LAND DEVELOPMENT CORPORATION

ANNUAL REPORT
2018-19

www.landdevcorp.com.au

LETTER TO THE MINISTER

The Honourable Eva Lawler MLA
Minister for Infrastructure, Planning and Logistics
Parliament House
DARWIN NT 0800

Dear Minister,

As part of the presentation of the agency's Annual Report, and in accordance with Treasurer's Direction R2.1.6, each accountable officer shall include a representation to the relevant minister (with a copy provided to the Department of Treasury and Finance) that to the best of the accountable officer's knowledge and belief:

a) proper records of all transactions affecting the agency are kept and that employees under their control observe the provisions of the Financial Management Act 1995, 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 1995

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 1995, the internal audit capacity available to the agency is adequate and the results of internal audits have been reported to the accountable officer

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, and

f) all Employment Instructions issued by the Commissioner for Public Employment have been satisfied.

Yours Sincerely

Tony Stubbin
Chief Executive Officer

12 November 2019

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CHIEF EXECUTIVE OFFICER'S REPORT 2018 - 19

TONY STUBBIN
CHIEF EXECUTIVE OFFICER

The Land Development Corporation (LDC) continued to fulfil its role of working with private investment and delivery partners to supply strategic land to enable private sector investment in the Northern Territory.

LDC is required by the Land Development Corporation Act (2003) to act at all times in a commercial manner. To help achieve this outcome LDC is structured as a Government business and is required to act in a competitively neutral manner, to ensure a level playing field with private businesses.

LDC was busy during the year in Alice Springs with the completion of a recreation park in the Kilgariff Estate. Ruffino Park was opened by the Hon Eva Lawler, Minister for Infrastructure, Planning and Logistics in September 2018 as part of a family fun day. The year also saw the Kilgariff Estate become the first residential estate in Alice Springs to have Fibre to the Premises NBN available.

Development of Zuccoli Village residential estate in Palmerston continued with 50 blocks in Phase 3.3 completed in November 2018. To meet the suburb's growing needs, construction commenced of the Zuccoli Primary School.

During the year development was completed of the next stage of the Darwin Business Park at East Arm. 13 serviced lots ranging from 8,000m^2 to 17,400m^2 were titled in April 2019 with 5 lots being subject to option to purchase agreements. The new lots are well suited for freight distribution and logistics, as well as to support mining, oil and gas developments.

The year also witnessed a restructuring of LDC's agreement with the Landbridge Corporation for the development of the Landbridge Industry and Logistics Park at East Arm. The revised agreement will see Landbridge develop facilities on existing LDC lots within the Darwin Business Park rather than a new englobo site along Berrimah Road.

The Marine Service Area is a proposed development adjacent to the Common User Facility at East Arm. It is designed to accommodate offices, workshops and laydown areas for marine maintenance and support business using the proposed Ship Lift. Construction of these lots will be timed to allow completion ahead of the Ship Lift opening.

Construction of the Truck Central estate at Wishart was completed during the year. This saw the 3.2 hectare Road Train Assembly Area open for business along with the neighbouring BP Truck Stop. Construction also commenced on the Heavy Vehicle Inspection Facility. Delivered with development partner, the Ostojic Group, Truck Central provides 22 lots suited to the trucking industry, with a number of sites already purchased.

Renewed interest in gas development resulting from improved world energy markets and the decision to lift the moratorium on unconventional shale gas developments in the Northern Territory prompted further work on the Middle Arm Industrial Precinct.

Pre-feasibility analysis for the 300 hectare Kittyhawk Estate at Middle Arm was successfully completed during the year. In addition, a number of gas industry customers emerged for the Kittyhawk Estate. Both of these factors prompted LDC to engage local consultants to develop detailed design and planning documents for access roads and Stage 1 of this new estate, to enable construction to commence in 2019-20.

Work continued to promote economic development on the Tiwi Islands, via the Tiwi Development Framework Agreement. During the year Indigenous Essential Services completed construction of a solar facility at Wurrumiyanga on land subleased by LDC. The facility will ultimately deliver electricity across the Tiwis, via an interconnection project.

Promotion of the Tiwi Island investment opportunities continued through the year via conferences and online activities. These efforts resulted in a number of discussions with potential tourism, aquaculture and agriculture investors.

LDC also continued its broader efforts to promote investment opportunities across the Territory, via a range of conferences, forums and online channels. These efforts are crucial to enable LDC to connect with investors and partners to help deliver private investment for the Northern Territory.

TONY STUBBIN
LAND DEVELOPMENT CORPORATION
CHIEF EXECUTIVE OFFICER

WHAT WE DO

The Land Development Corporation 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 the payment of taxes and dividends. The following principles underpin our approach to the delivery of our land assets:

PLAN

+ Anticipate demand by researching market trends
+ Plan for future growth opportunities
+ Show consideration for surrounding land uses
+ Work within the environment to achieve best practice methods
+ Tailor land and building options to meet client needs
+ Position for future investment
+ Mitigate risk through best practice methods

BUILD

+ Partner with the private sector
+ Collaborate with Government departments
+ Facilitate and nurture business growth
+ Develop products with quality and longevity in mind
+ Create and maintain strong relationships with industry
+ Reinvest in our own products
+ Supply land solutions to the market

DELIVER

+ Meet project deadlines
+ Create positive outcomes for stakeholders
+ Share knowledge with the public and private sector for future development
+ Provide a range of tenure options
+ Deliver developed land for sale and lease
+ Work with clients to tailor development options where the market cannot meet demand
+ Learn from past projects and industry to improve on delivery outcomes

ABOUT THE CORPORATION

“The Land Development Corporation demonstrates excellence in strategic development, unlocking the potential of land to drive economic growth in the Northern Territory.”

The Land Development Corporation is the Northern Territory Government’s 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.

OUR STRATEGIC DIRECTION

LDC STRATEGIC PLAN
2019 - 24

Partnership
We partner with others, leveraging our unique position across the public and private sectors

Our vision
To demonstrate excellence in strategic development, unlocking the potential of land to drive economic growth in the Northern Territory.

Our mission
To partner with the public and private sectors to plan, build and deliver strategic land developments in the Northern Territory

Our strategic directions
- Partnership
- Leadership
- Optimisation
- Opportunity

Objectives
Collaboration: we build relationships with government agencies and partner with private sector proponents

Alignment: as a GBD, we aim to align LDC activities with applicable legislation, requirements and Government's goals

Reputation: we work to build and maintain a strong reputation, focussing on branding and stakeholder engagement

LAND DEVELOPMENT CORPORATION

Our values
Respect: we respect and sup

Alliances: we develop positiv

Innovation: we seek continuo

Sustainability: we deliver res

Expertise: we act professiona

Leadership

We are a leader and role model for development in the NT, demonstrating best practice

Optimisation

We optimise the efficiency and effectiveness of our assets and operations

Opportunity

We explore new and diverse business opportunities to expand our reach and capability

Objectives

Excellence: we aim to set the example for development in the NT, demonstrating best practice and inspiring others in the industry and community

Benefits: we seek to ensure our work delivers benefits across a range of factors including financial, community, social and environmental outcomes

Objectives

Skills: we utilise the capability of our team to manage risks, foster cross-skilling and operate most efficiently

Commerciality: we think commercially and manage risk in all our activities, aiming to optimise our current operations and assets

GLOs: we share and learn from other Government Land Organisations to operate more effectively

Objectives

Ventures: we investigate ventures into new and different development areas to broaden our opportunities e.g. urban renewal

Portfolio: we seek to expand the potential of our existing portfolio and extend into new land interests e.g. first right of refusal on surplus government land, and establishing agency partnerships

pport each other, working together as a team

ve relationships and outcomes with our customers, partners and stakeholders

ous improvement by challenging conventional thinking

ults that balance our strategic, social, environmental and commercial responsibilities

ally, ethically, and with integrity in all that we do

MEET THE MANAGEMENT TEAM

TONY STUBBIN

Chief Executive Officer

Tony Stubbin commenced as the Chief Executive Officer of the Land Development Corporation on 1 March 2017, prior to which he was the General Manager. Prior to commencing with 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 has been involved with the property development industry for 20 years having held leadership positions with listed professional services firms, a national project management consultancy, and a construction contractor.

Andrew has been involved with the delivery of projects across a range of sectors and asset classes and has taken responsibility for the full development life cycle from feasibility analysis through design management, approvals, tendering, construction, marketing and sales.

Andrew holds an MBA, an honours degree in Urban and Regional Planning, a Graduate Diploma in Project Management and is a Graduate of the Australian Institute of Company Directors.

Andrew left LDC in January 2019.

ADRIAN FINDLAY

Business Director

Adrian has 20 years' experience in the property industry, having held property development and management focused positions in government, consulting and private businesses in New South Wales, Queensland and the Northern Territory.

Prior to joining the Land Development Corporation, Adrian was responsible for the property services division of a large energy utility. His career experiences also include strategy development and implementation across diverse property portfolios and development management of complex retail, hospitality, residential and industrial projects.

Adrian holds a Master of Business Administration from the University of Queensland and Bachelor Degrees in Property Economics and Architecture.

Adrian left LDC in June 2019.

KASSI PICKEN

Project Director

Kassi has been working in the property development industry for over 10 years. Kassi's expertise lies in project coordination, budget forecasting, business case feasibility, project programming, stakeholder negotiation and private sector engagement. Kassi has worked on developments in both the industrial and residential sectors, from project inception through to completion.

Kassi has primarily worked on residential greenfield developments, infill developments and affordable housing projects, however is also versed in managing strategic industrial land release projects including pre-feasibility analysis and construction management. Kassi holds a Bachelor of Business and Graduate Diploma in Project Management.

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 Land Development Corporation 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.

DANIEL CAMERON

Technical Director

Daniel has worked in various roles within the land development and infrastructure sector in the Northern Territory and Queensland.

Prior to joining LDC in 2015, Daniel held the role of senior civil engineer for a large consulting firm based in Darwin, with a focus on subdivision design and construction management, and had previously worked for a large NT-based civil contractor specialising in major infrastructure and civil works projects.

Daniel currently serves as the Technical Director, coordinating a team to assist LDC's Project Directors and Executive team to deliver new projects and manage existing assets.

Daniel holds a Bachelor of Engineering in Civil Engineering.

With over 10 years' experience in both the public and private sectors, Carly has previously held roles as a Financial Accountant at the Territory Insurance Office and an Auditor at Merit Partners.

Carly commenced with LDC in 2016 as the Finance Analyst before moving into the Commercial Accountant role in 2017 and then the Financial Controller position in early 2018.

Carly is a Member of CPA Australia and holds Bachelor degrees in Business (Majoring in Accounting) and Law.

CARLY BEH

Financial Controller

Rhian has been working in the NT Public Service for over 6 years.

Ms Spinks' expertise lies in administration and corporate support with a focus in Human Resources, Secretariat, technology and records management and preparation of corporate reports.

Rhian commenced as the Executive Officer with LDC in March 2018 and coordinates a small team to provide Corporate Support to all staff at LDC. Rhian has a Certificate IV in Business Administration.

RHIAN SPINKS

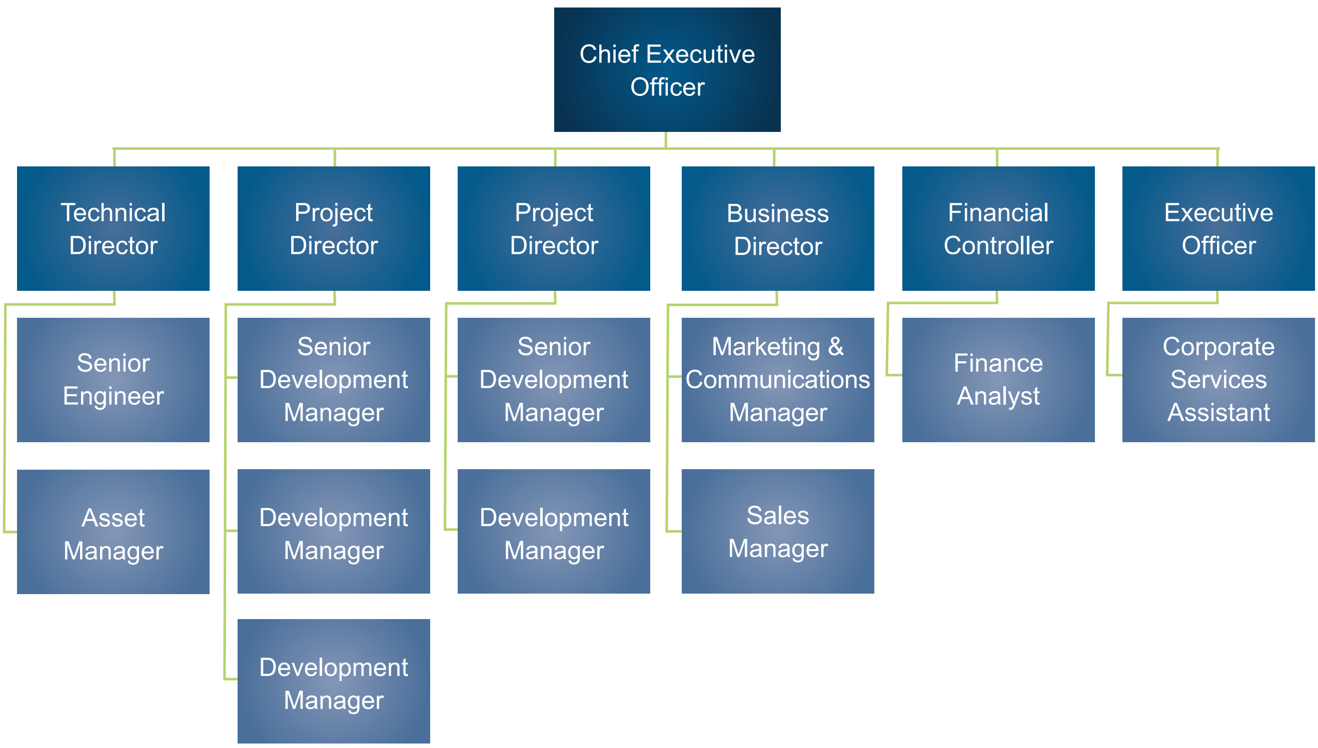
Executive Officer

OUR PEOPLE

The Land Development Corporation has a commited and skilled team, who 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 innovative 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.



As at 30 June 2019.

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.

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, subdued population growth, an increase in land supply, coupled with a decrease in median house prices resulted in a challenging market across the Territory. Although there is a challenging sales environment, reasonable results were still achieved at Zuccoli Village and Kilgariff Estate, where urban design and community infrastructure outcomes are continuing to meet key buyer requirements.

"We are the Northern Territory Government's strategic land developer."

RESIDENTIAL DEVELOPMENTS

- Zuccoli Village
- Kilgariff Estate
- Waratah Cresent

INDUSTRIAL DEVELOPMENTS

- Common User Facility
- Marine Industry Park
- Darwin Business Park
- Truck Central
- Middle Arm Industrial Estate
- Holtze Industrial Estate

INVESTMENT OPPORTUNITIES

- Tiwi Islands

PROJECT HIGHLIGHTS 2018-19

Kilgariff Estate

Residential Land Sales

Kilgariff Estate saw 17 lots sold in the 2018-19 year. The high demand for these lots saw the announcement of Stage 2.

Zuccoli Village

Residential Land Sales

The ever growing suburb of Zuccoli, saw Zuccoli Village sell a total of 22 lots in the 2018 - 2019 financial year. Zuccoli was named ‘Darwin’s fastest growing suburb’.

20 highly qualified professionals

LDC are a team of 20 professionals across the fields of accounting, economics, law, planning, procurement, project management, engineering, business, sales, marketing and administration, dedicated to delivering strategic projects across the Northern Territory.

$14.4M

In industrial land sales.

NBN FIBRE-TO-THE-PREMISIS TECHNOLOGY DELIVERED TO RESIDENTS OF KILGARIFF ESTATE.

2019

TRUCK CENTRAL OPENED

In partnership with the Ostojic Group, the Land Development Corporation opened Truck Central at Wishart.

13

Darwin Business Park

A new release of 13 strategic industrial sites occured in Darwin Business Park.

THE LAND DEVELOPMENT CORPORATION CONTINUES TO WORK CLOSELY WITH THE TIWI LAND COUNCIL AND TIWI ABORIGINAL LAND TRUST TO SUPPORT ECONOMIC INVESTMENT ON THE TIWI ISLANDS.

$8.2M

In Residential Sales

The combined total of residential lot sales for both Kilgariff Estate and Zuccoli Village.

RESIDENTIAL DEVELOPMENTS

$8,191,198

IN REVENUE

2018-19

This total includes land sales in Kilgariff Estate, Alice Springs and Zuccoli Villiage, Palmerston.

KILGARIFF ESTATE
ALICE SPRINGS

ZUCCOLI VILLAGE

PALMERSTON

"Zuccoli Village named Darwin's fastest growing suburb"

OVERVIEW

Zuccoli Village – The community feel.

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 ultimately deliver over 800 residential lots to the market.

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 2011 to act as the Zuccoli Stage 1 Joint Venture development partner to deliver the first 96 hectares of the new suburb of Zuccoli.

CURRENT STATUS

The project is now into its third release phase having delivered hundreds of lots since its humble beginnings back in 2011. With just over 400 lots left to be delivered and a myriad of playgrounds, nature walks, bicycle tracks and more, the project is set to be delivering lots and amenities for its residents well into the future.

@zuccolivillage

Zuccoli Village Markets

Lanched in 2018, the fortnightly markets are held at Zuccoli Plaza on Sunday mornings.

FEATURES

With so many options, Zuccoli really is one of Darwin and Palmerston's neighborhoods of choice. From the City Centre of Palmerston to the West, and easy access onto the Stuart Highway to the east Zuccoli Village positions families perfectly for a life of convenience and choice. All within just 25 minutes of the Darwin City Centre and only 5 minutes to the Palmerston City Centre.

With two new schools, the Zuccoli Plaza Shopping Precinct, and a selection of childcare centres, Zuccoli Village offers amenity and affordability. Residents are able to enjoy a lifestyle with a focus on larger lot sizes and high quality housing constructed in accordance with our design guidelines. Boardwalks and cycling trails make their way through playing fields, landscaped gardens and extensive natural bushland. Nature and neighbourhood come together when you call Zuccoli home.

KILGARIFF ESTATE

ALICE SPRINGS

Kilgariff Estate offers land ranging in size from 688m² to 1443m² and are affordably priced between $160,000 – $180,000.

OVERVIEW

Kilgariff Estate – quiet estate living.

With serene views over the Macdonnell Ranges, Kilgariff Estate is the perfect place to get away from the hustle and bustle. Kilgariff is a greenfield development designed to provide a diverse range of housing products and future amenities such as schools, shops and recreational facilities.

Stage 1 consists of 80 lots with the whole suburb of Kilgariff expected to eventually deliver close to 1,800 lots.

OUR ROLE

As developer of Stage 1, the Land Development Corporation aims to ensure our development planning aligns with the overall masterplan for the suburb to provide a cohesive and engaging community for years to come.

CURRENT STATUS

Stage 1 incorporates 80 titled lots ranging in size from 688m^2 to 1443m^2, and are affordably priced between $160,000 - $180,000.

The new recreational park 'Ruffino Park' was completed in September 2018 and is a family oriented meeting place for all Alice Springs residents to enjoy.

@kilgariffestate

FEATURES

The estate enjoys serene, natural surrounds readily accessible to the town center via purpose built cycle paths as well as park facilities for the whole family.

Design covenants are in place to preserve the integrity and enduring appeal of Kilgariff Estate. Overall the estate delivers a contemporary community set in a quiet, serene environment with large open spaces to embrace the Alice Springs lifestyle.

Kilgariff Estate Community

The Land Development Corporation hosts events throughout the year for the community to come together.

INDUSTRIAL DEVELOPMENTS

$14,363,250

IN SALES

2018-19

These sales were in East Arm and Truck Central

CONOCOPHILLIPS
MIDDLE ARM INDUSTRIAL PRECINCT, DARWIN

MIDDLE ARM

NORTHERN TERRITORY

ConocoPhillips LNG Plant

Gas is sent via a 502 kilometre pipeline from the Bayu-Undan field to Darwin LNG at Wickham Point.

OVERVIEW

Middle Arm is currently home to the ConocoPhillips Darwin LNG Plant and the INPEX Ichthys Onshore LNG Processing Facility.

Located on the Middle Arm Peninsula within Darwin Harbour, the Middle Arm Industrial Precinct offers a variety of development options to accommodate large strategic industries for downstream oil and gas processing and minerals related industries including chemical manufacturing and mineral processing.

OUR ROLE

The Land Development Corporation is one of several key stakeholders that owns land within the Middle Arm Peninsula. Investigations and design concepts will form the basis of site selection for incoming developments and industry.

The precinct has an extensive product corridor network that Land Development Corporation owns and manages which allows for the efficient transmission of utilities, gas, feedstock and products to service industry needs.

Middle Arm Industrial Precinct

The Precinct consists of Kittyhawk Estate and Spitfire Estate, strategically aligned for Oil and Gas; and Chemical and Mineral processing.

CURRENT STATUS

Site investigations and detailed 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.

The precinct also supports the Northern Territory Government's 5 Point NT Gas Strategy which is focused on driving the Government's vision for the Territory as a world class hub for gas production, manufacturing and services by 2030. The strategy includes 5 main achievable targets:

1. More LNG in Darwin and expanding Darwin's LNG Export Hub
2. Grow the gas supply and service industry
3. Establish a gas manufacturing industry
4. Grow research, innovation and training capacity; and
5. Contribute to national energy security on the East Coast.

FEATURES

- 9kms from the City of Palmerston
- 35kms from the Darwin CBD
- 29kms to East Arm Wharf
- High pressure gas feed
- Synergies with other industries with the benefits of co-location

COMMON USER FACILITY

EAST ARM

At a total cost of approximately $28 million, the Common User Facility comprises an all tide barge ramp supported by nine hectares of adjoining secured hardstand.

OVERVIEW

Strategically located on premium waterfront land within the East Arm Logistics Precinct, the Common User Facility enhances the capability of Territory businesses to service the oil and gas, resources, logistics and Defence sectors. The heavy duty hardstand is well suited for the assembly and storage of modules and large equipment associated with marine and major resource projects.

The adjoining barge ramp, nearby East Arm Wharf and Marine Supply Base provide multiple marine loading opportunities for sea transport of large modules and equipment.

The Common User Facility is ideally positioned to assist local businesses to be involved in major projects by providing competitively priced strategic land for short to medium term uses. The Facility has direct access to Berrimah Road and is in close proximity to the Rail Freight Terminal, Darwin Business Park and arterial road connections.

Common User Facility

Located approximately 18kms by road from Darwin CBD and less than 500 metres from the entry to Darwin Port's East Arm Wharf.

CURRENT STATUS

The Land Development Corporation worked with the Department of Defence to successfully secure $16.1 million of Australian Government funding to construct the 20 metre wide barge ramp and associated infrastructure. The agreement provides Defence access to the barge ramp and 2 hectares of hardstand for up to 60 days per year on a periodic basis. For the majority of the year, the Common User Facility is available to commercial users.

The Common User Facility provides Territory businesses the opportunity to service major resource projects plus provides improved tidal access for local barge operations. In addition, the facility allows Defence to support the Royal Australian Navy's two Landing Helicopter Dock vessels, HMAS Adelaide and HMAS Canberra.

FEATURES

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

- 24/7 secure access and closed-circuit television (CCTV) monitoring
- Nine hectares of secure hardstand area
- Automatic phone controlled security gate
- The Barge Ramp provides all-tide access for shallow draft barges (minimum 1.1m of water depth at the lowest astronomical tide)
- Dredged access channel with dedicated navigational aids
- Heavy duty paved access roadway and concrete ramp
- Breakwater
- A ramp designed for amphibious landing craft that can cater for a variety of coastal type barges
- Lighting and potable water supply.

TRUCK CENTRAL

WISHART

Truck Central is the Northern Territory's one-stop transport hub.

OVERVIEW

Truck Central is Stage 1 of the 90 hectare Wishart Estate, strategically situated at the cross roads of major road transport routes being Tiger Brennan Drive, Berrimah Road and Wishart Road.

Truck Central is a 16 hectare, heavy transport industry precinct catered toward improving the safety and productivity of the national transport sector. Truck Central offers unique transport facilities with surrounding sites for the clustering of transport service providers and associated industrial activities.

Stage 2 of Wishart Estate has large frontages to Wishart Road and will provide two sites around 2.5 hectares each. This stage will be accessed via a new intersection from Wishart Road, providing an additional entrance to the estate.

The Land Development Corporation continues to work with adjoining land owners to consolidate developable areas to achieve an efficient and cost effective subdivision layout.

OUR ROLE

The Land Development Corporation worked with the Ostojic Group as delivery partner, the NT Road Transport Association and the Department of Infrastructure, Planning and Logistics in the planning, design and delivery of Truck Central. Future stages of Wishart Estate will be designed and constructed progressively to meet market demand and could possibly roll out over 15-20 years.

Truck Central

Developed in partnership with the Ostojic Group and the NT Government.

CURRENT STATUS

Truck Central was opened on 22 January 2019. To date, over $52 million has been invested in the Truck Central project.

FEATURES

The Department of Infrastructure, Planning and Logistics, with support of the NT Road Transport Association and the Land Development Corporation, secured $9.65M of Australian Government funding via the Heavy Vehicle Safety and Productivity Program to help deliver the Heavy Vehicle Inspection Facility and 3.2 hectare Road Train Assembly Area at Truck Central.

The Heavy Vehicle Inspection Facility is unique in Australia, and possibly the world, in that it will allow for the inspection of fully configured road trains. This will save road train operators significant time and replaces the Goyder Road Test Shed at Parap near Darwin City. The HVIF is under construction and scheduled to open late 2019.

The Road Train Assembly Area opened with the estate and complements the Heavy Vehicle Inspection Facility by providing a safe area for the short-term parking and queuing of Trucks. The assembly area provides 17 parking bays for triple road trains, a further 11 wider bays for reconfiguration and assembly, plus an additional 28 bays for smaller configurations such as B-doubles, semi-trailers and dolly parking as well as a dual height trailer loading ramp.

The BP Darwin Truck Stop opened its doors on 22 January 2019. This has raised the bench mark for truck stops in the Territory providing heavy and light vehicle refueling, restaurant, dining area, separate ‘trucker’s lounge’ and CCTV surveillance of the adjoining Road Train Assembly Area. These complementary facilities provide a high quality and safe environment for driver fatigue management.

The remaining 22 lots of Truck Central are available for the clustering of service providers around these heavy transport features. Co-location of major road transport activities including heavy vehicle sales and spare parts, transport depots, trailer manufacturers, tyre outlets, auto electricians, plant and equipment hire servicing and mechanical workshops will create economies of scale and improve transport safety and productivity.

DARWIN BUSINESS PARK

EAST ARM

Darwin Business Park is a 200 hectare industrial estate strategically located close to Darwin Port's East Arm Wharf, the Marine Supply Base and the Rail Freight Terminal within the East Arm Logistics Precinct.

OVERVIEW

The Darwin Business Park opened in 2003 and has earned a 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 industries.

To date, over $320 million has been invested in the construction of private buildings and facilities within the Darwin Business Park. Blue chip national and international tenants with a substantial presence in the park include ASCO, Altus, Vopak, Toll, Linfox, Metcash, Qube and Northline. Darwin Business Park is also home to major oil and gas supply bases for INPEX Ichthys, ConocoPhillips Darwin LNG and Shell Prelude LNG production facilities.

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, marine 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.

Darwin Business Park

Located approximately 14kms by road from Darwin CBD and less than 4kms from the entry to Darwin Port's East Arm Wharf.

CURRENT STATUS

In April 2019, titles for the latest stage of the Darwin Business Park were issued. This stage comprises 13 serviced lots ranging in size from 8,000m^2 to 17,400m^2 which offer excellent exposure to Berrimah Road, at the forefront of the Park.

The Land Development Corporation proceeded with the development in preparation for improved market conditions with the project providing a boost to the construction industry and local jobs.

FEATURES

Conveniently located only 14kms from the Darwin CBD, the Darwin Business Park offers flexible tenure arrangements including development agreements convertible to freehold, long term ground leases and licences for short term needs.

All sites within the Park are Zoned DV (Development) for strategic industrial uses and are well located for businesses engaged in the NT's growing oil and gas, marine, trade and logistics activities.

The Park is fully serviced and is NBN ready for high speed communication connectivity.

OTHER PROJECT ACTIVITY

The Land Development Corporation works on a range of investment opportunities throughout the Northern Territory.

TIWI ISLANDS

NORTHERN TERRITORY

The Land Development Corporation is working with Traditional Owners to lease land on the Tiwi Islands to investors for tourism/residential, aquaculture, agriculture and industrial purposes.

The Tiwi Development Framework Agreement allows LDC to work 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 long-term leases.

FEATURES

The Land Development Corporation is seeking to promote the very special attributes of the Tiwi people and the Tiwi Islands with a range of investment opportunities including:

TOURISM AND RESIDENTIAL

- 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

AGRICULTURE

- Already established port infrastructure servicing activities
- Up to 10,000 hectares of greenfield land available for development

AQUACULTURE

- Environment suitable for both sea farming and cage farming
- Opportunities for barramundi, mud crabs, sea cucumber, prawns, black lip rock oysters & clams

INDUSTRIAL SUPPORT AND DEVELOPMENT

- Existing port and barge facilities to support local industry
- Land identified and investigated to support future tourism, agriculture and aquaculture opportunities.

GUNN POINT

NORTHERN TERRITORY

The Land Development Corporation was engaged by the Northern Territory Land Corporation to undertake site investigations and pre-feasibility studies to help inform future management strategies for the area. The western beaches area of Gunn Point has historically been utilized for unrestricted/uncontrolled public recreation and camping.

The NT Land Corporation has identified the need for increased management of the area in response to increased public accessibility to the location following the sealing of Gunn Point Road. LDC was engaged by NT Land Corporation to investigate the physical, economic, legal and social constraints of the site in order to gauge the potential for future development/management of the area.

The Land Development Corporation will work closely with NT Land Corporation as the project progresses.

WARATAH CRESCENT

FANNIE BAY

The site of the old 'Sports House' development at 7 Waratah Crescent, Fannie Bay, is proposed for infill redevelopment.

This prominent Fannie Bay address is proposed to showcase property development initiatives that deliver long term sustainable outcomes. Investigations are currently underway into design concepts with the aim of understanding feasibility and commerciality before proceeding with the development.

HOLTZE INDUSTRIAL ESTATE

HOLTZE

Holtze Industrial Estate is located in the suburb of Holtze just off Thorngate Road with entry via Mathew Hopkins Road. The estate has easy access to the Darwin Airport, the Stuart Highway and the Australian Army's Robertson Barracks.

Holtze Industrial Estate incorporates the Defence Support Hub which provides strategically located land for prime contractors and sub-contractors to deliver industry support for Defence requirements. There is over 50 hectares of future development area, with the potential to customise lot sizes to meet proponent needs.

Current lot sizes range from 6,500m^2 to 50,000m^2. RGM is an anchor tenant in a purpose built mechanical workshop which services defence vehicles, buses and other heavy vehicles.

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.

From the initial planning phases of development, the Land Development Corporation 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 Land Development Corporation:

- 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 Land Development Corporation 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
- 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 2018 - 19

REACHING SOUTH

SHENZHEN | 30 - 31 AUGUST 2018

The Land Development Corporation joined an 80 strong NT delegation for the Reaching South event in Shenzhen, southern China. The event successfully raised the profile of the Territory to our northern neighbours and showcased a range of trade and investment opportunities.

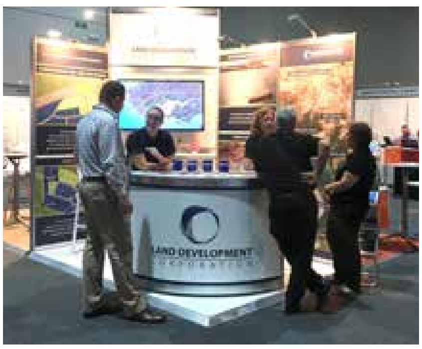
Prospective investments were promoted in a number of round table sessions which focused on minerals and energy, infrastructure and logistics, agribusiness, tourism and international education and training.

KILGARIFF ESTATE RUFFINO PARK OPEN DAY

ALICE SPRINGS | 22 SEPTEMBER 2018

The Land Development Corporation hosted an Open Day to officially open the new Ruffino Park at Kilgariff Estate, Alice Springs.

The day was filled with giveaways, jumping castles, face painting and official proceedings, however more importantly provided an opportunity to bring the community together for a fun filled morning.



NT RESOURCES WEEK (SEAAOC)

DARWIN | SEPTEMBER 2018

NT Resources Week attracts the highest calibre of speaker and delegate attendance from across the entire oil and gas world.

SEAAOC is a significant international opportunity to discuss key oil, gas and petroleum developments located across northern Australian and South East Asia.

NT MAJOR PROJECTS

DARWIN | OCTOBER 2018

From roads and resources to tourism, defence and transport, the NT Major Projects conference provides up-to-date information on the sectors set to transform the Territory.

The Land Development Corporation's CEO, Tony Stubbin spoke at the event and also had a stand to showcase our projects at the conference.

URBAN DEVELOPMENT INSTITUTE OF AUSTRALIA AWARDS NT

DARWIN | NOVEMBER 2018

The UDIA Awards showcase residential developments in the Northern Territory. The award catagories include: Masterplanned development, urban renewal, environmental excellence, affordable housing, community infrastructure and innovation in development.

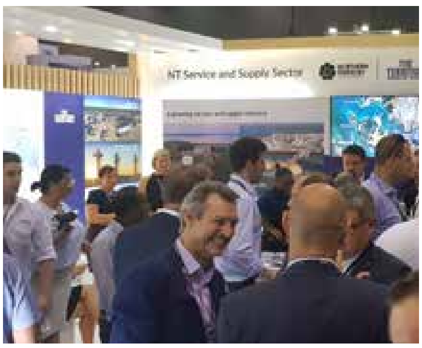
The Land Development Corporation received an award for Environmental Excellence for Zuccoli Village in partnership with Urbex Pty Ltd.

TRUCK CENTRAL OFFICIAL OPENING

DARWIN | 22 JANUARY 2019

The Northern Territory Government, in partnership with the Australian Government, Land Development Corporation and Ostojic Group has officially opened the Territory's $52m Truck Central development – the premier hub in the Top End for truckies.

The event was attended by Ministers, potential clients, stakeholders and the Media.



AUSTRALASIAN OIL AND GAS CONFERENCE

PERTH | MARCH 2019

The Land Development Corporation joined a delegation of NT businesses and government agencies to attend the 2019 Australian Oil and Gas exhibition in Perth.

LDC went to the event to promote the 600 hectare Middle Arm Industrial Precinct, set aside for strategic downstream gas and processing related developments.

KILGARIFF ESTATE MOVIE NIGHT

ALICE SPRINGS | 10 MAY 2019

Residents braved the chilly night to watch Monsters, Inc. joining us with blankets and beanies in tow. We gave away prizes to 2 little Princesses and a Cookie Monster for their costumes on the night. A big thank you to APEX Central Australia for putting on the hot food, and to Rock City Music for the delicious popcorn! We are pleased to announce the food sales have raised over $160 for the Alice Springs community.

OUR FINANCIAL REPORT

INDEPENDENT AUDITORS REPORT

Auditor-General

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

Land Development Corporation

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Opinion

I have audited the accompanying financial report of Land Development Corporation (the Corporation), which comprises the balance sheet as at 30 June 2019, 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 2019, 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 the 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.

Other Information

The Chief Executive is responsible for the other information. The other information comprises the information included in the Corporation's financial statement overview for the year ended 30 June 2019, but does not include the financial report and my auditor's report thereon.

My opinion on the financial report does not cover the other information and accordingly I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

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 the 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 the Corporation or to cease operations, or have no realistic alternative but to do so.

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

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

Auditor-General

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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.

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 the 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 the 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 the 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

11 October 2019

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

FINANCIAL STATEMENT OVERVIEW

FOR THE YEAR ENDED 30 JUNE 2019

The year ended 30 June 2019, represents the eighth year that the Land Development Corporation (LDC) has operated as a Government Business Division (GBD).

FINANCIAL PERFORMANCE

LDC's total income of $6.01 million comprises overall revenue of $26.81 million less the cost of land sold being $20.80 million. The land sales represent sales from both industrial and residential developments. Land sales revenue is lower than the previous financial year but was in line with the budget.

LDC holds land as current and non-current inventory representing land available for development and sale. Development costs incurred by LDC are initially recorded as inventory assets on the balance sheet and recognised in the comprehensive operating statement as the cost of land sold at the time of sale.

LDC's main operating expenditure during the year relates to residential and industrial land development being the cost of land sold of $20.80 million. LDC's employee expenses for the year were $2.94 million and LDC employed 19 full time equivalent employees as at 30 June 2019. LDC purchases services from other agencies ($0.32 million).

FINANCIAL POSITION

Overall LDC maintains a strong financial position with $136.17 million in net assets at 30 June 2019 compared to $139.93 million in the previous year.

LDC has a secure liquidity position with $30.97 million in cash. LDC also has a healthy portfolio of land with $51.53 million in current land inventory and $96.83 million in non-current land inventory.

CERTIFICATION OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

We certify that the attached financial statements for the Land Development Corporation have been prepared based on proper accounts and records in accordance with the prescribed format, the *Financial Management Act 1995* 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 2019 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
LAND DEVELOPMENT CORPORATION
CHIEF EXECUTIVE OFFICER
11 October 2019

CARLY BEH
LAND DEVELOPMENT CORPORATION
FINANCIAL CONTROLLER
11 October 2019

COMPREHENSIVE OPERATING STATEMENT

FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019	Restated 2018
		$000	$000
INCOME			
Revenue from land sales	3	22 555	29 446
Cost of land sold		(20 802)	(18 941)
Gross Profit		1 753	10 505
Grants and subsidies	4	-	429
Sales of goods and services		269	-
Interest revenue		357	555
Royalties, rents and dividends		2 738	2 466
Other income		892	392
TOTAL INCOME	3	**6 009**	**14 347**
EXPENSES			
Employee expenses		2 935	2 873
Administrative expenses			
Purchases of goods and services	6	2 573	2 180
Repairs and maintenance		486	393
Depreciation and amortisation	11,12	511	511
Other administrative expenses		1 086	2 406
Write-down	10	1 497	6 034
Interest expenses		899	945
TOTAL EXPENSES	3	**9 987**	**15 342**
NET DEFICIT BEFORE INCOME TAX		**(3 978)**	**(995)**
Income tax expense	5	-	323
NET DEFICIT		**(3 978)**	**(1 318)**
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to net deficit			
Increase in asset revaluation reserve	19	222	-
TOTAL OTHER COMPREHENSIVE INCOME		**222**	**(1 318)**
COMPREHENSIVE RESULT		**(3 756)**	**(1 318)**

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

BALANCE SHEET

FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 $000	2018 $000
ASSETS			
Current Assets			
Cash and deposits	8	30 965	28 083
Receivables	9	263	562
Inventories	10	51 533	28 376
Total Current Assets		**82 761**	**57 021**
Non-Current Assets			
Inventories	10	96 833	111 565
Property, plant and equipment	11	15 205	15 705
Heritage and cultural assets	12	66	67
Total Non-Current Assets		**112 104**	**127 337**
TOTAL ASSETS		**194 865**	**184 358**
LIABILITIES			
Current Liabilities			
Payables	13	7 853	4 750
Borrowings and advances	14	-	5 000
Provisions	15	276	1 052
Other liabilities	16	18 079	3 474
Deposits held	17	168	318
Income tax payable	5	-	635
Total Current Liabilities		**26 376**	**15 229**

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

BALANCE SHEET (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 $000	2018 $000
Non-Current Liabilities			
Borrowings and advances	14	20 000	15 000
Other liabilities	16	12 320	14 204
Total Non-Current Liabilities		**32 320**	**29 204**
TOTAL LIABILITIES		**58 696**	**44 433**
NET ASSETS		**136 169**	**139 925**
EQUITY			
Capital		54 339	54 339
Reserves	19	591	369
Accumulated funds		81 239	85 217
TOTAL EQUITY		**136 169**	**139 925**

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 2019

	Note	Equity at 1 July	Comprehensive result	Transactions with owners	Equity at 30 June
		$000	$000	$000	$000
2018-2019					
Accumulated Funds		85 217	-	-	85 217
Deficit for the period		-	(3 978)	-	(3 978)
Dividends paid		-	-	-	-
		85 217	**(3 978)**	**-**	**81 239**
Reserves	19	**369**	**222**	**-**	**591**
Capital – Transactions with Owners		**54 339**	**-**	**-**	**54 339**
Total Equity at End of Financial Year		**139 925**	**(3 756)**	**-**	**136 169**
2017-2018					
Accumulated Funds		87 276	-	-	87 276
Deficit for the period		-	(1 318)	-	(1 318)
Dividends paid		-	-	(741)	(741)
		87 276	**(1 318)**	**(741)**	**85 217**
Reserves	19	**369**	**-**	**-**	**369**
Capital – Transactions with Owners		**54 089**	**-**	**250**	**54 339**
Total Equity at End of Financial Year		**141 734**	**(1 318)**	**(491)**	**139 925**

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

CASHFLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 $000	2018 $000
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating Receipts			
Capital grants		-	429
Receipts from sales of goods and services		28 282	14 338
Interest received		368	566
Total Operating Receipts		**28 650**	**15 333**
Operating Payments			
Payments to employees		(2 970)	(2 874)
Payments for goods and services		(20 368)	(17 646)
Income tax paid		(635)	(2 314)
Interest paid		(904)	(949)
Total Operating Payments		**(24 877)**	**(23 783)**
Net Cash From/(Used in) Operating Activities	20	**3 773**	**(8 450)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Financing Payments			
Repayment of deposits received		(150)	(203)
Dividends paid		(741)	(2 699)
Total Financing Payments		**(891)**	**(2 902)**
Net Cash Used in Financing Activities		**(891)**	**(2 902)**
Net increase/(decrease) in cash held		2 882	(11 352)
Cash at beginning of financial year		28 083	39 435
CASH AT END OF FINANCIAL YEAR	8	**30 965**	**28 083**

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

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1. OBJECTIVES AND FUNDING

LDC'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.

LDC'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 LDC and its project partners; and
- realise the opportunities to optimise returns on LDC's assets whilst operating within the guidelines set by the Northern Territory Government for its Government Business Divisions (GBD).

LDC is the developer and manager of Northern Territory Government owned land identified for strategic industrial development. It operates under the *Land Development Corporation Act 2003* and reports to the Minister for Infrastructure, Planning and Logistics.

In 2009, the *Land Development Corporation Act 2003* was amended to expand LDC's role to include the development of residential land. LDC has entered into joint partnership arrangements with participants from the private sector in developing residential land.

LDC has been determined by the Treasurer under Section 3(1) of the *Financial Management Act 1995* to be a GBD, commencing 1 July 2011 and is classified as a Not-for-Profit Entity. This has resulted in LDC 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 LDC being self-funded through the sale of land and hence no longer receiving output appropriation. As a GBD, LDC receives interest earned on cash balances and is required to pay income tax and dividends. Similarly, commencing from 1 July 2011, LDC is required to pay full charges previously received free of charge when it was an agency.

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

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 1995* and related Treasurer's Directions. The *Financial Management Act 1995* requires LDC to prepare financial statements for the year ended 30 June based on the form determined by the Treasurer. The form of LDC's financial statements should 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 LDC's financial statements is also consistent with the requirements of 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.

Standards and interpretations effective from 2018-19

AASB 9 Financial Instruments

LDC applied AASB 9 for the first time in 2018-19. AASB 9 *Financial Instruments* replaces AASB 139 *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1 January 2018. LDC has not restated the comparative information, which continues to be reported under AASB 139. Where applicable, differences arising from the adoption of AASB 9 have been recognised directly in accumulated funds and other components of equity. The nature and effect of the changes as a result of adoption of this new accounting standard are described below.

Classification and measurement

Financial instruments have been reclassified into one of three measurement bases – amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The classification of these instruments is based on LDC's business model for managing the financial assets and the contractual terms of the cash flows.

The classification and measurement requirements of AASB 9 did not have a significant impact to LDC. The following are the changes in the classification of the financial assets:

- LDC's financial assets are comprised of cash and deposits and receivables. These assets were classified as Loans and Receivables as at 30 June 2018 under AASB 139 and were measured at amortised cost. As these assets are held to collect contractual cash flows that are solely payments of principal and interest, they continue to be measured at amortised cost from 1 July 2018.
- LDC's financial liabilities are comprised of deposits held, payables and borrowings and advances. These liabilities were classified as fair value through profit or loss as at 30 June 2018 and as at 30 June 2019. Therefore there are no changes in classification and measurement for the LDC's financial liabilities.

In summary, upon the adoption of AASB 9, LDC had the following reclassifications as at 1 July 2018:

		AASB 9 categories Balances at 1 July 2018			
		Fair value through profit or loss			
	Balances at 30 June 2018	Mandatorily at fair value	Designated at fair value	Amortised cost	Fair value through OCI
AASB 139 categories	$000	$000	$000	$000	$000
Loans and receivables					
Cash and deposits	28 083	-	-	28 083	-
Receivables	380	-	-	380	-
	28 463	**-**	**-**	**28 463**	**-**

Impairment

The adoption of AASB 9 requires the loss allowance to be measured using a forward-looking expected credit loss (ECL) approach, replacing AASB 139's incurred loss approach. AASB 9 also requires a loss allowance to be recognised for all debt instruments other than those held at fair value through profit or loss.

There has been no changes to impairment losses following the adoption of AASB 9.

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.

Standards and interpretations issued but not yet effective

No Australian Accounting Standards have been early adopted for 2018-19.

On 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 an 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 for the first time in 2019-20 financial statements. When effective, the standard will supersede AASB 117 *Leases* and require the majority of leases to be recognised on the balance sheet.

For lessees with operating leases, a right-of-use asset will now be included in the balance sheet together with a lease liability for all leases with a term of 12 months or more, unless the underlying assets are of low value. The comprehensive operating statement will no longer report operating lease rental payments. Instead, amortisation expense will be recognised relating to the right-of-use asset and interest expense relating to the lease liability.

The right-of-use asset will be amortised generally on a straight-line basis while the lease liability will reduce to reflect lease payments made and increase to reflect the interest on the liability. Consistent with the methodology applied to other long term liabilities, the lease liability is discounted using the Northern Territory Treasury Corporation's institutional bond rates. As the lease term progresses, the carrying amount of the asset (cost less accumulated amortisation) is likely to reduce more quickly than the liability, resulting in a lower net asset in the earlier stages of the lease arrangement.

The modified retrospective approach has been elected to transition to the new lease standard. This approach does not require restatement of comparative years and the cumulative impact is accounted for as an equal adjustment to the right-of-use asset and lease liabilities, thus, having no impact in LDC's net assets at initial adoption.

Consequently, it is expected that approximately $0.747 million will be recognised in the balance sheet as a lease liability and corresponding right to use asset from 2019-20.

For lessors, the finance and operating lease distinction remains largely unchanged.

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 not-for-profit entities for annual reporting periods beginning on or after 1 January 2019 and will be reported for the first time in 2019-20 financial statements.

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

Under AASB 15, revenue from agreements which are enforceable, have sufficiently specific performance obligations and transfer goods or services to the customer or third party beneficiary will be recognised when or as performance obligations are satisfied, and not immediately upon receipt as currently occurs. Consequently, more liabilities will be recognised in the balance sheet after adoption of this standard.

Where a transaction does not meet the criteria above or is classified as a donation transaction, revenue will accounted for in accordance with AASB 1058.

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. At present, such grants are recognised as revenue on receipt;
- 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;
- 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; and
- grants that are not enforceable and or not sufficiently specific will not qualify for deferral, and will continue to be recognised as revenue on receipt.

The modified retrospective approach has been elected to transition to the new revenue standards. This approach does not require restatement of comparative year with the cumulative impact adjusted to the opening accumulated funds.

From LDC's assessment of the standard, there is no impact as LDC is already complying with it and the liability will unwind upon satisfaction of the performance obligation.

c) Reporting Entity

The financial statements cover LDC as an individual reporting entity. LDC is a Northern Territory Government Business Division ("GBD") established under the *Land Development Corporation Act 2003.*

The principal place of business of LDC is: Level 2, 37 Woods Street, Darwin NT, 0800

The postal address of LDC is: GPO Box 353, Darwin, NT 0801

d) Corporation and Territory Items

The financial statements of LDC include income, expenses, assets, liabilities and equity over which LDC has control (LDC items). Certain items, while managed by LDC, are controlled and recorded by the Territory rather than LDC (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 agencies 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 agencies 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.

The Central Holding Authority recognises and records all Territory items, and as such, these items are not included in LDC's financial statements.

e) Comparatives

Where necessary, comparative information for the 2017-18 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 2018-19 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.

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.

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

LDC may receive contributions from Government where the Government is acting as owner of LDC. Conversely, LDC may make distributions to Government. In accordance with the *Financial Management Act 1995* 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 LDC as adjustments to equity. The Statement of Changes in Equity provides additional information in relation to contributions by, and distributions to, Government.

3. COMPREHENSIVE OPERATING STATEMENT BY OUTPUT GROUP

		Residential		Industrial		Total	
	Note	2019	2018	2019	2018	2019	2018
		$000	$000	$000	$000	$000	$000
INCOME							
Revenue from land sales		8 191	16 421	14 364	13 025	22 555	29 446
Cost of land sold		(7 804)	(15 209)	(12 998)	(3 732)	(20 802)	(18 941)
Gross Profit		**387**	**1 212**	**1 366**	**9 293**	**1 753**	**10 505**
Grants and subsidies	4	-	-	-	429	-	429
Sales of goods and services		-	-	269	-	269	-
Interest revenue		71	111	286	444	357	555
Royalties, rents and dividends		-	-	2 738	2 466	2 738	2 466
Other income		145	97	747	295	892	392
TOTAL INCOME		**603**	**1 420**	**5 406**	**12 927**	**6 009**	**14 347**
EXPENSES							
Employee expenses		587	575	2 348	2 298	2 935	2 873
Administrative expenses							
Purchases of goods and services	6	515	436	2 058	1 744	2 573	2 180
Repairs and maintenance		97	79	389	314	486	393
Depreciation and amortisation	11,12	-	-	511	511	511	511
Other administrative expenses[(1)]		509	543	577	1 863	1 086	2 406
Write-down[(2)]	10	5	-	1 492	6 034	1 497	6 034
Interest expenses		180	189	719	756	899	945
TOTAL EXPENSES		**1 893**	**1 822**	**8 094**	**13 520**	**9 987**	**15 342**
NET DEFICIT BEFORE INCOME TAX		**(1 290)**	**(402)**	**(2 688)**	**(593)**	**(3 978)**	**(995)**
Income tax expense	5		-		-	-	323
NET DEFICIT			-		-	**(3 978)**	**(1 318)**
OTHER COMPREHENSIVE INCOME							
Items that will not be reclassified to net deficit							
Increase in asset revaluation reserve			-		-	222	-
TOTAL OTHER COMPREHENSIVE INCOME						**222**	**-**
COMPREHENSIVE RESULT						**(3 756)**	**(1 318)**

(1) Included in other administrative expenses is $0.259 million relating to the asset revaluation movement of infrastructure assets.
(2) Unrealised write-down of inventory costs of $1.447 million from a net realisable value assessment and write-down of inventory costs relating to a part contribution to construction of a drain at Wishart of $0.050 million in 2018-19. Write-down of the Marine Industry Park and Katherine Logistics and Agribusiness Hub inventory in 2017-18 totalling $6.034 million.

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

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 LDC 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:

- LDC transfers the significant risks and rewards of ownership of the land to the buyer;
- LDC 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 LDC; 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 by reference to the stage of completion of the contract. 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 non-reciprocal transfers, are recognised, unless otherwise determined by Government, as gains when LDC obtains control of the asset or right to receive the contribution. Contributions are recognised at the fair value received or receivable.

4. GRANTS AND SUBSIDIES

	2019 $000	2018 $000
Capital grants	-	429
Total Grants and Subsidies	**-**	**429**

There were no capital grants and community service obligations received in 2018-19. The capital grant revenue of $0.429 million received in 2017-18 relates to the Road Train Assembly Area project.

5. INCOME TAX RECONCILIATION

	2019 $000	2018 $000
The income tax for the year can be reconciled to the accounting profit as follows:		
Net deficit before tax for the year	(3 978)	(995)
Less: Non-deductible – current year		
Expense – unrealised loss[1]	(1 706)	2 072
Add: Non-deductible – prior year		
Expense – impairment expense relating to assets sold[2]	(312)	-
Taxable (Loss)/Surplus	**(2 584)**	**1 077**
Income tax at 30%	**-**	**323**

Income tax payable		
Opening Balance as at 1 July	635	2 626
Income tax paid	635	(2 314)
	-	312
Current income tax expense	-	323
Closing Balance as at 30 June	**-**	**635**

[1] Various inventory assets impaired in 2018-19 ($1.447 million) from a net realisable assessment and a revaluation of infrastructure assets ($0.259 million).
[2] Various inventory assets impaired in 2017-18 from a net realisable assessment were sold during 2018-19 ($0.312 million).

6. PURCHASES OF GOODS AND SERVICES

	2019 $000	2018 $000
Goods and services expenses:		
Property management	1 499	1 345
Consultants	64	222
Marketing and promotion [(1)]	149	88
Document production	-	1
Legal expenses [(2)]	97	92
Recruitment [(3)]	5	-
Training and study	41	32
Official duty fares	16	23
Travelling allowance	3	4
Agency service arrangements	371	373
Other	328	-
Total Purchases of Goods and Services	**2 573**	**2 180**

[(1)] Includes advertising for marketing and promotion.
[(2)] Includes legal fees, claim and settlement costs.
[(3)] Includes recruitment related airfares and accommodation.

Repairs and Maintenance Expense

Costs associated with repairs and maintenance works on LDC'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.

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

	2019	No. of Trans.	2018	No. of Trans.
	$000		$000	
Write-offs, Postponements and Waivers Under the *Financial Management Act 1995*	**-**	**-**	**46**	**4**
Represented by:				
Amounts written off, postponed and waived by delegates				
Irrecoverable amounts payable to the Territory or an agency written off	-	-	-	1
Total Written Off, Postponed and Waived by Delegates	**-**	**-**	**-**	**1**
Amounts written off, postponed and waived by the Treasurer				
Irrecoverable amounts payable to the Territory or an agency written off	-	-	**46**	**3**
Total Written Off, Postponed and Waived by the Treasurer	**-**	**-**	**46**	**3**
Gifts Authorised Under Other Legislation (1)	**403**	**1**	**-**	**-**

(1) Under the *Land Development Corporation Act 2003*, the Ruffino Park in the Alice Springs suburb of Kilgariff was gifted to Alice Springs Town Council on 17 December 2018.

8. CASH AND DEPOSITS

	2019	2018
	$000	$000
Cash on hand	-	1
Cash at bank	30 965	28 082
Total Cash and Deposits	**30 965**	**28 083**

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.

9. RECEIVABLES

	2019 $000	2018 $000
Current		
Accounts receivable	282	327
Interest receivables	25	35
GST (payables)/receivables	(48)	182
Other receivables	4	18
Total Receivables	**263**	**562**

Receivables include accounts and other receivables and are recognised at fair value less any loss allowance.

Accounts receivable are generally settled within 30 days.

Any loss allowance reflects lifetime expected credit losses and represents the amount of receivables LDC estimates are likely to be uncollectible and are considered doubtful.

Credit risk exposure of receivables

Receivables are monitored on an ongoing basis to ensure that exposure to bad debts is not significant. LDC applies the AASB 9 simplified approach to measuring expected credit losses. This approach recognises a loss allowance based on lifetime expected credit losses for all accounts receivables. To measure expected credit losses, receivables have been grouped based on shared risk characteristics and days past due.

The expected loss rates are based on historical observed loss rates, adjusted to reflect current and forward-looking information, including relevant macroeconomic factors.

In accordance with the provisions of the *Financial Management Act 1995*, receivables are written-off when there is no reasonable expectation of recovery. Credit risk for the comparative year is assessed under AASB 139 and is based on objective evidence of impairment.

The loss allowance for receivables as at the reporting date is disclosed below.

Internal receivables[a]	2019[b] Gross receivables $000	Loss rate %	Expected credit losses $000	Net receivables $000	2018[b] Aging of receivables $000	Impairment allowance $000	Net receivables $000
Not overdue	-	-	-	-	8	-	8
Overdue for less than 30 days	-	-	-	-	-	-	-
Overdue for 30 to 60 days	-	-	-	-	-	-	-
Overdue for more than 60 days	-	-	-	-	-	-	-
Total internal receivables	**-**	**-**	**-**	**-**	**8**	**-**	**8**
External receivables[a]							
Not overdue	254	-	-	254	278	-	278
Overdue for less than 30 days	14	-	-	14	12	-	12
Overdue for 30 to 60 days	10	-	-	10	5	-	6
Overdue for more than 60 days	4	-	-	4	24	-	23
Total external receivables	**282**	**-**	**-**	**282**	**319**	**-**	**319**

[a] Internal receivables are from entities controlled by the NTG, whereas external receivables are from parties external to the NTG.
[b] Disclosure for 2019 is in accordance with AASB 9 while disclosure for 2018 is in accordance with AASB 139.

Reconciliation of loss allowance for receivables [(b)]

Internal receivables[(a)]	2019 $000	2018 $000
Opening balance	-	-
Adjustment on adoption of AASB 9	-	-
Adjusted opening balance	-	-
Written off during the year	-	-
Recovered during the year	-	-
Increase/decrease in allowance recognised in profit or loss	-	-
Total internal receivables	**-**	**-**

External receivables[(a)]

Opening balance	-	49
Adjustment on adoption of AASB 9	-	-
Adjusted opening balance	-	49
Written off during the year	-	49
Recovered during the year	-	-
Increase/decrease in allowance recognised in profit or loss	-	-
Total external receivables	**-**	**-**

[(a)] Internal receivables are from entities controlled by the NTG, whereas external receivables are from parties external to the NTG.
[(b)] Disclosure for 2019 is in accordance with AASB 9 while disclosure for 2018 is in accordance with AASB 139.

10. INVENTORIES

	2019 $000	2018 $000
Current – Under Development and Developed Land		
At cost	50 562	22 114
At net realisable value	971	6 262
Total Current Inventories	**51 533**	**28 376**
Non-Current – Undeveloped Land		
At cost	84 667	93 870
At net realisable value	12 166	17 695
Total Non-Current Inventories	**96 833**	**111 565**
Total Inventories	**148 366**	**139 941**
Land Inventories Comprises:		
Cost of acquisition	95 197	93 992
Development costs	53 169	45 949
Total Inventories	**148 366**	**139 941**

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 the 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.

In 2018-19, inventory costs from a net realisable value assessment ($1.447 million) was written down. Also written down was inventory costs relating to a part contribution to construction of a drain at Wishart ($0.050 million) as the asset is on Power and Water Corporation land.

In 2017-18, inventory costs relating to pre-feasibility studies and consultancies for the Marine Industry Park project ($5.986 million) and the Katherine Logistics and Agribusiness Hub ($0.048 million) totaling $6.034 million were written down.

Leased Assets

Leases under which LDC 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 should be recognised as a deduction of the lease expenses over the term of the lease.

Land Development Corporation as a Lessor

Leases in which LDC 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.

11. PROPERTY, PLANT AND EQUIPMENT

	2019 $000	2018 $000
Land		
At fair value	117	107
	117	**107**
Buildings		
At fair value	4 430	4 430
Less: Accumulated depreciation	(1 081)	(911)
	3 349	**3 519**
Infrastructure		
At fair value	12 433	12 433
Less: Accumulated depreciation	(694)	(354)
	11 739	**12 079**
Total Property, Plant and Equipment	**15 205**	**15 705**

2019 Property, Plant and Equipment Reconciliations

A reconciliation of the carrying amount of property, plant and equipment at the beginning and end of 2018-19 is set out below:

	Land	Buildings	Infrastructure	Total
	$000	$000	$000	$000
Carrying amount as at 1 July 2018	107	3 519	12 079	15 705
Additions	10	-	-	10
Depreciation	-	(170)	(340)	(510)
Additions/(disposals) from asset transfers	-	-	-	-
Revaluation increments/(decrements)	-	-	-	-
Carrying Amount as at 30 June 2019	**117**	**3 349**	**11 739**	**15 205**

2018 Property, Plant and Equipment Reconciliations

A reconciliation of the carrying amount of property, plant and equipment at the beginning and end of 2017-18 is set out below:

	Land	Buildings	Infrastructure	Total
	$000	$000	$000	$000
Carrying amount as at 1 July 2017	107	3 689	3 728	7 524
Additions	-	-	-	-
Depreciation	-	(170)	(341)	(511)
Additions/(disposals) from asset transfers	-	-	9 209	9 209
Revaluation increments/(decrements)	-	-	(517)	(517)
Carrying Amount as at 30 June 2018	**107**	**3 519**	**12 079**	**15 705**

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 LDC 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;
- infrastructure assets; and
- heritage and cultural assets.

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 LDC assets are assessed for indicators of impairment on an annual basis or whenever there is indication of impairment. If an indicator of impairment exists, LDC determines the asset's recoverable amount. The asset's recoverable amount is determined as the higher of the asset's current 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 19 provides additional information in relation to the asset revaluation reserve.

LDC's property, plant and equipment assets were assessed for impairment as at 30 June 2019. No impairment adjustments were required as a result of this review.

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:

	2019	2018
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.

12. HERITAGE AND CULTURAL ASSETS

	2019 $000	2018 $000
Carrying Amount as at 1 July		
At valuation	74	74
Less: Accumulated depreciation	(8)	(7)
Written down value – 30 June	**66**	**67**
Reconciliation of Movements		
Carrying amount as at 1 July	67	67
Depreciation	(1)	-
Carrying Amount as at 30 June	**66**	**67**

Heritage and Cultural Assets Valuation

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

Impairment of Heritage and Cultural Assets

LDC's heritage and cultural assets were assessed for impairment as at 30 June 2019. No impairment adjustments were required as a result of this review.

13. PAYABLES

	2019 $000	2018 $000
Accounts payable	7 752	4 545
Accrued expenses	101	205
Total Payables	**7 853**	**4 750**

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 LDC. Accounts payable are normally settled within 30 days.

14. BORROWINGS AND ADVANCES

Current		
Loans and advances	-	5 000
Non-Current		
Loans and advances	20 000	15 000
Total Borrowings and Advances	**20 000**	**20 000**

15. PROVISIONS

Current		
Employee benefits		
Recreation leave	210	227
Leave loading	25	26
Other employee benefits	-	9
Other current provisions		
Provision for dividend	-	741
Other provisions	41	49
Total Current Provisions	**276**	**1 052**

The Agency employed 19 employees as at 30 June 2019 (20 employees as at 30 June 2018).

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 LDC and as such no long service leave liability is recognised in LDC's financial statements.

16. OTHER LIABILITIES

	2019 $000	2018 $000
Current		
Deferred revenue-other	18 046	3 474
Financial guarantee liability	33	-
	18 079	3 474
Non-current		
Deferred revenue-other	12 320	14 204
Total Other Liabilities	**30 399**	**17 678**

Deferred Revenue - Other

In 2018-19 $8.6 million was recognised from the Department of Infrastructure, Planning and Logistics relating to capital grant funding for the Middle Arm Intersection and Kilgariff Stage 2 development. $5.5 million relating to land purchased at Darwin Business Park North is subject to four lot packages in order of preference which is due to settle in 2019-20 when titles transfer. $0.75 million was also recognised for a land sale which is subject to completion of a development condition in 2019-20. Also current unearned revenue of $1.1 million and non-current unearned revenue of $12.3 million relates to a long term agreement to lease land.

Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued where the total value being guaranteed is greater than $1 million. The liability is initially measured at fair value, calculated as the present value of the difference between the net contractual cash flows required under a debt instruments and the net contractual cash flows that would have been required without the guarantee.

At the end of each subsequent reporting period, financial guarantees are subsequently measured at the higher of the amount of the loss allowance and the amount initially recognised less cumulative amortisation, where appropriate.

The amount of the loss allowance at each subsequent reporting period equals the 12-month expected credit losses. However, where there has been a significant increase in the risk that the specified debtor will default on the contract, the loss allowance is equal to the lifetime expected credit losses.

Expected credit losses for a financial guarantee contract are the cash shortfalls adjusted by the risks that are specific to the cash flows. Cash shortfalls are the difference between:

- the expected payments to reimburse the holder for a credit loss that it incurs, and
- any amount that an entity expects to receive from the holder, the debtor or any other party.

LDC has provided vacant and titled land lots at Zuccoli as security to enable our joint operator partner Urbex Pty Ltd to obtain external financing in respect of the next stage of the Zuccoli Village development. The fair value of this financial guarantee liability is $0.033 million at 30 June 2019.

Superannuation

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.

LDC 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 LDC's financial statements.

17. DEPOSITS HELD

	2019 $000	2018 $000
Accountable officer's trust account	18	18
Other deposits held	150	300
Total Deposits Held	**168**	**318**

18. COMMITMENTS

Disclosures in relation to capital and other commitments, including lease commitments. Commitments are those contracted as at 30 June where the amount of the future commitment can be reliably measured.

	2019		2018	
	Internal[(a)]	External[(a)]	Internal	External
	$000	$000	$000	$000
(i) Capital Expenditure Commitments Capital expenditure commitments relate to the Corporation's approved 2019-20 capital works program. The Corporation's capital works expenditure included in the Northern Territory 2019-20 Budget Infrastructure Program but not recognised as liabilities are payable as follows:				
Within one year	18 412	-	21 156	-
	18 412	**-**	**21 156**	**-**
(ii) Operating Lease Commitments LDC leases property under non-cancellable operating leases expiring from 1 to 5 years. LDC also leases and subleases land at the Tiwi Islands for 40 years. Leases generally provide LDC with a right of renewal at which time all lease terms are renegotiated. Future operating lease commitments not recognised as liabilities are payable as follows:				
Within one year	292	6	296	-
	292	**6**	**296**	**-**

(a) Internal commitments reflect commitments with entities controlled by the NTG, whereas external commitments reflect those to third parties external to the NTG.

19. 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.

	2019 $000	2018 $000
(ii) Movements in the asset revaluation reserve		
Balance as at 1 July	369	369
Decrement - Land	(37)	-
Buildings	-	-
Increment – Infrastructure	259	-
Balance as at 30 June	**591**	**369**

20. NOTES TO THE CASH FLOW STATEMENT

a) Reconciliation of Cash

The total of LDC 'cash and deposits' of $30.97 million recorded in the balance sheet is consistent with that recorded as 'cash' in the cash flow statement.

Reconciliation of Net Deficit to Net Cash from Operating Activities

	2019 $000	2018 $000
Net Deficit	(3 978)	(1 318)
Non-cash items:		
Depreciation and amortisation	511	511
Write-downs	1 497	6 034
Asset revaluations	259	517
Asset donations/gifts	403	-
Repairs and maintenance – non-cash	8	49
Changes in assets and liabilities:		
Decrease in receivables	299	239
Increase inventories	(10 380)	(322)
Increase in trade and other payables	3 103	85
(Decrease)/Increase in provision for employee benefits	(27)	7
Decrease in other provisions	(8)	(9)
Decrease in tax liabilities	(635)	(1 991)
Increase/(Decrease) in deferred income	12 721	(12 252)
Net Cash from/(Used in) Operating Activities	**3 773**	**(8 450)**

20. NOTES TO THE CASH FLOW STATEMENT (continued)

b) Reconciliation of liabilities arising from financing activities 2018-19

		Cash			Non Cash	
	1 July	Deposits Received	Dividends Paid	Total cash	Dividends Declared	30 June
	$000	$000	$000	$000		
Deposits held	318	(150)	-	(150)	-	168
Dividends	741	-	(741)	(741)	-	-
Total	**1 059**	**(150)**	**(741)**	**(891)**	**-**	**168**

2017-18

		Cash			Non Cash	
	1 July	Deposits Received	Dividends Paid	Total cash	Dividends Declared	30 June
	$000	$000	$000	$000		
Deposits held	521	(203)	-	(203)	-	318
Dividends	2 699	-	(2 699)	(2 699)	741	741
Total	**3 220**	**(203)**	**(2 699)**	**(2 902)**	**741**	**1 059**

21. FAIR VALUE MEASUREMENT

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.

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.

a) Fair Value Hierarchy

The table below presents assets and liabilities recognised at fair value in the balance sheet categorised by levels of inputs used to compute fair value. The fair value for financial assets and liabilities where the fair value is different from carrying amounts are also disclosed below.

	Level 1		Level 2		Level 3		Total Fair Value		Carrying amount	
	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18
	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000
Assets										
Financial assets										
Cash and deposits (Note 8)	-	-	30 965	28 083	-	-	30 965	28 083	30 965	28 083
Receivables (Note 9)	-	-	311	380	-	-	311	380	311	380
Total financial assets	**-**	**-**	**31 276**	**28 463**	**-**	**-**	**31 276**	**28 463**	**31 276**	**28 463**
Non financial assets										
Land (Note 11)	117	107	-	-	-	-	117	107	117	107
Buildings (Note 11)	-	-	-	-	3 349	3 519	3 349	3 519	3 349	3 519
Infrastructure (Note 11)	-	-	-	-	11 739	12 079	11 739	12 079	11 739	12 079
Heritage and cultural assets (Note 12)	-	-	-	-	66	67	66	67	66	67
Total non-financial assets	**117**	**107**	**-**	**-**	**15 154**	**15 665**	**15 271**	**15 772**	**15 271**	**15 772**
Total assets	**117**	**107**	**31 276**	**28 463**	**15 154**	**15 665**	**46 547**	**44 235**	**46 547**	**44 235**
Financial liabilities										
Deposits held (Note 17)	-	-	150	300	-	-	150	300	150	300
Payables (Note 13)	-	-	7 853	4 750	-	-	7 853	4 750	7 853	4 750
Borrowings and advances (Note 14)	-	-	20 675	20 138	-	-	20 675	20 138	20 000	20 000
Financial Guarantee Liability (Note 16)	-	-	33	-		-	33	-	33	-
Total liabilities	**-**	**-**	**28 711**	**25 188**	**-**	**-**	**28 711**	**25 188**	**28 036**	**25 050**

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.

b) Valuation techniques and inputs

Valuation techniques used to measure fair value in 2018-19 are:

	Level 1 Techniques	Level 2 Techniques	Level 3 Techniques
Asset Classes			
Land	Fair value Approach	-	-
Buildings	-	-	Fair value Approach
Infrastructure	-	-	Fair value Approach
Heritage and Cultural assets	-	-	Cost Approach

There were no changes in valuation techniques in 2018-19. There were transfers to Level 3 during 2017-18 being $8.3 million relating to the Common User Facility hardstand that was transferred from inventory to the infrastructure asset class.

Level 1 and level 3 fair values of land, buildings and infrastructure assets were determined by valuations conducted by independent certified property valuers. 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.

c) Additional information for level 3 fair value measurements

(i) Reconciliation of recurring level 3 fair value measurements of non financial assets

	Buildings	Infrastructure	Cultural Assets
	$000	$000	$000
2018-19			
Fair value as at 1 July 2018	3 519	12 079	67
Additions	-	-	-
Depreciation	(170)	(340)	(1)
Additions from asset transfers	-	-	-
Revaluation decrements	-	-	-
Fair value as at 30 June 2019	**3 349**	**11 739**	**66**

(i) **Reconciliation of recurring level 3 fair value measurements of non financial assets (Continued)**

2017-18

	Buildings	Infrastructure	Cultural Assets
	$000	$000	$000
Fair value as at 1 July 2017	3 689	3 728	67
Additions	-	-	-
Depreciation	(170)	(341)	-
Additions from asset transfers	-	9 209	-
Revaluation decrements	-	(517)	-
Fair value as at 30 June 2018	**3 519**	**12 079**	**67**

(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.

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 LDC becomes a party to the contractual provisions of the financial instrument. Financial instruments held by LDC include cash and deposits, receivables, payables and borrowings and advances. LDC has limited exposure to financial risks as discussed below.

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, credit risk, price risk and liquidity risk arise in the normal course of activities. LDC's borrowings are managed by the Northern Territory Treasury Corporation (NTTC).

a) **Categories of Financial Instruments**

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

2018-19 Categories of Financial Instruments

	Fair value through profit or loss		
	Designated at fair value	Amortised Cost	**Total**
	$000	$000	$000
Cash and deposits	-	30 965	30 965
Receivables[(1)]	-	311	311
Total Financial Assets	**-**	**31 276**	**31 276**
Deposits held	-	150	150
Payables	-	7 853	7 853
Loans	-	20 000	20 000
Financial Guarantee Liability	-	33	33
Total Financial Liabilities	**-**	**28 036**	**28 036**

[(1)] Total amounts disclosed here exclude statutory amounts

2017-18 Categories of Financial instruments

	Financial assets – Loans and receivables	Financial liabilities – amortised cost	**Total**
	$000	$000	$000
Cash and deposits	28 083	-	28 083
Receivables[(1)]	380	-	380
Total Financial Assets	**28 463**	**-**	**28 463**
Deposits held	-	300	300
Payables	-	4 750	4 750
Loans	-	20 000	20 000
Total Financial Liabilities	**-**	**25 050**	**25 050**

[(1)] Total amounts disclosed here exclude statutory amounts

Classification of Financial Instruments from 1 July 2018

From 1 July 2018, LDC classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income (OCI) or through profit or loss); and
- those to be measured at amortised cost.

The classification depends on LDC's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. LDC reclassifies debt investments when and only when its business model for managing those assets changes.

At initial recognition, LDC measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Debt instruments

Subsequent measurement of debt instruments depends on LDC's business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories into which LDC classifies its debt instruments:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is calculated using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses).

FVTPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Classification of Financial Instruments until 30 June 2018

LDC has elected not to restate comparative information. As a result, the comparative information provided continues to be accounted for in accordance with AASB 139.

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. Financial instruments classified as at FVTPL are initially and subsequently measured at fair value. Gains or losses on these assets are recognised in the net result for the year.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that LDC has the positive intent and ability to hold to maturity. 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. Loans and receivables are measured initially at fair value and subsequently at amortised cost using the effective interest rate method less impairment.

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. Available-for-sale financial assets are initially measured at fair value plus transaction costs and subsequently at fair value. Gains or losses are 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.

Financial liabilities at amortised cost

Financial liabilities, including borrowings and trade and other payables, are initially measured at fair value, net of transaction costs. Financial liabilities are subsequently measured at amortised cost using the effective interest method.

b) Credit Risk

LDC has limited credit risk exposure (risk of default). In respect of any dealings with organisations external to Government, LDC 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 LDC's maximum exposure to credit risk without taking account of the value of any collateral or other security obtained.

Credit risk relating to receivables is disclosed in note 9.

c) Liquidity Risk

Liquidity risk is the risk that LDC will not be able to meet its financial obligations as they fall due. LDC's approach to managing liquidity is to ensure that it will always have sufficient funds to meet its liabilities when they fall due. This is achieved by ensuring that minimum levels of cash are held in the Agency bank account to meet various current employee and supplier liabilities. The agency's exposure to liquidity risk is minimal.

The following tables detail LDC's remaining contractual maturity for its financial liabilities, calculated based on undiscounted cash flows at reporting date. The undiscounted cash flows in these tables differ from the amounts included in the balance sheet which are based on discounted cash flows.

2019 Maturity analysis for financial liabilities

	Carrying amount $000	Less than one year $000	1 to 5 years $000	More than 5 years $000	Total $000
Liabilities					
Deposits held	150	150	-	-	150
Payables	7 853	7 853	-	-	7 853
Loans	20 000	875	21 771	-	22 646
Financial Guarantee Liability	33	33	-	-	33
Total financial liabilities	**28 036**	**8 911**	**21 771**	**-**	**30 682**

2018 Maturity analysis for financial liabilities

	Carrying amount $000	Less than one year $000	1 to 5 years $000	More than 5 years $000	Total $000
Liabilities					
Deposits held	300	150	150	-	300
Payables	4 750	3 305	1 445	-	4 750
Loans	20 000	5 792	16 640	-	22 432
Total financial liabilities	**25 050**	**9 247**	**18 235**	**-**	**27 482**

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 2018-19 financial year is the eighth year that LDC has had interest bearing financial assets and liabilities. LDC’s borrowings are established on a fixed interest rate and as such do not expose LDC to interest rate risk, however LDC’s cash at bank is interest bearing (variable rate) and does expose LDC to interest rate risk. All other financial liabilities of LDC are non-interest bearing.

LDC’s exposure to interest rate risk by asset and liability classes is disclosed below.

2019 Interest rate risk for financial assets and liabilities

	Interest bearing		Non-interest bearing	Total	Weighted average
	Variable	Fixed			
	$000	$000	$000	$000	%
Assets					
Cash and deposits	30 965	-	-	30 965	1.48%
Receivables	-	-	311	311	
Total financial assets	**30 965**	**-**	**311**	**31 276**	
Liabilities					
Deposits held	-	-	150	150	
Payables	-	-	7 853	7 853	
Loans	-	20 675	-	20 675	4.39%
Financial Guarantee Liability	-	-	33	33	
Total financial liabilities	**-**	**20 675**	**8 036**	**28 711**	

2018 Interest rate risk for financial assets and liabilities

	Interest bearing		Non-interest bearing	Total	Weighted average
	Variable	Fixed			
	$000	$000	$000	$000	%
Assets					
Cash and deposits	28 083	-	-	28 083	1.50%
Receivables	-	-	380	380	
Total financial assets	**28 083**	**-**	**380**	**28 463**	
Liabilities					
Deposits held	-	-	300	300	
Payables	-	-	4 750	4 750	
Loans	-	20 138	-	20 138	4.65%
Total financial liabilities	**-**	**20 138**	**5 050**	**25 188**	

Market Sensitivity Analysis

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

	Profit or Loss and Equity	
	100 basis points increase	100 basis points decrease
	$000	$000
30 June 2019		
Financial assets – cash at bank	310	(310)
Net Sensitivity	**310**	**(310)**
30 June 2018		
Financial assets – cash at bank	281	(281)
Net Sensitivity	**281**	**(281)**

(ii) Price Risk

LDC is not exposed to price risk as LDC does not hold units in unit trusts.

(iii) Currency Risk

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

23. RELATED PARTIES

LDC is a government business division and is wholly owned and controlled by the Territory Government. Related parties of the LDC include:

- the Portfolio Minister who has the power to direct LDC to act in a certain manner under section 8 of the *Land Development Corporation Act 2003;*
- key management personnel (KMP) because they have authority and responsibility for planning, directing and controlling the activities of the LDC 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 LDC are those persons having authority and responsibility for planning, directing and controlling the activities of LDC. In the 2018-19 year, these include the Chief Executive Officer and the General Manager of LDC. In the 2017-18 year, this included the Chief Executive Officer, the General Manager and the Chief Financial Officer of LDC.

iii) **Remuneration of Portfolio Minister**

The table 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.

iii) **Remuneration of Key Management Personnel**

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

	2019	2018
	$000	$000
Short-term benefits	409	562
Post-employment benefits	46	56
Total	**455**	**618**

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.

2019

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	6 461	2 565	25	21 557

2018

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	1 036	3 045	37	25 779

The Department of Infrastructure, Planning and Logistics (DIPL) passed on $5.97 million in revenue to LDC and the Central Holding Authority passed on $0.357 million in interest revenue during 2018-19. LDC paid $0.754 to the Department of Housing and Community Development for land rates, $0.899 million to the Northern Territory Treasury Corporation (NTTC) for interest on loans and $0.268 million to the Department of Corporate and Information Services (DCIS) for office rent. LDC owes $1.445 million to DIPL for the sale of land and has four loans with the NTTC of $5 million each.

LDC'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 LDC, 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 bad or doubtful debts in respect of amounts owed by related parties.

24. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

(a) Contingent Liabilities

LDC had no contingent liabilities as at 30 June 2019.

In accordance with AASB 9 *Financial Instruments*, Financial guarantees are now required to be recognised and measured regardless of whether called upon and a financial liability rather than a contingent liability has been recognised to comply with the Treasurer's Directions on Guarantees and Indemnities. Refer to Note 16 for additional information.

LDC's contingent liability as at 30 June 2018 related to the Zuccoli project joint arrangement where LDC provided its vacant land and titled lots at Zuccoli as security to enable the joint partner Urbex Pty Ltd (Urbex) to obtain external financing for the next stage of Zuccoli village. In the event that Urbex cannot repay the loan amount of $6.243 million for construction of phase 3.3, LDC land could be used by the bank to repay it.

(b) Contingent Assets

LDC had no contingent assets as at 30 June 2019 or 30 June 2018.

25. EVENTS SUBSEQUENT TO BALANCE DATE

No events have arisen between the end of the financial year and the date of this report that require adjustment to, or disclosure in these financial statements.

26. ACCOUNTABLE OFFICER'S TRUST ACCOUNT

In accordance with section 7 of the Financial Management Act 1995, 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 2018	Receipts	Payments	Closing Balance 30 June 2019
	$000	$000	$000	$000
Security deposit	18	1	1	18

Deposits Held

Deposits held include deposits held by LDC 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 1995.

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.

LDC 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).

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

28. PRIOR PERIOD CORRECTIONS

Through investigations post 2018-19 year end, it was identified that LDC had not recorded developer fee costs as additions to inventory and a payable that is owed to LDC's joint operator partner in regards to the Zuccoli project in 2017-18. The net impact for the 2017-18 financial year on the balance sheet is nil, however inventory was understated by $1 million and accounts payable was understated by $1 million.

It was also identified that LDC had netted off the developer fee costs in revenue rather than recognise each sale on a gross basis. The net impact for the 2017-18 financial year on the profit and loss is nil, however revenue was understated by $8.2 million and cost of land sold was understated by $8.2 million.

These corrections are incorporated in the 2017-18 financial year profit and loss, balance sheet and applicable notes in this financial report.

The impact of the restatement identified is summarised below:

	30 June 2018	Restatement	Restated 30 June 2018
	$000	$000	$000
Total assets	183 347	1 011	184 358
Total liabilities	43 422	1 011	44 433
Net assets	139 925	-	139 925
Total equity	139 925	-	139 925
Revenue from land sales	21 201	8 245	29 446
Cost of land sold	(10 696)	(8 245)	(18 941)
Gross profit	10 505	-	10 505
Total other comprehensive income	(1 318)	-	(1 318)

Land Development Corporation

Level 2, 37 Woods Street
Darwin NT 0800

GPO Box 353, Darwin NT 0801

Phone: +61 08 8944 0900
Email: enquiries@landdevcorp.com.au