions, projected usage, and records of the current condition of the facilities.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

Additional Information for Level 3 Fair Value Measurements

(i) Reconciliation of Recurring Level 3 Fair Value Measurements

	LAND $000	BUILDINGS $000	INFRASTRUCTURE $000	CONSTRUCTION WIP $000	CULTURAL ASSET $000
2016-17					
Fair value as at 1 July 2016	1 359	5 035	299	12 668	68
Additions	-	-	-	4 045	-
Depreciation	-	(334)	(23)	-	(1)
Additions/(disposals) from asset transfers	136	-	18 558	(16 713)	-
Revaluation increments/ (decrements)	3 133	(1 012)	(258)	-	-
Impairment losses	-	-	(14 848)	-	-
Fair value as at 30 June 2017	**4 628**	**3 689**	**3 728**	**-**	67

	LAND $000	BUILDINGS $000	INFRASTRUCTURE $000	CONSTRUCTION WIP $000	CULTURAL ASSET $000
2015-16					
Fair value as at 1 July 2015	1 359	5 370	315	-	68
Additions	-	-	-	12 668	-
Depreciation	-	(335)	(16)	-	-
Fair Value as at 30 June 2016	**1 359**	**5 035**	**299**	**12 668**	68

(ii) Sensitivity analysis

Land, Buildings, Infrastructure and Cultural Assets – Unobservable inputs used in computing the fair value of these assets include the historical cost and the consumed economic benefit for each asset. These assets are depreciated on useful life range from 8 to 100 years. In respect of sensitivity of fair value to changes in input value, a higher historical cost results in a higher fair value and greater consumption of economic benefit lowers fair value.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

	2017 $000	2016 $000
14. PAYABLES		
Accounts payable	3 531	97
Accrued expenses	788	244
Total Payables	4 319	341

Liabilities for accounts payable and other amounts payable are carried at cost, which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Corporation. Accounts payable are normally settled within 30 days.

	2017 $000	2016 $000
15. BORROWINGS AND ADVANCES		
Current		
Loans and advances	5 000	5 000
Non-Current		
Loans and advances	15 000	15 000
Total Borrowings and Advances	20 000	20 000

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

	2017 $000	2016 $000
16. PROVISIONS		
Current		
Employee benefits		
Recreation leave	222	145
Leave loading	24	20
Other employee benefits	9	7
Other current provisions		
Provision for dividend	2 698	984
Other provisions	58	102
Total Current Provisions	3 011	1 258
Non-Current		
Employee benefits		
Recreation leave	-	19
Total Non-Current Provisions	-	19
Total Provisions	3 011	1 277

The Agency employed 20 employees as at 30 June 2017 (19 employees as at 30 June 2016).

Employee Benefits

Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries and recreation leave. Liabilities arising in respect of wages and salaries, recreation leave and other employee benefit liabilities that fall due within twelve months of reporting date are classified as current liabilities and are measured at amounts expected to be paid. Non-current employee benefit liabilities that fall due after twelve months of the reporting date are measured at present value, calculated using the Government long-term bond rate.

No provision is made for sick leave, which is non-vesting, as the anticipated pattern of future sick leave to be taken is less than the entitlement accruing in each reporting period.

Employee benefit expenses are recognised on a net basis in respect of the following categories:

- wages and salaries, non-monetary benefits, recreation leave, sick leave and other leave entitlements; and
- other types of employee benefits.

As part of the financial management framework, the Central Holding Authority assumes the long service leave liabilities of Government agencies, including the Corporation and as such no long service leave liability is recognised in the Corporation's financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

	2017 $000	2016 $000
17. OTHER LIABILITIES		
Current		
Deferred revenue-other	14 616	16 951
Total Other Liabilities	**14 616**	**16 951**

Refer to Note 25 for additional information in relation to deferred revenue-other.

Employees' superannuation entitlements are provided through the:

- Northern Territory Government and Public Authorities Superannuation Scheme (NTGPASS);
- Commonwealth Superannuation Scheme (CSS); or
- Non-government employee-nominated schemes for those employees commencing on or after 10 August 1999.

The Corporation makes superannuation contributions on behalf of its employees to the Central Holding Authority or non-government employee-nominated schemes. Superannuation liabilities related to government superannuation schemes are held by the Central Holding Authority and as such are not recognised in the Corporation's financial statements.

	2017 $000	2016 $000
18. DEPOSITS HELD		
Accounts officer's trust account	21	39
Other deposits held	500	807
Total Deposits Held	**521**	**846**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

	2017 $000	2016 $000
19. COMMITMENTS		
(a) Capital Expenditure Commitments		
Capital expenditure commitments relate to the Corporation's approved 2017-18 capital works program. The Corporation's capital works expenditure included in the Northern Territory 2017-18 Budget Infrastructure Program but not recognised as liabilities are as follows:		
Within one year	31 973	12 594
	31 973	12 594
(b) Operating Lease Commitments		
The Corporation leases property under non-cancellable operating leases expiring from 1 to 5 years. Leases generally provide the Corporation with a right of renewal at which time all lease terms are renegotiated. The Corporation also leases items of plant and equipment under non-cancellable operating leases. Future operating lease commitments not recognised as liabilities are payable as follows:		
Within one year	308	303
	308	303
20. RESERVES		
Asset Revaluation Reserve		
(i) Nature and purpose of the asset revaluation reserve		
The asset revaluation reserve includes the net revaluation increments and decrements arising from the revaluation of non-current assets. Impairment adjustments may also be recognised in the asset revaluation reserve.		
(ii) Movements in the asset revaluation reserve		
Balance as at 1 July	1 864	1 864
Increment – land	3 133	-
Decrement – buildings	(1 012)	-
Decrement – infrastructure	(258)	-
Balance as at 30 June	3 727	1 864

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

21. NOTES TO THE CASH FLOW STATEMENT

Reconciliation of Cash

The total of corporate 'Cash and deposits' of $39.44 million recorded in the Balance Sheet is consistent with that recorded as 'Cash' in the Cash Flow Statement.

	2017 $000	2016 $000
Reconciliation of Net Surplus to Net Cash from Operating Activities		
Net Surplus	5 398	1 967
Non-cash items:		
Depreciation and amortisation	357	351
Assets write off/write downs	14 848	-
Assets donations/gifts	-	2 487
Repairs and maintenance – non-cash	203	80
Prior year capital grant (Multi-User Barge Ramp)	(16 244)	-
Changes in assets and liabilities:		
Increase in receivables	(665)	(187)
Increase in inventories	(1 015)	(8 590)
Increase/(Decrease) in accounts payable	3 434	(44)
Increase/(Decrease) in other payables	544	(1 928)
Increase/(Decrease) in provision for employee benefits	64	(73)
(Decrease)/Increase in other provisions	(44)	17
Increase/(Decrease) in tax liabilities	1 471	(2 110)
Increase in deferred income	13 909	197
Net Cash from/(Used in) Operating Activities	22 260	(7 833)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

22. FINANCIAL INSTRUMENTS

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognised on the Balance Sheet when the Corporation becomes a party to the contractual provisions of the instrument. Financial instruments held by the Corporation include cash and deposits, receivables, payables, advances received and borrowings. Land Development Corporation has limited exposure to financial risks as discussed below.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Due to the nature of operating activities, certain financial assets and financial liabilities arise under statutory obligations rather than a contract. Such financial assets and liabilities do not meet the definition of financial instruments as per AASB 132 Financial Instruments Presentation. These include statutory receivables arising from taxes including GST and penalties.

Exposure to interest rate risk, foreign exchange risk, credit risk, price risk and liquidity risk arise in the normal course of activities. The Corporation's investments, loans and placements, and borrowings are predominantly managed through the Northern Territory Treasury Corporation (NTTC) adopting strategies to minimise the risk. Derivative financial arrangements are also utilised to manage financial risks inherent in the management of these financial instruments. These arrangements include swaps, forward interest rate agreements and other hedging instruments to manage fluctuations in interest or exchange rates.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

a) Categorisation of Financial Instruments

The carrying amounts of the Land Development Corporation's financial assets and liabilities by category are disclosed in the table below.

2016-17 Categorisation of Financial Instruments

	FAIR VALUE THROUGH PROFIT OR LOSS DESIGNATED AT FAIR VALUE $000	FINANCIAL ASSETS - LOANS AND RECEIVABLES $000	TOTAL $000
Cash and deposits	-	39 435	39 435
Receivables	-	993	993
Total Financial Assets	**-**	40 428	**40 428**
Deposits held	500	-	500
Payables	4 319	-	4 319
Loans	20 000	-	20 000
Total Financial Liabilities	**24 819**	-	**24 819**

2015-16 Categorisation of Financial instruments

	FAIR VALUE THROUGH PROFIT OR LOSS DESIGNATED AT FAIR VALUE $000	FINANCIAL ASSETS - LOANS AND RECEIVABLES $000	TOTAL $000
Cash and deposits	-	22 528	22 528
Receivables	-	500	500
Total Financial Assets	**-**	23 028	**23 028**
Deposits held	807	-	807
Payables	341	-	341
Loans	20 000	-	20 000
Total Financial Liabilities	**21 148**	-	**21 148**

Classification of Financial Instruments

AASB 7 Financial Instruments: Disclosures requires financial instruments to be classified and disclosed within specific categories depending on their nature and purpose.

Financial assets are classified into the following categories:

- financial assets at fair value through profit or loss;
- held-to-maturity investments;
- loans and receivables; and
- available-for-sale financial assets.

Financial liabilities are classified into the following categories:

- financial liabilities at fair value through profit or loss (FVTPL); and
- financial liabilities at amortised cost.

Financial Assets or Financial Liabilities at Fair Value through Profit or Loss

Financial instruments are classified as at FVTPL when the instrument is either held for trading or is designated as at FVTPL.

An instrument is classified as held for trading if it is:

- acquired or incurred principally for the purpose of selling or repurchasing it in the near term with an intention of making a profit; or
- part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
- a derivative that is not a financial guarantee contract or a designated and effective hedging instrument.

A financial instrument may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the instrument forms part of a group of financial instruments, which is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and AASB 139 Financial Instruments: Recognition and Measurement permits the contract to be designated as at FVTPL.
- financial liabilities at fair value through profit or loss include deposits held excluding statutory deposits, accounts payable and accrued expenses. Financial assets at fair value through profit or loss include short-term securities and bonds.

Held-to-Maturity Investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Corporation has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are recorded at amortised cost using the effective interest method less impairment, with revenue recognised on an effective yield basis.

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than those held for trading and available for sale. Loans and receivables exclude statutory receivables.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

Available-for-Sale Financial Assets

Available-for-sale financial assets are those non-derivative financial assets, principally equity securities that are designated as available-for-sale or are not classified as any of the three preceding categories. After initial recognition available-for-sale securities are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in the Comprehensive Operating Statement.

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Financial Liabilities at Amortised Cost

Other financial liabilities, including borrowings and trade and other payables, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

b) Credit Risk

The Corporation has limited credit risk exposure (risk of default). In respect of any dealings with organisations external to Government, the Corporation has adopted a policy of only dealing with credit worthy organisations and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults.

The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the Corporation's maximum exposure to credit risk without taking account of the value of any collateral or other security obtained.

Receivables

Receivable balances are monitored on an ongoing basis to ensure that exposure to bad debts is not significant. A reconciliation and aging analysis of receivables is presented below.

External Receivables

	AGING OF RECEIVABLES $000	NET RECEIVABLES $000
2016-17		
Not overdue	122	122
Overdue for less than 30 days	21	21
Overdue for 30 to 60 days	13	13
Overdue for more than 60 days	94	94
Total	250	250
Reconciliation of the Allowance for Impairment Losses		
Opening	49	
Closing	49	

External Receivables

	AGING OF RECEIVABLES $000	NET RECEIVABLES $000
2015-16		
Not overdue	105	105
Overdue for less than 30 days	344	344
Overdue for 30 to 60 days	-	-
Overdue for more than 60 days	58	58
Total	507	507
Reconciliation of the Allowance for Impairment Losses		
Opening	49	
Closing	49	

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

c) Liquidity Risk

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they fall due. The Corporation's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when they fall due.

The following tables detail the Corporation's remaining contractual maturity for its financial assets and liabilities. It should be noted that these values are undiscounted, and consequently totals may not reconcile to the carrying amounts presented in the Balance Sheet.

2017 Maturity Analysis for Financial Assets and Liabilities

	VARIABLE INTEREST RATE			FIXED INTEREST RATE					
	LESS THAN A YEAR $000	1 TO 5 YEARS $000	MORE THAN 5 YEARS $000	LESS THAN A YEAR $000	1 TO 5 YEARS $000	MORE THAN 5 YEARS $000	NON INTEREST BEARING $000	TOTAL $000	WEIGHTED AVERAGE %
ASSETS									
Cash and deposits	39 435	-	-	-	-	-	-	39 435	1.52
Receivables	-	-	-	-	-	-	993	993	
Total Financial Assets	39 435	-	-	-	-	-	993	40 428	
LIABILITIES									
Deposits held	-	-	-	-	-	-	500	500	
Payables	-	-	-	-	-	-	4 319	4 319	
Loans	-	-	-	5 048	15 209	-	-	20 257	4.83
Total Financial Liabilities	**-**	**-**	**-**	**5 048**	**15 209**	**-**	**4 819**	**25 076**	

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

2016 Maturity Analysis for Financial Assets and Liabilities

	VARIABLE INTEREST RATE			FIXED INTEREST RATE					
	LESS THAN A YEAR $000	1 TO 5 YEARS $000	MORE THAN 5 YEARS $000	LESS THAN A YEAR $000	1 TO 5 YEARS $000	MORE THAN 5 YEARS $000	NON INTEREST BEARING $000	TOTAL $000	WEIGHTED AVERAGE %
ASSETS									
Cash and deposits	22 528	-	-	-	-	-	-	22 528	1.96
Receivables	-	-	-	-	-	-	500	500	
Total Financial Assets	**22 528**	**-**	**-**	**-**	**-**	**-**	**500**	**23 028**	
LIABILITIES									
Deposits held	-	-	-	-	-	-	807	807	
Payables	-	-	-	-	-	-	341	341	
Loans	-	-	-	5 085	15 413	-	-	20 498	5.41
Total Financial Liabilities	**-**	**-**	**-**	**5 085**	**15 413**	**-**	**1 148**	**21 646**	

d) Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. It comprises interest rate risk, price risk and currency risk.

(i) Interest Rate Risk

The 2016-17 financial year is the sixth year that the Corporation has had interest bearing financial assets and liabilities, however the Corporation is not exposed to interest rate risk. The Corporation's borrowings are established on a fixed interest rate and as such do not expose the Corporation to interest rate risk. All other financial liabilities of the Corporation are non-interest bearing. Although the Corporation's cash at bank is interest bearing (variable rate), it does not expose the Corporation to interest rate risk.

Market Sensitivity Analysis

Changes in the variable rates of 100 basis points (1 per cent) at reporting date would have the following effect on the Corporation's profit or loss and equity.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

	PROFIT OR LOSS AND EQUITY	
	100 BASIS POINTS INCREASE $000	100 BASIS POINTS DECREASE $000
30 JUNE 2017		
Financial assets – cash at bank	394	(394)
Net Sensitivity	394	(394)
30 JUNE 2016		
Financial assets – cash at bank	225	(225)
Net Sensitivity	225	(225)

(ii) Price Risk

The Corporation is not exposed to price risk as the Corporation does not hold units in unit trusts.

(iii) Currency Risk

The Corporation is not exposed to currency risk as the Corporation does not hold borrowings denominated in foreign currencies or transactional currency exposures arising from purchases in a foreign currency.

e) Net Fair Value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The highest and best use takes into account the use of the asset that is physically possible, legally permissible and financially feasible.

When measuring fair value, the valuation techniques used maximise the use of relevant observable inputs and minimise the use of unobservable inputs. Unobservable inputs are used to the extent that sufficient relevant and reliable observable inputs are not available for similar assets/liabilities.

Observable inputs are publicly available data that are relevant to the characteristics of the assets/liabilities being valued. Observable inputs used by the agency include, but are not limited to, published sales data for land and general office buildings.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

Unobservable inputs are data, assumptions and judgments that are not available publicly, but are relevant to the characteristics of the assets/liabilities being valued. Such inputs include internal agency adjustments to observable data to take account of particular and potentially unique characteristics/functionality of assets/ liabilities and assessments of physical condition and remaining useful life.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the following fair value hierarchy based on the inputs used:

Level 1 – inputs are quoted prices in active markets for identical assets or liabilities;

Level 2 – inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3 – inputs are unobservable.

The fair value of financial instruments is determined on the following basis:

- the fair value of cash, deposits, advances, receivables and payables approximates their carrying amount, which is also their amortised cost;
- the fair value of derivative financial instruments are derived using current market yields and exchange rates appropriate to the instrument; and
- the fair value of other monetary financial assets and liabilities is based on discounting to present value the expected future cash flows by applying current market interest rates for assets and liabilities with similar risk profiles.

For financial instruments measured and disclosed at fair value, the following table groups the instruments based on the level of inputs used.

	TOTAL CARRYING AMOUNT $000	NET FAIR VALUE LEVEL 1 $000	NET FAIR VALUE LEVEL 2 $000	NET FAIR VALUE LEVEL 3 $000	NET FAIR VALUE TOTAL $000
2017					
Financial Assets					
Cash and deposits	39 435	-	39 435	-	39 435
Receivables	993	-	993	-	993
Total Financial Assets	**40 428**	**-**	**40 428**	**-**	**40 428**
Financial Liabilities					
Deposits held	500	-	500	-	500
Payables	4 319	-	4 319	-	4 319
Borrowings and advances	20 000	-	20 257	-	20 257
Total Financial Liabilities	**24 819**	**-**	**25 076**	**-**	**25 076**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

	TOTAL CARRYING AMOUNT $000	NET FAIR VALUE LEVEL 1 $000	NET FAIR VALUE LEVEL 2 $000	NET FAIR VALUE LEVEL 3 $000	NET FAIR VALUE TOTAL $000
2016					
Financial Assets					
Cash and deposits	22 528	-	22 528	-	22 528
Receivables	500	-	500	-	500
Total Financial Assets	23 028	-	23 028	-	23 028
Financial Liabilities					
Deposits held	807	-	807	-	807
Payables	341	-	341	-	341
Borrowings and advances	20 000	-	20 700	-	20 700
Total Financial Liabilities	21 148	-	21 848	-	21 848

The net fair value of financial assets being cash and deposits and receivables cannot be classified in level 1 or 3 as there is no available active market. The net fair value of financial liabilities being deposits held, payables and borrowings cannot be classified in level 1 or 3 as there is no available active market.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

23. RELATED PARTIES

i) Related Parties

The Land Development Corporation is a government business division and is wholly owned and controlled by the Territory Government. Related parties of the department include:

- the Portfolio Minister and key management personnel (KMP) because they have authority and responsibility for planning, directing and controlling the activities of the department directly;
- spouses, children and dependants who are close family members of the Portfolio Minister or KMP;
- all public sector entities that are controlled and consolidated into the whole of government financial statements; and
- any entities controlled or jointly controlled by KMP's or the Portfolio Minister or controlled or jointly controlled by their close family members.

ii) Key Management Personnel (KMP)

Key management personnel of the Land Development Corporation are those persons having authority and responsibility for planning, directing and controlling the activities of the Corporation. These include the Minister for Infrastructure, Planning and Logistics, the Chief Executive Officer, the General Manager and the Chief Financial Officer of the Land Development Corporation.

iii) Remuneration of Key Management Personnel

The details below excludes the salaries and other benefits of the Minister for Infrastructure, Planning and Logistics as the Minister's remunerations and allowances are payable by the Department of the Legislative Assembly and consequently disclosed within the Treasurer's Annual Financial Statements.

The aggregate compensation of key management personnel of the Land Development Corporation is set out below:

	2016-17 $000
Short-term benefits	491
Post-employment benefits	48
Total	539

iv) Related party transactions:

Transactions with Northern Territory Government controlled entities

The following table provides quantitative information about related party transactions entered into during the year with all other Northern Territory Government controlled entities.

Related Party	REVENUE FROM RELATED PARTIES $000	PAYMENTS TO RELATED PARTIES $000	AMOUNTS OWED BY RELATED PARTIES $000	AMOUNTS OWED TO RELATED PARTIES $000
All NTG Government departments	3 581	4 846	50	29 446

The Department of Infrastructure, Planning and Logistics (DIPL) passed on $3.005 million in Community Service Obligation funding to the Corporation during 2016-17. The Corporation paid $1.015 million to the Northern Territory Treasury Corporation (NTTC) for interest on loans and has recognised income tax expense payment of $2.314 million to the Department of Treasury and Finance (DTF). The Corporation owes $3.445 million to DIPL for the sale of land, $2.699 million to the Central Holding Authority for 2016-17 dividends and $2.314 million to the DTF for income tax. The Corporation also has 4 Loans with the NTTC of $5 million each.

The Corporation's transactions with other government entities are not individually significant.

Other related party transactions are as follows:

Given the breadth and depth of Territory Government activities, related parties will transact with the Territory Public sector in a manner consistent with other members of the public including paying stamp duty and other government fees and charges and therefore these transactions have not been disclosed.

Outside of normal citizen type transactions with the Corporation, there were no related party transactions that involved key management personnel and their close family members. No provision has been required, nor any expense recognised, for impairment of receivables from related parties.

Related party transactions of the former minister have not been assessed as the period served during the 2016-17 financial year is considered minor.

24. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The Corporation had no contingent liabilities or contingent assets as at 30 June 2017 or 30 June 2016.

25. EVENTS SUBSEQUENT TO BALANCE DATE

At the 30 June 2017, the Corporation has recognised unearned revenue of $13 million relating to a land sale that is subject to a development condition to be determined by April 2018. Once the condition is satisfied the sale will be recognised as revenue.

26. ACCOUNTABLE OFFICER'S TRUST ACCOUNT

In accordance with section 7 of the *Financial Management Act*, an Accountable Officer's Trust Account has been established for the receipt of money to be held in trust. A summary of activity is shown below:

Nature of Trust Money	OPENING BALANCE 1 JULY 2016	RECEIPTS	PAYMENTS	CLOSING BALANCE 30 JUNE 2017
Security deposit	39	13	(31)	21

Deposits Held

Deposits held include deposits held by the Corporation and the Accountable Officer's Trust Account (AOTA), which consist of receipts held pending the successful completion of land improvements by land purchasers and other financial obligations payable within the next twelve months. The AOTA is for the receipt of monies, such as rental bonds and securities held in trust in accordance with Section 7 of the *Financial Management Act.*

27. JOINT ARRANGEMENTS

Zuccoli Project Delivery Agreement

The Zuccoli Project Delivery Agreement is classified as a jointly controlled operation and is involved in residential land development.

The Corporation holds the land in its accounts, while the joint operator partner recognises its own expenses (pays for the development) and its liabilities (finance raised for the development).

The Corporation shares a proportion of the net sale proceeds after deducting the project expenditure, management fees and land costs as per the Project Development Agreement.

LAND DEVELOPMENT
C O R P O R A T I O N

T: +61 8 8944 0900 | W: landdevcorp.com.au
Level 2, 37 Woods Street, Darwin 0800
GPO Box 353, Darwin NT 0801

INDUSTRIAL & COMMERCIAL

RESIDENTIAL

SALES & LEASING

PARTNERSHIPS