LAND DEVELOPMENT CORPORATION

Strategic Land in the Northern Territory, Australia

ANNUAL REPORT 2015–16

Letter to the Minister

18 November 2016

The Honourable Nicole Manison MLA

Minister for Infrastructure, Planning and Logistics

Parliament House

DARWIN NT 0800

Dear Minister,

I have pleasure in presenting you with the annual report of the Land Development Corporation (the Corporation). The report describes the activities and operations of the Corporation for the year ending 30 June 2016 in accordance with section 28 of the *Public Sector Employment and Management Act* and section 32 of the *Land Development Corporation Act*.

In presenting this report, I advise that:

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

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

c) there is no indication of fraud, malpractice, major breach of legislation or delegation, major error in or omission from the accounts and records

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

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

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

Michael Tennant

Chief Executive Officer

LAND DEVELOPMENT CORPORATION

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Chief Executive Officer's Report

In November 2015 I was appointed as Chief Executive Officer of the Land Development Corporation, replacing Mr John Coleman, who had a long relationship with the Corporation since February 2007 as General Manager and from April 2013 as Chief Executive Officer.

John was passionate about the role of the Corporation in shaping the economic future of the Territory. Under his lengthy watch the Corporation expanded development at East Arm, including construction of the Common Use Area. He was also key to the Corporation expanding into residential development to meet gaps in the market.

During 2015-16 day-to-day running of the Corporation also changed hands with Nerida Bradley moving on from the General Manager role to become Executive Director Environment in the Department of Lands, Planning and the Environment. From February Tony Stubbin joined the Corporation from the Department of Treasury and Finance, as General Manager.

Overall market conditions were subdued in 2015-16 with demand for industrial land slowing compared to previous years. Two contracts for sale were entered into for blocks in the Darwin Business Park, including a large rail front block on O'Sullivan Circuit. Settlement for both blocks is anticipated in 2016–17.

A further block in O'Sullivan Circuit was transferred to the Larrakia Development Corporation as part of the settlement of the Kenbi land claim. The Corporation received payment for the lot transferred from the Territory Government.

The long-term lease of the Port of Darwin to the Landbridge Group had implications for the Corporation. The Vopak fuel terminal site, which was owned by the Corporation and leased to Vopak, was transferred back to Government and included as part of the Landbridge lease. In accordance with the Land Development Corporation Act requirement for the Corporation to act in a commercial manner, Government compensated the Corporation for the transfer of the Vopak site by making an equity contribution.

The Port of Darwin lease is expected to provide the Territory economy with a boost with Landbridge signalling substantial investment in new infrastructure and services to facilitate increase trade through the port. As a major stakeholder in East Arm, the Corporation is well placed to share in this expansion and I look forward to working with Landbridge in this regard.

Also at East Arm, construction commenced of the Multi User Barge Ramp Facility. Located adjacent to the Common User Area, the barge ramp is an exciting project which will provide near all-tide barge access in Darwin.

"As a major stakeholder in East Arm, the Corporation is well placed to share in this expansion and I look forward to working with Landbridge in this regard"

It is an excellent example of cooperation between the Corporation and the Department of Defence which will see an important piece of infrastructure developed in Darwin for the benefit of both Defence and private users.

The Corporation continued to work with the Tiwi people to further the aims of the Tiwi Island Development Agreement. During the year the Corporation and Tiwi Land Council launched an Expression of Interest document which serves as a prospectus for investment in the Tiwis.

During 2015-16 the Corporation worked with proponents for the Territory Government's Ship Lift and Marine Industry Project (SLAMI) to identify land opportunities for the establishment of enabling infrastructure for a marine maintenance industry. All proponents that submitted proposals identified land on or adjacent to the Corporation's Marine Industry Park at East Arm. The Corporation looks forward to working with the successful proponent on developing this key infrastructure.

In the residential space, the Corporation continued the development of the Kilgariff estate, south of The Gap in Alice Springs. Kilgariff is a master planned residential development providing Alice Springs residents with premium standard, good sized blocks at reasonable prices. In Palmerston the Corporation's joint venture with Urbex to develop the 800 lot Zuccoli Stage 1 subdivision continued.

The Corporation will continue to work with private sector partners and contractors to deliver strategic industrial and residential land and buildings that satisfy unmet needs in the Northern Territory.

Michael Tennant

Chief Executive Officer

APPROACH

Our Purpose

As the Northern Territory Governments strategic land developer, we play a crucial role in planning for economic growth and development of our Territory. We aim to deliver strategic land and investment opportunities to the Northern Territory market in a commercial manner.

As a Government Business Division we are funded by the land we deliver for sale or lease and are required to pay company tax and dividends back to Government.

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.

WHAT WE DO

Ensure sufficient strategic land is available to stimulate economic growth and create opportunities to meet market demand.

Investigate and develop innovative approaches to land development and act as an incubator for new ideas.

Reduce risk through due diligence and the timely release of well-planned and located, serviced land to meet community and industry needs.

Set industry standards for quality developments that aim to protect and manage natural systems, landform and biodiversity.

Provide strategic advice to the Government on land release required to support government policy.

STRATEGY

Our Strategic Direction

We contribute to the economic growth of the Northern Territory by innovatively developing and managing residential, industrial and commercial developments. We work in partnership with Government and the private sector to:

- meet the Northern Territory's strategic residential, industrial and commercial land requirements to respond to the community and industry's short and long term requirements
- apply our resources to initiate, undertake, facilitate and manage new developments
- facilitate the development of Aboriginal land in collaboration with traditional owners for the economic benefit of their broader communities
- build strong links with the property industry and development-focussed government and semi-government agencies throughout Australia to support the Corporation's projects and project partners
- pursue opportunities to optimise returns on our assets while operating within the guidelines for a Government Business Division.

Our Scope

On behalf of the Northern Territory Government, our scope of operations encompasses:

a) developing and promoting land authorised by the Government for strategic residential, industrial and commercial uses

b) providing services, facilities and general assistance to help the establishment and conduct of industry regarding land vested to us

c) activities required to manage our land, including commercial, recreational, heritage and environmental conservation activities

d) developing Aboriginal land in collaboration with traditional owners, land councils and Aboriginal communities

e) ensuring well designed solutions for the urban development projects we are delivering

f) identifying land solutions for businesses to increase the economic capability of the Northern Territory

g) participating in joint ventures, partnerships and other arrangements to develop strategic residential, industrial and commercial land in the Northern Territory.

GOVERNANCE

Principles

We will be accountable and act commercially in accordance with:

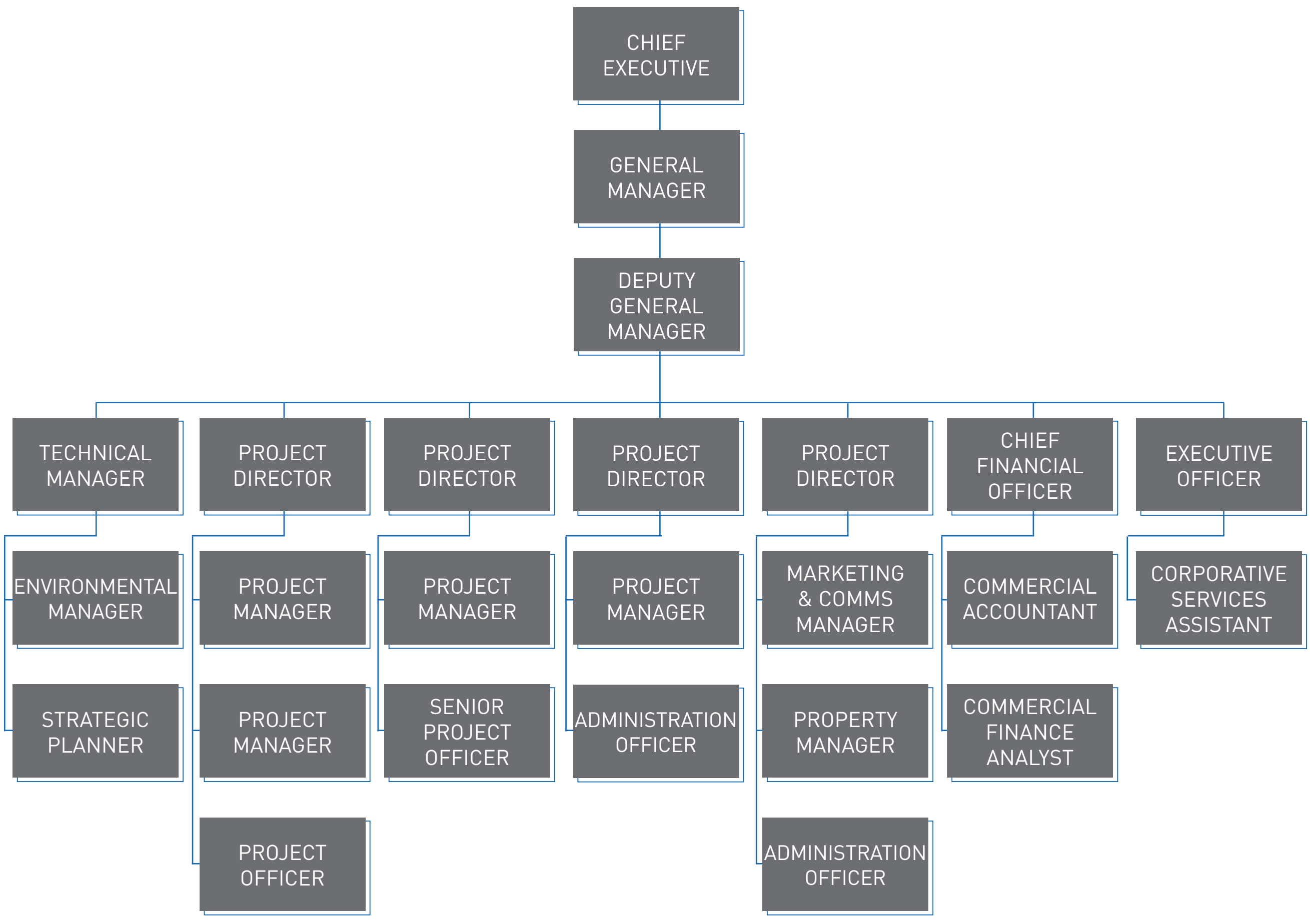
- the *Land Development Corporation Act* and its regulations
- relevant Northern Territory and Australian government legislation
- Ministerial and Cabinet directions pursuant to section 8 of the *Land Development Corporation Act*
- sound business and financial management practices, including a program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

'We are committed to delivering developments that may not provide a sufficient return for the private sector to undertake on their own, and developments which are required by Government to increase the supply of land where short supply threatens the economic wellbeing of the Northern Territory.'

OUR PEOPLE

We have a skilled, multi-disciplinary team who offer a wealth of experience and expertise. From initial identification of land needs, through to planning, design, implementation, sales and marketing, our ability to work across all tiers of government, business and industry enables us to deliver long-term, sustainable communities and outcomes.

We are positioned to engage with both private and public sector partners on complex, challenging projects, to achieve an integrated approach to development and deliver the best outcomes for the Territory.



MANAGEMENT TEAM

Michael Tennant CHIEF EXECUTIVE OFFICER

Michael Tennant is the Chief Executive Officer of the Department of Trade, Business and Innovation and was appointed as the Chief Executive Officer of the Land Development Corporation in November 2015.

Previously Michael was the Deputy Chief Executive Officer of the NT Department of the Chief Minister

Michael was also the Northern Territory's COAG Deputy Senior Official, representing, promoting and protecting the Territory's interests in all intergovernmental matters. Michael has previously worked in the Queensland Public Service in a range of senior executive leadership roles across numerous public sector agencies. He has tertiary qualifications in law and economics.

Tony Stubbin GENERAL MANAGER

Tony Stubbin commenced as General Manager of the Land Development Corporation on 15 February 2016. Prior to this, he 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 DEPUTY GENERAL MANAGER

Andrew has been involved with the property development industry for nearly 20 years having held management positions with two ASX listed companies, a national project management consulting firm and a civil construction contractor.

Andrew has worked primarily on the management and delivery of residential development projects, however has also worked on commercial, retail and industrial developments. His involvement on property development projects, both land and built form, have seen him take responsibility for design management, approvals, tendering, construction, marketing, sales, handover and close-out. Andrew holds an Honours Degree in Urban and Regional Planning and a Graduate Diploma in Project Management.

David Gomez CHIEF FINANCIAL OFFICER

David Gomez commenced as the Chief Financial Officer of the Darwin Waterfront Corporation, Land Development Corporation and the Railway Corporation in March 2013.

David previously held roles as principle of the audit and assurance division of a Darwin-based chartered accounting firm, as a lawyer with the Australian Government Solicitor's Office, the Director of Operations at the Australian Securities and Investments Commission NT Office, as State Manager of Fraud Prevention and Internal Audit for the Commonwealth Department of Employment Education and Training in Darwin.

David is a Fellow of CPA Australia and has degrees in commerce, accounting and law.

Nicole Paas PROJECT DIRECTOR

Prior to commencing with the Corporation in 2004, Nicole held a variety of property-based positions with the private sector and the Northern Territory Government.

During her time at the Land Development Corporation, Nicole has been involved in the early stages and development of the Darwin Business Park, as well as the first stages of Zuccoli Village, Maluka Views in Palmerston and Kilgariff Estate in Alice Springs.

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.

Geoff Mackenzie PROJECT DIRECTOR

Geoff has held a variety of positions within the Commonwealth and the Northern Territory Governments. Geoff joined the Corporation in late 2014 as the Program and Resources Director. Prior to this he held positions in the Department of Housing including that of Executive Director Housing Supply and Alliance Director. Geoff has held key roles in a range of engineering and construction projects within the Northern Territory and throughout Australia.

Geoff has tertiary qualifications in engineering and post graduate qualifications in management.

Kassi Picken PROJECT DIRECTOR

Kassi commenced with the Corporation in 2008. Departing in 2013 to take up a position with the Department of Housing as Director of Market Housing. In late 2015 Kassi re-joined the Corporation as Project Director for the Corporation's residential projects of Stage 1 of Zuccoli and Waratah Crescent, Fannie Bay. She has worked on developments in both the industrial and residential sectors, from project inception through to completion. Kassi holds a Bachelor of Business and is currently undertaking post-graduate study through Curtin University to complete her Graduate Diploma of Project Management.

OUR PORTFOLIO AT A GLANCE

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

Performance

The Northern Territory property market experienced a challenging year for land sales, both in the industrial and residential sectors. Industrial sales were primarily affected by market conditions in the oil and gas industry where commodity prices resulted in decreased business activity. On the residential side of things an increase in land supply, coupled with a decrease in demand meant a tough market right across the Territory. Albeit a challenging sales environment, strong sales were still achieved at Zuccoli Village where urban design and community outcomes are considered paramount and therefore reflected in buyer sentiment.

RESIDENTIAL

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

INDUSTRIAL

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

SPECIAL

- Tiwi Islands

RESIDENTIAL DEVELOPMENTS

Delivering strategic residential developments that build on sustainability, innovation and community engagement.

ZUCCOLI VILLAGE

SOUTH OF LAMBRICK AVENUE, PALMERSTON

96 HECTARES

PROPOSAL

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

OUR ROLE

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

CURRENT STATUS

The project is now into its third release phase having sold 330 lots since the start of the project.

Construction is steaming ahead on the village shopping centre, Zuccoli Plaza, which is due for completion by Christmas 2016.

The Zuccoli Village Project included a $50,000 contribution to the construction of a new basketball court at MacKillop Catholic College. The basketball court was completed over the 2015-16 Christmas school holidays and was ready for use by students at the start of the school year in February 2016. The Zuccoli Village Project Committee agreed the contribution assisted in creating a new facility that would add to the foundation of the community.

FEATURES

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

MALUKA VIEWS

MALUKA DRIVE, PALMERSTON CBD

4.32 HECTARES

PROPOSAL

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

OUR ROLE

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

CURRENT STATUS

The first stage of the development is complete and incorporates the new Rydges Palmerston 200 room hotel. The remainder of the site will incorporate retail, commercial and residential aspects, all integrated in a cohesive manner. Moving forward, local private sector developers will deliver on the master plan objectives to ensure the estate is completed in line with the overall project vision.

FEATURES

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

Maluka Views will embrace tropical city-friendly climate control solutions with the use of intelligent ventilation, shade and seamless connectivity throughout.

When complete the development will give a modern, new urban heart to the rapidly growing City of Palmerston.

KILGARIFF ESTATE

SOUTH OF THE GAP, 9KM FROM ALICE SPRINGS CBD

13 HECTARES

PROPOSAL

Kilgariff Estate offers quiet estate living, only 5 minutes out of town. With serene views back over the ranges, the Estate is the perfect place to get away from the hustle and bustle. Consisting of 80 lots, Kilgariff Estate is Stage 1 of Alice Springs' newest suburb which will eventually deliver close to 3,000 lots.

OUR ROLE

As land owner and developer for Stage 1 of the new suburb of Kilgariff, the Corporation has already released the first 33 lots to the market, and a further 47 are due for titles to issue by the end of 2016. Our key aim is to ensure our development planning coincides with the overall masterplan for the suburb to provide a cohesive and engaging community in future years.

CURRENT STATUS

Construction works for the second stage of Kilgariff Estate were awarded to local contractor Sitzler Bros in June 2015. Titles for this second stage, consisting of 47 lots, are due to issue by the end of 2016.

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

The Corporation has also progressed design and construction works of the Estate entry statement and landscaping and design for the recreational park is underway with the park expected to be completed by mid 2017.

FEATURES

Kilgariff Estate, with its landscaped perimeters and cycle paths connecting residents to the town centre, is designed to provide a diverse range of housing products and future essential amenities such as schools, shops and recreational parks. Design guidelines are in place to preserve the integrity and enduring appeal of the Kilgariff Estate address.

WARATAH CRESCENT

7 WARATAH CRESCENT, FANNIE BAY

1.46 HECTARES

PROPOSAL

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

OUR ROLE

In our capacity as the Northern Territory Government's property developer, we play an important role in leading the development industry by pushing the boundaries for a more sustainable future.

CURRENT STATUS

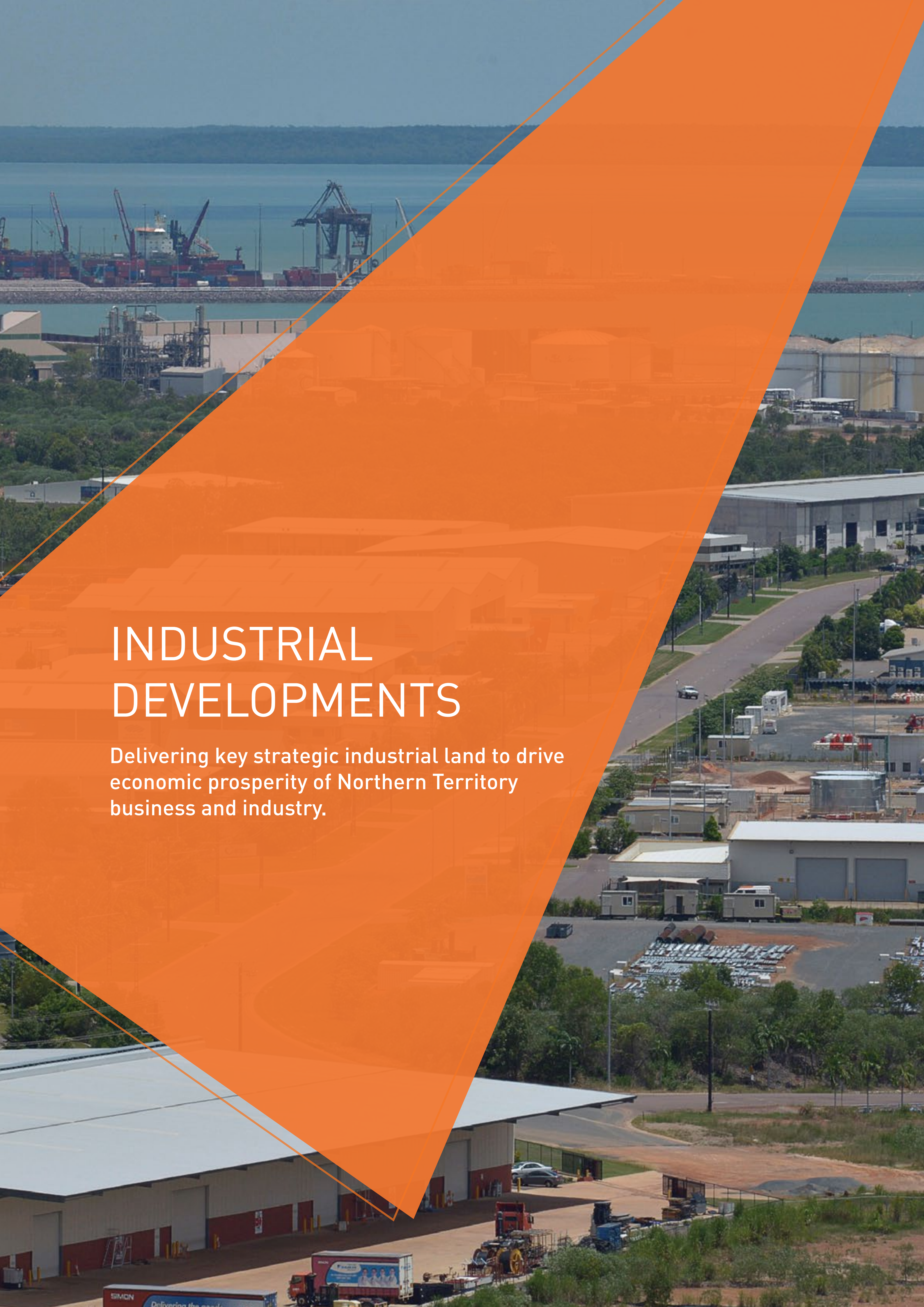
We are currently investigating design concept options with the aim of understanding feasibility and commerciality before proceeding with the development. Our commitment to exploring innovative, sustainable design outcomes that will set a new benchmark for residential development in the Territory drives our thinking for the Waratah Crescent site.

FEATURES

Key principles of the proposed design include:

- Community living
- Sustainable development
- Unique dwelling types
- Active lifestyle
- Technology and trends


INDEPENDENT GROCERS
Metcash
Food & Grocery



INDUSTRIAL DEVELOPMENTS

Delivering key strategic industrial land to drive economic prosperity of Northern Territory business and industry.

MARINE INDUSTRY PARK

EAST ARM LOGISTICS PRECINCT
DARWIN

150 HECTARES

PROPOSAL

At an estimated total development cost of $1 billion the Marine Industry Park (MIP) when completed will become the Corporation's most significant undertaking to date. The proposed 150 hectare world class facility is strategically located on premium waterfront land with connections to road, rail, sea transport and other supporting infrastructure. Targeting high-value industries dedicated to marine maintenance, marine services and marine logistics, we believe the Park has potential to significantly grow the Territory's capability to service the oil and gas, resources, logistics and Defence sectors.

The master plan aims to attract a variety of land uses and business activities through development in the following key areas:

- Deep Dredged Access Channel
- Ship Lift Facility
- Marine Maintenance Area
- Marine Services Area
- Marine Logistics Area
- Marine-related Development
- Strategic Industrial Land.

OUR ROLE

Over the past few years we have undertaken rigorous, and costly, feasibility investigations aimed at de-risking the project. Studies commissioned include a staged master services plan for the whole site, costing, financial and commercial viability along with engineering, geotechnical and environmental works. At its full potential in 25+ years the Park is expected to realise economic benefits to the NT outweighing the cost of construction and will capitalise on the significant opportunities and major projects in the region.

CURRENT STATUS

Our ongoing commitment to this project has seen a number of commercial and technical studies being completed as well as progression through the necessary environmental approvals which will make the site development ready. We will continue to investigate development and investment options for the Marine Industry Park into the future.

FEATURES

Located within the East Arm Logistics Precinct the Marine Industry Park is ideally positioned to capitalise on significant growth opportunities from oil and gas, Defence and major projects in the region. It complements existing nearby facilities including the Darwin Port East Arm Wharf, Marine Supply Base, the terminus of the AustralAsia Railway and the Darwin Business Park.

COMMON USER FACILITY

845 BERRIMAH ROAD, EAST ARM LOGISTICS PRECINCT
DARWIN

9 HECTARES

PROPOSAL

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

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

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

- 24/7 access
- 9 hectares of hardstand area
- Multi-User Barge Ramp
- Dredged access channel and navigational aids
- Heavy duty paved access roadway and concrete ramp
- Shallow draft barge access for all tides above 0.3m
- A rock protection breakwater
- A ramp designed for amphibious landing craft that can cater for a variety of coastal type barges
- Lighting and potable water supply

OUR ROLE

We've worked closely with the Manufacturer's Council, NT Chamber of Commerce and Industry, Darwin Port Corporation, NT Industry Capability Network and the former Department of Business to deliver a common use facility for all types of industry key to the East Arm Logistics Precinct.

The Facility is owned and managed by the Corporation and is available for short to medium term lease for businesses to looking to undertake fabrication, assembly, storage and marine logistics activities. The Facility allows local businesses the opportunity to effectively service major projects and coastal communities.

CURRENT STATUS

The Corporation worked with the Department of Defence to successfully secure $16.1 million of Commonwealth Government funding for construction of the Multi-User Barge Ramp. The agreement with Defence provides for limited access to the Facility on a periodic basis. For the majority of the time the Corporation will make the Facility available to commercial users.

Local company Ostojic Group Pty Ltd commenced construction on the Multi-User Barge Ramp in September 2015 and is due to complete all works by September 2016.

Operations at the new Facility are scheduled to commence in September 2016. Not only will the ramp provide industry with more options in terms of barge operations, it also provides an important Defence capability to support the Royal Australian Navy's new Landing Helicopter Dock.

FEATURES

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

DARWIN BUSINESS PARK

EAST ARM LOGISTICS PRECINCT
DARWIN

200 HECTARES

PROPOSAL

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

Expansion of the Darwin Business Park on the northern side of Export Drive will provide an additional 14 lots with an average lot size of 9,000m^2 and is suited for a wide range of logistics activities. The new lots will provide businesses with great exposure in a high profile location.

OUR ROLE

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

CURRENT STATUS

During 2015–16 a number of private developments have been completed within the Darwin Business Park. Northline's new freight logistics facility was officially opened on 5th November 2015 and the new Inpex Communications Tower was also completed.

In early 2016 the National Broadband Network (NBN) began the roll out of NBN infrastructure to the Darwin Business Park.

Planning and design is in progress for the expansion of the Business Park with anticipated market release of an additional 14 lots in 2017.

FEATURES

Features of the park include:

- asphalt pavements, power, water and sewerage services
- potential for reticulated gas
- a variety of lot sizes with an average size of 9,000m2, which can adequately accommodate a range of development activities
- staged release of lots available to meet market demand

MIDDLE ARM INDUSTRIAL PRECINCT

MIDDLE ARM PENINSULA

600 HECTARES

PROPOSAL

The Middle Arm Industrial Precinct is a 600 hectare site for businesses including oil and gas, chemical, minerals, transport (rail) and power generation. The intention is to release lots that range in size from 5 to 150 hectares, on an as needs basis.

The Corporation is one of several key stakeholders that own land within the Middle Arm Peninsula.

There are existing gas processing developments within the peninsula and there is a strong focus to encourage further gas related industries.

The precinct has an extensive product corridor network for the efficient transmission of utilities, gas, feedstock and products. The products corridor will allow new lots to be serviced with a range of infrastructure including high voltage power, gas, rail and other services.

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

OUR ROLE

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

CURRENT STATUS

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

FEATURES

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

- Industrial – oil and gas, chemical
- Utilities – power generation
- Logistics – rail
- Commercial

TRANSPORT INDUSTRY PRECINCT

WISHART ROAD, BERRIMAH ROAD AND TIGER BRENNAN DRIVE, DARWIN NT

70 HECTARES

PROPOSAL

The Transport Industry Precinct is bounded by the major heavy transport routes of Tiger Brennan Drive, Berrimah Road and Wishart Road. The 100 lot estate will be progressively released in stages to meet market demand.

The first stage of the Precinct is the 16 hectare Truck Central development incorporating a large road train assembly area, loading ramps, fuel outlet, fatigue management facilities and up to 23 lots for the clustering of support services.

OUR ROLE

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

CURRENT STATUS

Ostojic Group Pty Ltd is the Corporation's delivery partner for the Truck Central development. A subdivision application was submitted in May 2016 following extensive consultation with the Department of Transport and the NT Road Transport Association on the subdivision design, especially in relation to heavy transport movements and the road train assembly area.

The Corporation has also been working with the Department of Transport for Commonwealth grant application under round five of the Heavy Vehicle Safety and Productivity programme for the development of a heavy vehicle testing facility and low maintenance road train assembly area.

FEATURES

Existing industry already operating within the precinct include Ausfuel-Gull, Hallmark Trailers, Hastings Deering, Caltex, Cape Transport and Bidvest Foodservice. Power Water Corporation, Bureau of Meteorology and NT Fire and Emergency Services are located nearby.

The Truck Central development provides the opportunity for the co-location of major road transport activities including heavy vehicle sales, servicing and repairs, inspections, truck wash, fatigue management facilities and a large road train assembly area.

The Corporation is working with adjoining land owners to consolidate the developable area to achieve an efficient and cost effective subdivision layout.

DEFENCE SUPPORT HUB

MATHEW HOPKINS RD, HOLTZE NT

53 HECTARES

PROPOSAL

The Defence Support Hub is a 53-hectare site for businesses that support the needs of the Australian Department of Defence.

The estate allows prime contractors and subcontractors to deliver industry support for Defence requirements, with a focus on on-going service and maintenance of Defence platforms, including armoured vehicles and trucks.

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

Developing specialty service capabilities for the Defence Forces is expected to attract further small to medium sized companies across other Defence platforms as well as other industries using similar technologies, such as mining, oil and gas, commodities processing and transport.

OUR ROLE

Our role is to deliver to the market a site for businesses to take advantage of the support requirements for the Australian Defence forces.

CURRENT STATUS

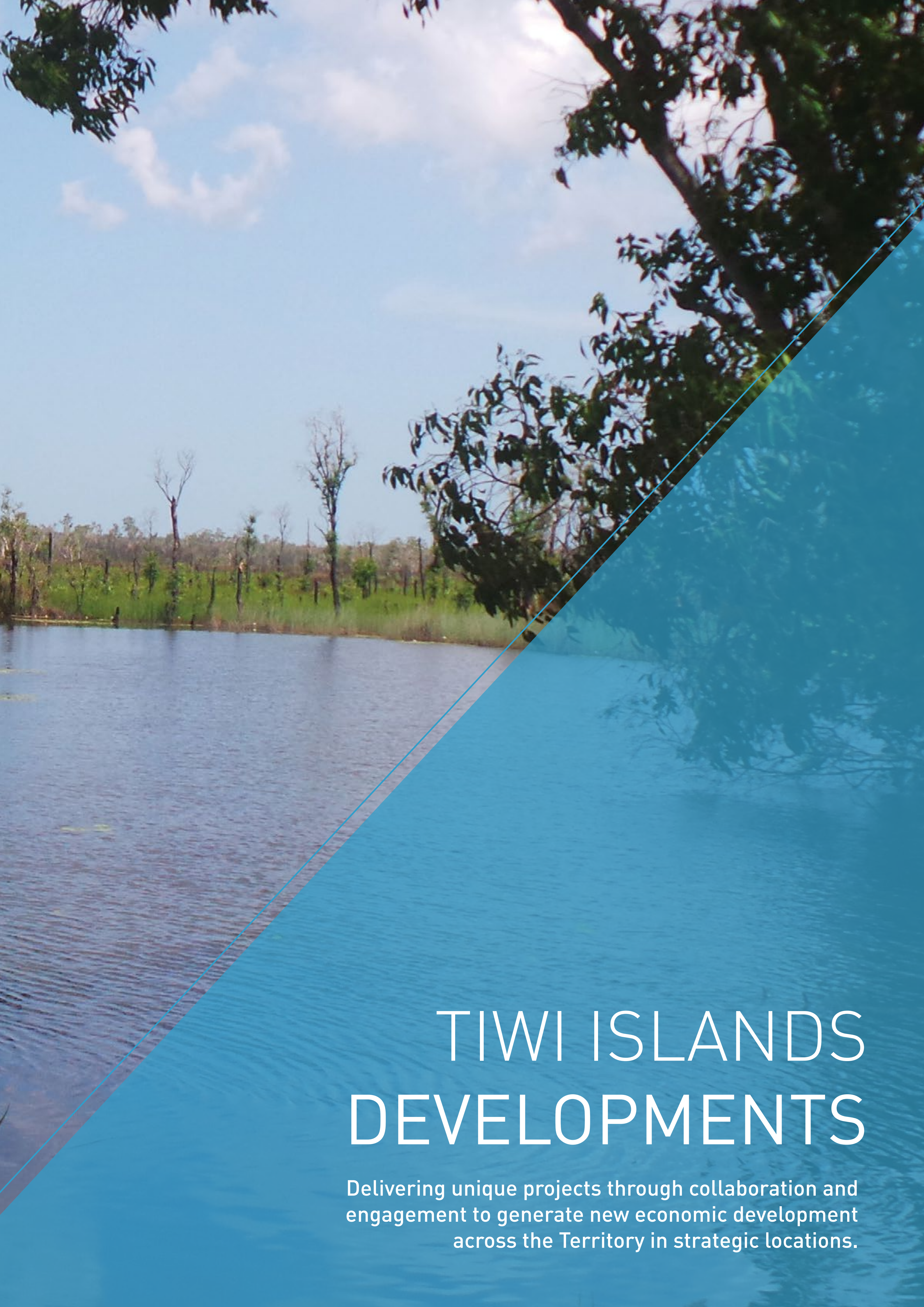
The initial stages of development are complete and include an access road and services to four lots ranging in size from 6500 square metres to five hectares.

The Corporation currently has two 6500 square metre lots for sale within the Defence Support Hub.

The Corporation constructed a purpose built 1,400 square metre mechanical workshop for RGM Maintenance, who service a number of Defence vehicles, buses and other diesel engine vehicles. RGM commenced operations from the new facility in 2014.

FEATURES

The Defence Support Hub site is a 53-hectare site, strategically located near the Australian Army's Robertson Barracks, about four kilometres from the City of Palmerston and 25 kilometres from the Darwin central business district.



TIWI ISLANDS DEVELOPMENTS

Delivering unique projects through collaboration and engagement to generate new economic development across the Territory in strategic locations.

TIWI ISLANDS

TIWI ISLANDS
BATHURST AND MELVILLE ISLANDS

10,040 HECTARES

PROPOSAL

The Corporation proposes to lease land on the Tiwi Islands. This land will then be subleased to investors for tourism, residential, aquaculture, agriculture and industrial, purposes. This will generate new income streams for Traditional Owners and create employment and business opportunities for Tiwi people.

OUR ROLE

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

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

The Corporation maintains an ongoing and strong relationship with the Tiwi Land Council and Tiwi Land Trust which will facilitate the negotiation of leases on selected greenfield sites on the Tiwi Islands.

As the Northern Territory Governments strategic land developer we are able to provide professional and technical information about the Tiwi Islands by drawing on expertise across the Northern Territory Government.

CURRENT STATUS

As a result of extensive consultation and engagement with the Tiwi people the Tiwi Development Framework has been finalised between the Corporation, the Tiwi Land Council and the Tiwi Land Trust.

The agreement enables the Corporation to lease selected land for up to 99 years then sublease this land to investors on a commercial basis.

In addition to the framework, a suite of documentation is available to assist investors in understanding the opportunities development on the Tiwi Islands can offer. A myriad of information is available, including site background information as well as the potential future development sites of land, coast and sea.

FEATURES

The Corporation is seeking to unlock very special features of the Tiwi people and the Tiwi Islands.

The advantages of tourism and residential development on the Tiwi Islands include:

- Close proximity to Darwin, with easy access by plane and ferry
- Attractions such as beaches, wetlands and wildlife
- Activities such as fishing, Aboriginal art, culture and bushtucker
- Existing tourism operations such as fishing lodges, Aboriginal art and culture tours and the annual Tiwi Islands grand final and art sale

The advantages of development on the Tiwi Islands include:

Aquaculture:

- Pristine coastline due to the low level of population
- Pristine sources of freshwater and seawater
- Natural stocks of barramundi, crab and sea cucumber
- Oyster farming trial is underway

Agriculture:

- Bio-security due to the isolation from the mainland
- Greenfield land that has not been previously developed
- Pristine ground water and surface water
- Stocks of buffalo

Industrial Development:

- Access to coastline in close proximity to Darwin
- Capability to support other developments on the Tiwi Islands

OUR ENVIRONMENT & 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.

In implementing these objectives the Corporation:

- Integrates its economic, social and environmental responsibilities through business planning and decision making processes.
- Has environmental management procedures and systems aimed at minimising the environmental impact of its activities and achieving continuous improvement.
- Conducts its activities in compliance with relevant legislation and government policy and agreements.
- Communicates openly with stakeholders on environmental and heritage matters.
- Seeks to minimise disturbance to known or identified sites of cultural, historical, natural or scientific significance.

OUR WORK. OUR HEALTH. OUR 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; and
- Monitoring, reviewing and reporting on the health and safety performance of the organisation.

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

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

KEY EVENTS 2015-16

ALICE SPRINGS SHOW

The Corporation teamed together with the Department of Lands Planning and the Environment in a joint display at the 2015 Alice Springs Show to promote the new land release at Kilgariff.

There were approximately 180 different exhibits at the show and around 16,000 visitors through the gate over 2 days.

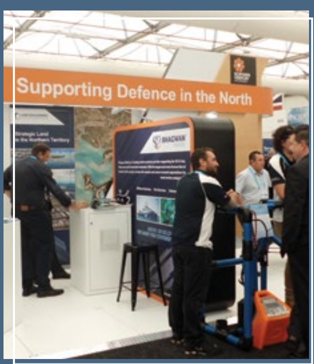
Attendance to the regional show enabled our team to directly engage with a number of interested home buyers and local builders.

SOUTH EAST ASIA AUSTRALIA OIL CONFERENCE (SEAAOC)

Held annually, NT Resources Week sees the South East Asia Australia Offshore & Onshore Conference (SEAAOC) run alongside the Mining the Territory and Building the Territory Conference. The event brings together leading personnel in petroleum, mining, exploration, engineering, construction, and gas to meet and discuss the latest developments within Northern Australia and South East Asia. With over 90 different exhibition stands and approximately 1,100 delegates and visitors. This was a great opportunity for the Corporation to showcase its development portfolio.

NT MAJOR PROJECTS CONFERENCE

The Northern Territory Major Projects Conference was held at the Darwin Convention Centre on 6-7 October 2015. With over 300 delegates in attendance, this event provided the Corporation with a networking platform to showcase its services and put forward its short and long term plans for the East Arm Logistics Precinct, Marine Industry Park, Common User Facility, Multi-User Barge Ramp and the new Transport Industry Precinct.



PACIFIC 2015

Held at the Sydney Convention Centre the Corporation exhibited as part of the Northern Territory Government exhibition stand together with the Department of the Chief Minister, Department of Business and local industry participants in the marine and defence sectors. PACIFIC 2015 was aimed at the Defence and Maritime industry. The event attracted 500 exhibitors from over 20 different countries and 15,000 visitors through the door with 51 foreign delegations.

INDIGENOUS ECONOMIC FORUM

The Corporation attended the Indigenous Economic Forum in Alice Springs and took the opportunity to provide conference delegates with information on the Tiwi Islands Investment Opportunities and the relationship between the Corporation, the Tiwi Land Council and Traditional Owners.

NORTH AUSTRALIA INVESTMENT FORUM

Hosted by Austrade at the Darwin Convention Centre in October 2015, this invitation only event attracted approximately 100 top global investors according to the forum facilitators. The Corporation had a booth in the exhibition, to promote our $1 Billion Marine Industry Park. Networking with Austrade officials and attendees resulted in an increase in foreign delegations visiting Darwin over the following 6 months from China, Taiwan and Japan.

UDIA (NT) AWARDS

The Urban Development Institute of Australia (UDIA) Northern Territory branch is a peak industry body representing local developers.

In 2015 the UDIA (NT) offered five Award categories in 2015 including High Density Development, Environmental Excellence, Affordable Development, Medium Density Development and Master-planned Development

The Corporation sponsored the 2015 Environmental Excellence Award which was won by Breezes Muirhead (Defence Housing Australia).

NORTH AUSTRALIAN DEFENCE SUMMIT

The Annual North Australian Defence Summit was held at the Darwin Convention Centre 28-29 October 2015. The Corporation presented a booth at the 2 day summit.

Northern Australia has proven to be an attractive and resourceful location for defence/industry with close links to the Asia Pacific, a strong economy, existing military presence & capabilities, and accessible land which together provide many opportunities for growth and development in the region.

AOG CONFERENCE & EXHIBITION

A representative of the Corporation attended the annual Australasian Oil & Gas (AOG) Exhibition and Conference at the Perth Exhibition Centre from 24-26 February 2016. AOG is a major oil and gas industry event in the region.

Over 15,000 visitors passed through the door over three days, with 437 international exhibitors. Our booth this year was combined with the Northern Territory Government, presenting a professional and unified message to industry that the Territory is open for business.

LAND DEVELOPMENT CORPORATION

OUR FINANCIAL REPORT

Auditor-General

Independent Auditor's Report to the Minister for Economic Development and Major Projects

Land Development Corporation

I have audited the accompanying financial report of Land Development Corporation which comprises the balance sheet as at 30 June 2016, the comprehensive operating statement, the statement of changes in equity and the cash flow statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the certification of the financial statements by the Chief Executive.

The Chief Executive's Responsibility for the Financial Report

The Chief Executive 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 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.

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on my audit. I conducted my audit in accordance with Australian Auditing Standards. Those standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Chief Executive, as well as evaluating the overall presentation of the financial report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit.

Opinion

In my opinion the financial report gives a true and fair view of the financial position of Land Development Corporation as at 30 June 2016, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards.

Julie Crisp
Auditor-General for the Northern Territory
Darwin, Northern Territory

23 September 2016

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

FINANCIAL STATEMENT OVERVIEW

FOR THE YEAR ENDED 30 JUNE 2016

The year ended 30 June 2016, represents the fifth year that the Land Development Corporation (the Corporation) has operated as a Government Business Division (GBD).

Financial Performance

The Corporation recognised gross revenue from land sales of $8.02 million during the year ended 30 June 2016. The land sales were below budget reflecting the weaker market conditions. The Corporation had no industrial land sales during the financial year and residential land sales were also below budget.

The Corporation holds strategic land with rail or water frontage that are held as non-current inventory. The majority of the costs incurred by the Corporation related to the development of land and these costs are initially recorded as inventory assets in the balance sheet. When sold the costs are recognised in the comprehensive operating statement as the cost of land sold.

The Corporation's main operating expenditure relates to residential and industrial land development in property management ($1.05 million), property maintenance ($0.35 million) and marketing and promotion ($0.12 million). The Corporation had 19 full time equivalent employees as at 30 June 2016. Due to the small number of staff, the Corporation is reliant on corporate and administrative support from other agencies ($0.83 million).

Financial Position

Overall the Corporation maintains a strong financial position with $139.8 million in net assets at 30 June 2016 compared to $138.8 million in the previous year.

The Corporation has a secure liquidity position with $22.53 million in cash. The Corporation also has a healthy portfolio of land with $23.45 million in current land inventory and $113.85 million in non-current land inventory.

CERTIFICATION OF THE FINANCIAL STATEMENTS

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

We further state that the information set out in the Comprehensive Operating Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and notes to and forming part of the financial statements, presents fairly the financial performance and cash flows for the year ended 30 June 2016 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.

Michael Tennant
Chief Executive Officer
22 September 2016

David Gomez
Chief Financial Officer
22 September 2016

COMPREHENSIVE OPERATING STATEMENT

FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016 $000	2015 $000
INCOME			
Revenue from land sales		8 017	27 241
Cost of land sold		(7 536)	(16 581)
Gross Profit		481	10,660
Development grants	3	-	855
Community service obligations	3	7 960	-
Interest revenue		521	540
Royalties, rents and dividends		1 868	4 889
Miscellaneous income		880	248
Assets acquired for nil consideration		-	18 350
TOTAL INCOME		**11 710**	**35 542**
EXPENSES			
Employee expenses		2 739	2 130
Administrative expenses			
Purchases of goods and services	4	1 515	1 916
Repairs and maintenance		352	376
Depreciation and amortisation	9, 10	351	338
Other administrative expenses		2 809	401
Interest expenses		1 134	1 332
TOTAL EXPENSES		**8 900**	**6 493**
NET SURPLUS BEFORE INCOME TAX		**2 810**	**29 049**
Income tax expense	5	843	2 953
NET SURPLUS		**1 967**	**26 096**
OTHER COMPREHENSIVE INCOME		**-**	**-**
COMPREHENSIVE RESULT		**1 967**	**26 096**

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

BALANCE SHEET

AS AT 30 JUNE 2016

	Note	2016	2015
		$000	$000
ASSETS			
Current Assets			
Cash and deposits	6	22 528	38 057
Receivables	7	801	614
Inventories	8	23 448	30 264
Total Current Assets		**46 777**	**68 935**
Non-Current Assets			
Inventories	8	113 854	109 019
Property, plant and equipment	9	19 361	7 043
Heritage and cultural assets	10	68	68
Total Non-Current Assets		**133 283**	**116 130**
TOTAL ASSETS		**180 060**	**185 065**
LIABILITIES			
Current Liabilities			
Deposits held	12	846	426
Payables	13	341	2 312
Borrowings and advances	14	5 000	5 000
Provisions	16	1 258	3 712
Income tax liability	15	843	2 953
Other liabilities	17	16 951	16 755
Total Current Liabilities		**25 239**	**31 158**

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

BALANCE SHEET (CONTINUED)

AS AT 30 JUNE 2016

	Note	2016	2015
		$000	$000
Non-Current Liabilities			
Borrowings and advances	14	15 000	15 000
Provisions	16	19	82
Total Non-Current Liabilities		**15 019**	**15 082**
TOTAL LIABILITIES		**40 258**	**46 240**
NET ASSETS		**139 802**	**138 825**
EQUITY			
Capital	18	54 089	54 095
Reserves	18	1 864	1 864
Accumulated funds	18	83 849	82 866
TOTAL EQUITY		**139 802**	**138 825**

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 2016

	Note	Equity at 1 July 2015	Comprehensive result	Transactions with owners	Equity at 30 June 2016
		$000	$000	$000	$000
2015-2016					
Accumulated Funds	18	**82 866**	**-**	**-**	**82 866**
Surplus for the period		-	1 967	-	1 967
Dividends		-	-	(984)	(984)
		82 866	**1 967**	**(984)**	**83 849**
Reserves	18	1 864	-	-	1 864
Asset revaluation		-	-	-	-
		1 864	**-**	**-**	**1 864**
Capital – Transactions with Owners	18	**54 095**	-	-	**54 095**
Equity injections		-	-	8 000	8 000
Equity withdrawal		-	-	(8 006)	(8 006)
		54 095	-	(6)	**54 089**
Total Equity at End of Financial Year		**138 825**	**1 967**	**(990)**	**139 802**

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

STATEMENT OF CHANGES IN EQUITY (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2016

	Note	Equity at 1 July 2014	Comprehensive result	Transactions with owners	Equity at 30 June 2015
		$000	$000	$000	$000
2014-2015					
Accumulated Funds	**18**	**60 215**	**-**	**-**	**60 215**
Surplus for the period		-	26 096	-	26 096
Dividends		-	-	(3 445)	(3 445)
		60 215	**26 096**	**(3 445)**	**82 866**
Reserves	18	1 864	-	-	1 864
Asset revaluation		-	-	-	-
		1 864	**-**	**-**	**1 864**
Capital – Transactions with Owners	18	**54 095**	-	-	**54 095**
Equity injections		-	-	-	-
		54 095	-	-	**54 095**
Total Equity at End of Financial Year		**116 174**	**26 096**	**(3 445)**	**138 825**

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

CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016	2015
		$000	$000
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating Receipts			
Capital received		-	250
Community service obligations		7 960	-
Receipts from sales of goods and services		11 060	52 344
GST receipts		2 599	6 448
Interest received		537	542
Total Operating Receipts		**22 156**	**59 584**
Operating Payments			
Payments to employees		(2 858)	(1 998)
Payments for goods and services		(18 697)	(25 505)
GST payments		(4 331)	(4 187)
Income tax paid		(2 953)	(2 425)
Interest paid		(1 150)	(1 357)
Total Operating Payments		**(29 989)**	**(35 472)**
Net Cash From/Used in Operating Activities	19	**(7 833)**	**24 112**
CASH FLOWS FROM INVESTING ACTIVITIES			
Investing Payments			
Purchases of assets		(12 668)	(24)
Total Investing Payments		**(12 668)**	**(24)**
Net Cash Used in Investing Activities		**(12 668)**	**(24)**

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

CASH FLOW STATEMENT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016 $000	2015 $000
CASH FLOWS FROM FINANCING ACTIVITIES			
Financing Receipts			
Deposits		417	387
Equity injection		8 000	-
Total Financing Receipts		**8 417**	**387**
Financing Payments			
Dividends paid		(3 445)	(3 860)
Loans repaid		-	(5 000)
Total Financing Payments		**(3 445)**	**(8 860)**
Net Cash From/Used in Financing Activities		**4 972**	**(8 473)**
Net decrease/ increase in cash held		(15 529)	15 615
Cash at beginning of financial year		38 057	22 442
CASH AT END OF FINANCIAL YEAR	6	**22 528**	**38 057**

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

INDEX OF NOTES TO THE FINANCIAL STATEMENTS

NOTE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

1. OBJECTIVES AND FUNDING

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

The Corporation's objective is to:

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

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

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

The Corporation has been determined by the Treasurer under Section 3(1) of the *Financial Management Act* to be a GBD, commencing 1 July 2011. This has resulted in the Corporation adopting a capital structure comparative to similar entities in the private sector and similar government entities in other States and Territories. Other impacts of this determination include the Corporation being self-funded through the sale of land and hence no longer receiving output appropriation. As a GBD the Corporation receives interest earned on cash balances and is required to pay income tax and dividends. Similarly, commencing from 1 July 2011, the Corporation is required to pay full charges previously received free of charge when it was an agency.

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

a) Statement of Compliance

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

(i) a Certification of the Financial Statements;

(ii) a Comprehensive Operating Statement;

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

(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.

Except where stated, the financial statements have also been prepared in accordance with the historical cost convention. The Corporation is a not-for-profit entity for financial reporting purposes and prepares "general purpose financial statements".

The form of the Corporation'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.

The following new and revised accounting standards and interpretations were effective for the first time in 2015-16:

AASB 1048 Interpretation of Standards This reflects amended versions of Interpretations arising in relation to amendments to AASB 9 Financial Instruments and consequential amendments arising from the issuance of AASB 15 Revenue from Contracts with Customers. The standard does not impact the financial statements.

AASB 2013-9 Amendments to Australian Accounting Standards [Part C Financial Instruments] Part C of this Standard amends AASB 9 Financial Instruments to add Chapter 6 Hedge accounting and makes consequential amendments to AASB 9 and numerous other Standards. The standard does not impact the financial statements.

AASB 2014-8 Amendments to Australian Accounting Standards arising from AASB 9 This Standard makes amendments to AASB 9 Financial Instruments (December 2009) and AASB 9 Financial Instruments (December 2010). These amendments arise from the issuance of AASB 9 Financial Instruments in December 2014. The standard does not impact the financial statements.

AASB 2015-3 Amendments to Australian Accounting Standards arising from the withdrawal of AASB 1031 Materiality The standard completes the withdrawal of references to AASB 1031 in all Australian Accounting Standards and Interpretations, allowing the standard to effectively be withdrawn. The standard does not impact the financial statements.

AASB 2015-4 Amendments to Australian Accounting Standards – Financial Reporting Requirements for Australian Groups with a Foreign Parent Amendments are made to AASB 128 Investments in Associates and Joint ventures to require the ultimate Australian entity to apply the equity method in accounting for interests in associates and joint ventures, if either the entity or the group is a reporting entity, or both the entity and group are reporting entities. The standard does not impact the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

AASB 2014-1 Amendments to Australian Accounting Standards (Part E - Financial Instruments) Part E of this Standard defers the application date of AASB 9 Financial Instruments to annual reporting periods beginning on or after 1 January 2018. The standard does not impact the financial statements.

The following standards and interpretations are likely to have an insignificant impact on the financial statements for future reporting periods, but the exact impact is yet to be determined:

Standard/Interpretation	Effective for annual reporting periods beginning on or after
AASB 9 Financial Instruments (December 2014), AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)	1 January 2018
AASB 15 Revenue from Contracts with Customers, AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15	1 January 2018
AASB 1056 Superannuation Entities	1 July 2016
AASB 14 Regulatory Deferral Accounts	1 January 2016
AASB 1057 Application of Accounting Standards	1 January 2016
AASB 2014-1 Amendments to Australian Accounting Standards [Part D Consequential arising from AASB 14 Regulatory Deferral Accounts]	1 January 2016
AASB 2014-3 Amendments to Australian Accounting Standards - Accounting for Acquisitions of Interests in Joint Operations [AASB 1 and AASB 11]	1 January 2016
AASB 2014-16 Amendments to Australian Accounting Standards - Agriculture: Bearer Plants [AASB 101,116, 117, 123, 136, 140 and 141]	1 January 2016
AASB 2015-5 Amendments to Australian Accounting Standards - Investment Entities: Applying the Consolidation Exception [AASB 10, 12 and 128]	1 January 2016
AASB 2015-9 Amendments to Australian Accounting Standards - Scope and Application Paragraphs [AASB 8, 133 and 1057]	1 January 2016
AASB 2015-10 Amendments to Australian Accounting Standards - Effective Date of Amendments to AASB 10 and AASB 128	1 January 2016
AASB 2016-1 Amendments to Australian Accounting Standards-Recognition of Deferred Tax Assets for Unrealised Losses [AASB 112]	1 January 2017

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

The following standards and interpretations are expected to have a potential impact on the financial statements for future reporting periods:

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Impact
AASB 2015-6 Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities [AASB 10, 124 and 1049]	1 July 2016	New note disclosure to include remuneration of Key Management Personnel (KMP) and related party transactions.
2016-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107	1 January 2017	New disclosure on the reconciliation of the changes in liabilities arising from financing activities.
AASB 16 Leases	1 January 2019	Reclassification of operating leases greater than 12 months to finance lease reporting requirements.
AASB 9 Financial Instruments	1 January 2018	Simplified requirements for classification and measurement of financial assets, a new hedging accounting model and a revised impairment loss model to recognise impairment losses earlier as opposed to only when incurred.
AASB 15 Revenue from Contracts with Customers	1 January 2018	Requires an entity to recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service to a customer.
AASB 2014-1 Amendments to Australian Accounting Standards [Part E Financial Instruments]	1 January 2018	Amends various AAS's to reflect the deferral of the mandatory application date of AASB 9.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

AASB 2014-4 Amendments to Australian Accounting Standards - Clarification of Acceptable Methods of Depreciation and Amortisation [AASB 116 and AASB 138]	1 January 2016	Provides additional guidance on how the depreciation or amortisation of property, plant and equipment and intangible assets should be calculated and clarifies that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate.
AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15	1 January 2017	Amends the measurement of trade receivables and the recognition of dividends.
AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9	1 January 2018	Amends various AAS's to reflect the changes as a result of AASB 9.
AASB 2014-9 Amendments to Australian Accounting Standards - Equity Method in Separate Financial Statements [AASB 1, 127 and 128]	1 January 2016	Allows an entity to account for investments in subsidiaries, joint ventures and associates in its separate financial statement at cost or using the equity method.
AASB 2015-1 Amendments to Australian Accounting Standards - Annual Improvements to Australian Accounting Standards 2012-14 Cycle [AASB 1, 2, 3,5, 7, 11, 110, 119, 121, 133, 134,137 and 140]	1 January 2016	The amendments include AASB 5 change in methods of disposal; AASB 7 Servicing contracts and applicability of the amendments to AASB 7 to condensed interim financial statements; AASB 119 Discount rate: regional market issue and AASB 134 Disclosure of information elsewhere in the interim financial.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

c) Reporting Entity

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

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

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

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

d) Agency and Territory Items

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

Central Holding Authority

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

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

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

e) Comparatives

Where necessary, comparative information for the 2014-15 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 2015-16 as a result of management decisions.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

h) Accounting Judgments and Estimates

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

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

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

- Employee Benefits – Note 2(w) and Note 16: Non-current liabilities in respect of employee benefits are measured as the present value of estimated future cash outflows based on the appropriate Government bond rate, estimates of future salary and wage levels and employee periods of service.
- Allowance for Impairment Losses – Note 2(aa), Note 7: Receivables and Note 21: Financial Instruments. The allowance represents debts that are likely to be uncollectible and are considered doubtful. Debtors are grouped according to their aging profile and history of previous financial difficulties.
- Depreciation and Amortisation – Note 2(l), Note 9: Property, Plant and Equipment, and Note 10 - Heritage and Cultural Assets.

i) Goods and Services Tax

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

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

j) Income Recognition

Income encompasses both revenue and gains.

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

Grants and Other Contributions

Grants, donations, gifts and other non-reciprocal contributions are recognised as revenue when the Corporation obtains control over the assets comprising the contributions. Contributions are recognised at their fair value.

Sale of Land

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

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

Rent Revenue

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

Project Management Services

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

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

Interest Revenue

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

Goods and Services Received Free of Charge

Goods and services received free of charge are recognised as revenue when a fair value can be reliably determined and the resource would have been purchased if it had not been donated. Use of the resource is recognised as an expense.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

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 the Corporation obtains control of the asset or right to receive the contribution. Contributions are recognised at the fair value received or receivable.

k) Repairs and Maintenance Expense

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

l) 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:

	2016	2015
Buildings	10-50 years	10-50 years
Infrastructure Assets	8-50 years	8-50 years
Leased Plant and Equipment	Over The Term of Lease	Over The Term of Lease
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.

m) Interest Expense

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

n) Cash and Deposits

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 25.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

o) Inventories - Land held for sale

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

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

p) Receivables

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

The allowance for impairment losses represents the amount of receivables the Corporation estimates are likely to be uncollectible and are considered doubtful. Analyses of the age of the receivables that are past due as at the reporting date are disclosed in an aging schedule under credit risk in Note 21 Financial Instruments. Reconciliation of changes in the allowance accounts is also presented.

q) Prepayments

Prepayments represent payments in advance of receipt of goods and services or that part of expenditure made in one accounting period covering a term extending beyond that period.

r) Property, Plant and Equipment

Acquisitions

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

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

Complex Assets

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

Subsequent Additional Costs

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

s) Revaluations and Impairment

Revaluation of Assets

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

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

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

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

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

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

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 surplus. Note 18 provides additional information in relation to the asset revaluation surplus.

t) Leased Assets

Land Development Corporation as a Lessee

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

Finance Leases

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

Operating Leases

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

Land Development Corporation as a Lessor

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

u) Deposits Held

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

v) Payables

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

w) 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

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

x) 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.

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

y) Contributions by and Distributions to Government

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

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

z) Commitments

Disclosures in relation to capital and other commitments, including lease commitments are shown at Note 22.

Commitments are those contracted as at 30 June where the amount of the future commitment can be reliably measured.

aa) Financial Instruments

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets and financial liabilities are recognised on the Balance Sheet when the Corporation becomes a party to the contractual provisions of the instrument. The Corporation's financial instruments include cash and deposits; receivables; payables; advances received; and borrowings.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Financial Liabilities

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

bb) 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 minimize 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 Corporation 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 Corporation 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

	2016 $000	2015 $000
3. GRANTS AND SUBSIDIES		
Development grants	-	855
Community service obligations	7 960	-
TOTAL GRANTS AND SUBSIDIES	**7 960**	**855**
4. PURCHASES OF GOODS AND SERVICES		
The net surplus has been arrived at after charging the following expenses:		
Goods and services expenses:		
Property management	1 045	673
Consultants	121	104
Advertising	-	5
Advisory Board expenses	-	16
Marketing and promotion[1]	116	267
Document production	34	8
Legal expenses [2]	49	143
Recruitment [3]	17	7
Training and study	16	34
Official duty fares	24	37
Travelling allowance	10	10
Corporate support from other agencies	83	612
	1 515	**1 916**

[1] *Includes advertising for marketing and promotion.*

[2] *Includes legal fees, claim and settlement costs.*

[3] *Includes recruitment-related advertising costs.*

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

	2016 $000	2015 $000
5. INCOME TAX RECONCILIATION		
The income tax expense for the year can be reconciled to the accounting profit as follows (a):		
Net surplus before tax for the year	2 810	29 049
Less: Development grants (Note 3)	-	(855)
Less: Asset acquired for nil consideration	-	(18 350)
Income tax calculation at 30%	**843**	**2 953**
Income Tax Expense recognised in the Comprehensive Operating Statement	**843**	**2 953**

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

	2016 $000	2015 $000
6. CASH AND DEPOSITS		
Cash on hand	1	1
Cash at bank	22 527	38 056
	22 528	**38 057**
7. RECEIVABLES		
Current		
Accounts receivable	507	500
Less: Allowance for impairment losses	(49)	(49)
	458	**451**
Interest receivables	25	41
GST receivables	301	-
Other receivables	17	122
Total Receivables	**801**	**614**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

	2016	2015
	$000	$000
8. INVENTORIES		
Current – Under development and developed land		
At cost	23 448	30 264
Non Current – Undeveloped land		
At cost	113 854	109 019
Total Inventories	**137 302**	**139 283**
Land inventories comprises:		
Cost of acquisition	100 893	104 599
Development costs	36 409	34 684
Total Inventories	**137 302**	**139 283**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

	2016	2015
	$000	$000
9. PROPERTY, PLANT AND EQUIPMENT		
Land		
At fair value	1 359	1 359
	1 359	**1 359**
Buildings		
At fair value	11 395	11 395
Less: Accumulated depreciation	(6 360)	(6 026)
	5 035	**5 369**
Infrastructure		
At fair value	418	418
Less: Accumulated depreciation	(119)	(103)
	299	**315**
Construction Work In Progress		
At fair value	12 668	-
	12 668	**-**
Plant and Equipment		
At fair value	-	44
Less: Accumulated depreciation	-	(29)
Less: Disposals	-	(15)
	-	-
Total Property, Plant and Equipment	**19 361**	**7 043**

Property, Plant and Equipment Valuations

The revaluation of the above assets was carried out as at 30 June 2011 by an independent valuer, the Australian Valuation Office. The revaluation was based on unimproved capital value for land which was under the Corporation's title and depreciated replacement cost for the buildings.

Impairment of Property, Plant and Equipment

The Corporation's property, plant and equipment assets were assessed for indicators of impairment as at 30 June 2016. No impairment adjustments were required as a result of this review.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

9. PROPERTY, PLANT AND EQUIPMENT (continued)

2016 Property, Plant and Equipment Reconciliations

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

	Land	Buildings	Infrastructure	Construction (WIP)	Plant and Equipment	Total
	$000	$000	$000	$000	$000	$000
Carrying amount as at 1 July 2015	1 359	5 369	315	-	-	7 043
Additions	-	-	-	12 668	-	12 668
Depreciation	-	(334)	(16)	-	-	(350)
Carrying Amount as at 30 June 2016	**1 359**	**5 035**	**299**	**12 668**	**-**	**19 361**

2015 Property, Plant and Equipment Reconciliations

A reconciliation of the carrying amount of property, plant and equipment at the beginning and end of 2014-15 is set out below:

	Land	Buildings	Infrastructure	Plant and Equipment	Total
	$000	$000	$000	$000	$000
Carrying amount as at 1 July 2014	1 359	2 416	331	29	4 135
Disposals	-	-	-	(15)	(15)
Depreciation	-	(307)	(16)	(14)	(337)
Additions from asset transfers	-	3 260	-	-	3 260
Carrying Amount as at 30 June 2015	**1 359**	**5 369**	**315**	**-**	**7 043**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

	2016	2015
	$000	$000
10. HERITAGE AND CULTURAL ASSETS		
Carrying Amount		
At valuation	74	74
Less: Accumulated depreciation	(6)	(6)
Written down value – 30 June	68	68
Reconciliation of Movements		
Carrying amount at 1 July	68	69
Depreciation	-	(1)
Carrying Amount as at 30 June	**68**	**68**

Heritage and Cultural Assets Valuation

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

Impairment of Heritage and Cultural Assets

Agency heritage and cultural assets were assessed for impairment as at 30 June 2016. No impairment adjustments were required as a result of this review.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

11. FAIR VALUE MEASUREMENT OF NON-FINANCIAL ASSETS

a) Fair Value Hierarchy

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

	Level 1	Level 2	Level 3	Total Fair Value
	$000	$000	$000	$000
2015-16				
Asset Classes (Note 9,10)				
Land	1 359	-	-	1 359
Buildings	-	-	5 035	5 035
Infrastructure	-	-	299	299
Construction work in progress	-	-	12 668	12 668
Heritage and cultural assets	-	-	68	68
Total	**1 359**	**-**	**18 070**	**19 429**

	Level 1	Level 2	Level 3	Total Fair Value
	$000	$000	$000	$000
2014-15				
Asset Classes (Note 9,10)				
Land	1 359	-	-	1359
Buildings	-	-	5 369	5 369
Infrastructure	-	-	315	315
Heritage and cultural assets	-	-	68	68
Total	**1 359**	**-**	**5 752**	**7 111**

There were no transfers between Level 1 and Levels 2 or 3 during 2015-16.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

b) Valuation Techniques and Inputs

Valuation techniques used to measure fair value in 2015-16 are:

	Level 2 Techniques	Level 3 Techniques
Asset Classes		
Buildings	-	Cost Approach
Infrastructure	-	Cost Approach
Plant and equipment	-	Cost Approach
Construction work in progress		Cost Approach
Heritage and cultural assets	-	Cost Approach

There were no changes in valuation techniques during the period from 2014-15 to 2015-16.

The fair value of land is based on the unimproved capital value for the land which was carried out by the Australian Valuation Office.

Level 3 fair values of buildings, infrastructure, plant and equipment and heritage and cultural asset were determined by computing their depreciated replacement costs because an active market does not exist for such facilities. The depreciated replacement cost was based on a combination of internal records of the historical cost of the facilities. Significant judgement was also used in assessing the remaining service potential of the facilities, given local environmental conditions, projected usage, and records of the current condition of the facilities.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

c) Additional Information for Level 3 Fair Value Measurements

(i) Reconciliation of Recurring Level 3 Fair Value Measurements

	Buildings	Infrastructure	Construction WIP	Cultural Asset
	$000	$000	$000	$000
2015-16				
Fair value as at 1 July 2015	5 369	315	-	68
Additions	-	-	12 668	-
Depreciation	(334)	(16)	-	-
Fair Value as at 30 June 2016	**5 035**	**299**	**12 668**	**68**

	Buildings	Infrastructure	Plant and Equipment	Cultural Asset
	$000	$000	$000	$000
2014-15				
Fair value as at 1 July 2014	2 416	331	29	69
Additions	3 260	-	-	-
Disposals	-	-	(15)	-
Depreciation	(307)	(16)	(14)	(1)
Fair value as at 30 June 2015	**5 369**	**315**	**-**	**68**

(ii) Sensitivity analysis

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

	2016	2015
	$000	$000
12. DEPOSITS HELD		
Accounts officer's trust account	39	39
Other deposits held	807	387
Total Deposit Held	**846**	**426**
13. PAYABLES		
Accounts payable	97	140
Accrued expenses	244	741
GST payable	-	1 431
Total Payables	**341**	**2 312**
14. BORROWINGS AND ADVANCES		
Current		
Loans and advances	5 000	5 000
Non-Current		
Loans and advances	15 000	15 000
Total Borrowings and Advances	**20 000**	**20 000**
15. TAX LIABILITY		
Income tax payable	843	2 953
Total Tax Liability	**843**	**2 953**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

	2016	2015
	$000	$000
16. PROVISIONS		
Current		
Employee benefits		
Recreation leave	145	152
Leave loading	20	26
Other employee benefits	7	4
Other current provisions		
Provision for dividend	984	3 445
Other provisions	102	85
Total Current Provisions	**1 258**	**3 712**
Non-Current		
Employee benefits		
Recreation leave	19	82
Total Non-Current Provisions	**19**	**82**
Total Provisions	**1 277**	**3 794**

The Agency employed 19 employees as at 30 June 2016 (20 employees as at 30 June 2015).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

	2016	2015
	$000	$000
17. OTHER LIABILITIES		
Current		
Deferred revenue-other	16 951	16 755
Total Other Liabilities	**16 951**	**16 755**
18. EQUITY		
Capital		
Balance as at 1 July	54 095	54 095
Equity transfers in	8 000	-
Equity transfers out	(8 006)	-
Balance as at 30 June	**54 089**	**54 095**

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 property, plant and equipment. Impairment adjustments may also be recognised in the asset revaluation surplus.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

	2016	2015
	$000	$000
(ii) Movements in the asset revaluation surplus		
Balance as at 1 July	1 864	1 864
Balance as at 30 June	**1 864**	**1 864**
Accumulated Funds		
Balance as at 1 July	82 866	60 215
Surplus for the period	1 967	26 096
Dividend payable	(984)	(3 445)
Balance as at 30 June	**83 849**	**82 866**
Total Equity	**139 802**	**138 825**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

	2016 $000	2015 $000
19. NOTES TO THE CASH FLOW STATEMENT		
Reconciliation of Cash		
The total of corporate 'Cash and deposits' of $22.53million recorded in the Balance Sheet is consistent with that recorded as 'Cash' in the Cash Flow Statement.		
Reconciliation of Net Surplus to Net Cash from Operating Activities		
Net Surplus	1 967	26 096
Non-cash items:		
Depreciation and amortisation	351	338
Assets write off	-	15
Assets donations/gifts	2 487	-
Assets acquired for nil consideration	-	(18 350)
Repair and maintenance – non-cash	80	251
Changes in assets and liabilities:		
(Decrease)/Increase in receivables	(187)	3 350
Increase in inventories	(8 590)	(6 665)
(Decrease)/Increase in accounts payable	(44)	6
(Decrease)/Increase in other payable	(1 928)	1 681
(Decrease)/Increase in provision for employee benefits	(73)	69
Increase in other provisions	17	38
(Decrease)/Increase in tax liabilities	(2 110)	528
Increase in deferred income	197	16 755
Net Cash from Operating Activities	**(7 833)**	**24 112**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

20. JOINT ARRANGEMENTS

Zuccoli Project Delivery Agreement

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

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

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

21. 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 instruments held by the Corporation include cash and deposits, receivables and payables. Land Development Corporation has limited exposure to financial risks as discussed below.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

a) Categorisation of Financial Instruments

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

2015-16 Categorisation of Financial Instruments

	Fair value through profit or loss						
	Held for trading	Designated at fair value	Held to maturity investments	Financial assets - Loans and receivables	Financial assets - available for sale	Financial Liabilities - amortised cost	Total
	$000	$000	$000	$000	$000	$000	$000
Cash and deposits	-	-	-	22 528	-	-	22 528
Receivables	-	-	-	500	-	-	500
Total Financial Assets	**-**	**-**	**-**	**23 028**	**-**	**-**	**23 028**
Deposits held	-	807	-	-	-	-	807
Payables	-	341	-	-	-	-	341
Loans	-	20 000	-	-	-	-	20 000
Total Financial Liabilities	**-**	**21 148**	**-**	**-**	**-**	**-**	**21 148**

1.Total amounts disclosed here exclude statutory amounts

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

2014-15 Categorisation of Financial Instruments

	Fair value through profit or loss						
	Held for trading	Designated at fair value	Held to maturity investments	Financial assets - Loans and receivables	Financial assets - available for sale	Financial Liabilities - amortised cost	Total
	$000	$000	$000	$000	$000	$000	$000
Cash and deposits	-	-	-	38 057	-	-	38 057
Receivables	-	-	-	614	-	-	614
Total Financial Assets	**-**	**-**	**-**	**38 671**	**-**	**-**	**38 671**
Deposits held	-	426	-	-	-	-	426
Payables	-	2 313	-	-	-	-	2 313
Loans	-	20 000	-	-	-	-	20 000
Total Financial Liabilities	**-**	**22 739**	**-**	**-**	**-**	**-**	**22 739**

b) Credit Risk

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

Receivables

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

External Receivables	Aging of Receivables	Aging of Impaired Receivables	Net Receivables
	$000	$000	$000
2015-16			
Not overdue	105	-	105
Overdue for less than 30 days	344	-	344
Overdue for 30 to 60 days	-	-	-
Overdue for more than 60 days	58	-	58
Total	**507**	**-**	**507**

Reconciliation of the Allowance for Impairment Losses	
Opening	49
Decrease in allowance recognised in profit or loss	-
Closing	**49**

External Receivables	Aging of Receivables	Aging of Impaired Receivables	Net Receivables
	$000	$000	$000
2014-15			
Not overdue	462	-	462
Overdue for less than 30 days	34	-	34
Overdue for 30 to 60 days	2	-	2
Overdue for more than 60 days	2	-	2
Total	**500**	**-**	**500**

Reconciliation of the Allowance for Impairment Losses	
Opening	136
Decrease in allowance recognised in profit or loss	(87)
Closing	**49**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

c) Liquidity Risk

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

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

2016 Maturity Analysis for Financial Assets and Liabilities

	Variable Interest Rate			Fixed Interest Rate					
	Less than a Year	1 to 5 Years	More than 5 Years	Less than a Year	1 to 5 Years	More than 5 Years	Non Interest Bearing	Total	Weighted Average
	$000	$000	$000	$000	$000	$000	$000	$000	%
Assets									
Cash and deposits	22 528	-	-	-	-	-	-	22 528	1.96
Receivables	-	-	-	-	-	-	500	500	
Total Financial Assets	**22 528**	**-**	**-**	**-**	**-**	**-**	**500**	**23 028**	
Liabilities									
Deposits held	-	-	-	-	-	-	807	807	
Payables	-	-	-	-	-	-	341	341	
Loans	-	-	-	5 085	15 413	-	-	20 498	5.41
Total Financial Liabilities	**-**	**-**	**-**	**5 085**	**15 413**	**-**	**1 148**	**21 646**	

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

2015 Maturity Analysis for Financial Assets and Liabilities

	Variable Interest Rate			Fixed Interest Rate					
	Less than a Year	1 to 5 Years	More than 5 Years	Less than a Year	1 to 5 Years	More than 5 Years	Non Interest Bearing	Total	Weighted Average
	$000	$000	$000	$000	$000	$000	$000	$000	%
Assets									
Cash and deposits	38 057	-	-	-	-	-	-	38 057	2.36
Receivables	-	-	-	-	-	-	614	614	
Total Financial Assets	**38 057**	**-**	**-**	**-**	**-**	**-**	**614**	**38 671**	
Liabilities									
Deposits held	-	-	-	-	-	-	426	426	
Payables	-	-	-	-	-	-	2 313	2 313	
Loans	-	-	-	5 086	15 614	-	-	20 700	6.00
Total Financial Liabilities	**-**	**-**	**-**	**5 086**	**15 614**	**-**	**2 739**	**23 439**	

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 2015-16 financial year is the fifth year that the Corporation has had interest bearing financial assets and liabilities, however the Corporation is not exposed to interest rate risk. The Corporation's borrowings are established on a fixed interest rate and as such do not expose the Corporation to interest rate risk. All other financial liabilities of the Corporation are non interest bearing. Although the Corporation's cash at bank is interest bearing (variable rate), it does not expose the Corporation to interest rate risk.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

Market Sensitivity Analysis

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

	Profit or Loss and Equity	
	100 basis points increase	100 basis points decrease
	$000	$000
30 June 2016		
Financial assets – cash at bank	225	(225)
Net Sensitivity	**225**	**(225)**
30 June 2015		
Financial assets – cash at bank	381	(381)
Net Sensitivity	**381**	**(381)**

(ii) Price Risk

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

(iii) Currency Risk

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

(e) Net Fair Value

The fair value of financial instruments is estimated using various methods. These methods are classified into the following levels:

Level 1 – derived from quoted prices in active markets for identical assets or liabilities.

Level 2 – derived from inputs other than quoted prices that are observable directly or indirectly.

Level 3 – derived from inputs not based on observable market data.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

	Total Carrying Amount	Net Fair Value Level 1	Net Fair Value Level 2	Net Fair Value Level 3	Net Fair Value Total
2016	$000	$000	$000	$000	$000
Financial Assets					
Cash and deposits	22 528	-	22 528	-	22 528
Receivables	500	-	500	-	500
Total Financial Assets	**23 028**	**-**	**23 028**	**-**	**23 028**
Financial Liabilities					
Deposits held	807	-	807	-	807
Payables	341	-	341	-	341
Borrowings and advances	20 000	-	20 498	-	20 498
Total Financial Liabilities	**21 148**	**-**	**21 646**	**-**	**21 646**
2015					
Financial Assets					
Cash and deposits	38 057	-	38 057	-	38 057
Receivables	614	-	614	-	614
Total Financial Assets	**38 671**	**-**	**38 671**	**-**	**38 671**
Financial Liabilities					
Deposits held	426	-	426	-	426
Payables	2 313	-	2 313	-	2 313
Borrowings and advances	20 000	-	20 700	-	20 700
Total Financial Liabilities	**22 739**	**-**	**23 439**	**-**	**23 439**

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

	2016	2015
	$000	$000
22. COMMITMENTS		
(a) Capital Expenditure Commitments		
Capital expenditure commitments primarily relate to the development of land including the clearing, levelling and servicing of industrial land prior to sale. Capital expenditure commitments contracted for at balance date but not recognised as liabilities are payable as follows:		
Within one year	12 594	47 636
	12 594	**47 636**
(b) Operating Lease Commitments		
The Corporation leases property under non-cancellable operating leases expiring from 1 to 5 years. Leases generally provide the Corporation with a right of renewal at which time all lease terms are renegotiated. The Corporation also leases items of plant and equipment under non-cancellable operating leases. Future operating lease commitments not recognised as liabilities are payable as follows:		
Within one year	303	38
	303	**38**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

23. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The Corporation had no contingent liabilities or contingent assets as at 30 June 2016 or 30 June 2015.

24. EVENTS SUBSEQUENT TO BALANCE DATE

At the 30 June 2016, the Corporation has recognised construction cost of $12.67 million incurred for the Multi User Barge Ramp project as work in progress. The asset construction is expected to be completed in September 2016 at which time the work in progress will be transferred to infrastructure assets.

25. ACCOUNTABLE OFFICER'S TRUST ACCOUNT

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

Nature of Trust Money	Opening Balance 1 July 2015	Receipts	Payments	Closing Balance 30 June 2016
Retention money	39	-	-	39

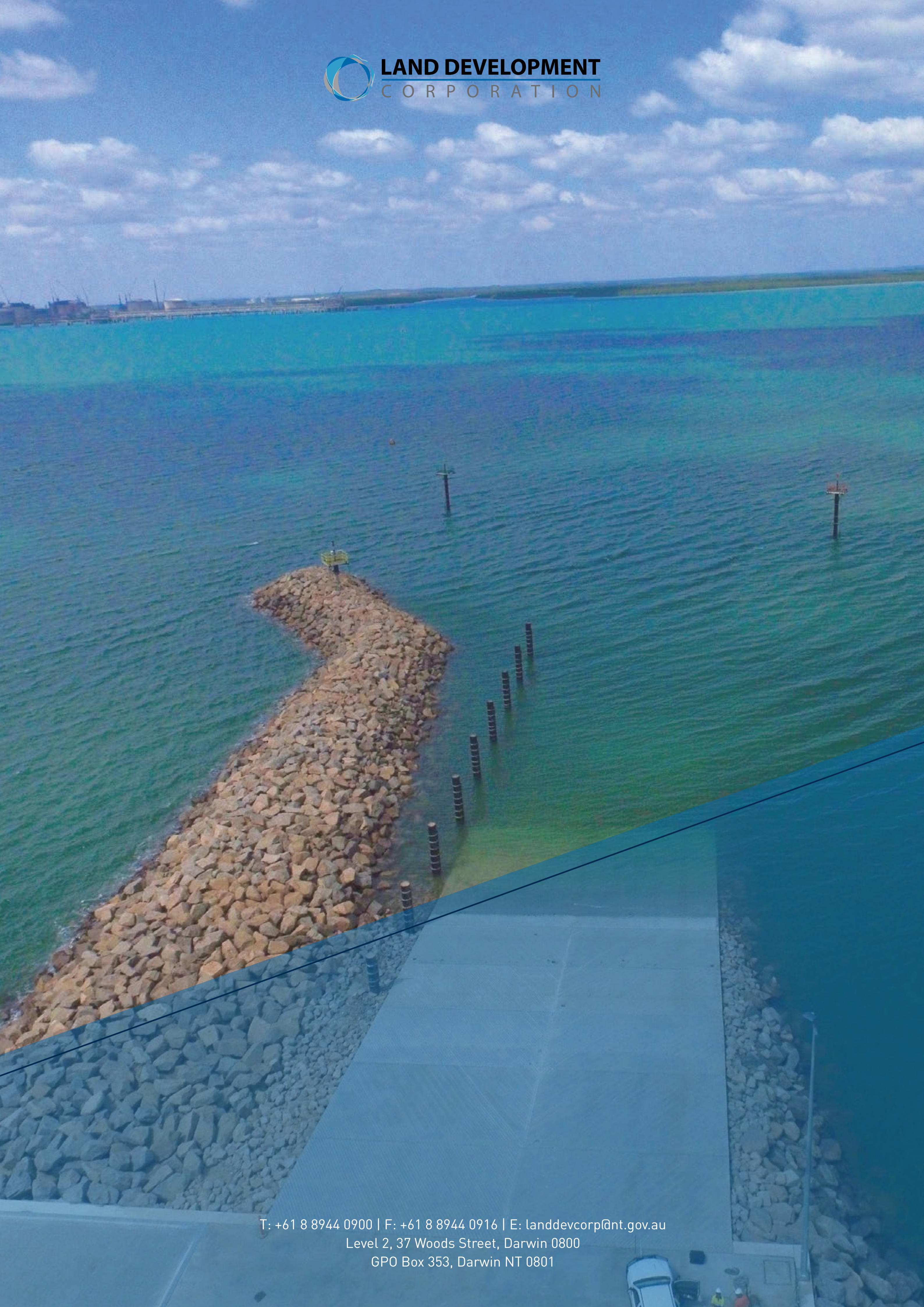
NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

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

	Agency		Agency	
	2016	No. of Trans.	2015	No. of Trans.
	$000		$000	
Write-offs, Postponements and Waivers Under the *Financial Management Act*	-	-	15	1
Represented by:				
Amounts written off, postponed and waived by Delegates	-	-	-	-
Irrecoverable amounts payable to the Territory or an agency written off	-	-	-	-
Losses or deficiencies of money written off	-	-	-	-
Public property written off	-	-	15	1
Waiver or postponement of right to receive or recover money or property	-	-	-	-
Total Written Off, Postponed and Waived by Delegates	-	-	15	1
			-	-
Amounts written off, postponed and waived by the Treasurer	-	-	-	-
Irrecoverable amounts payable to the Territory or an agency written off	-	-	-	-
Losses or deficiencies of money written off	-	-	-	-
Public property written off	-	-	-	-
Waiver or postponement of right to receive or recover money or property	-	-	-	-
Total Written Off, Postponed and Waived by the Treasurer	-	-	-	-
Write-offs, Postponements and Waivers Authorised Under Other Legislation	-	-	-	-
Gifts Under the *Financial Management Act*	2 487	1	-	-
Ex Gratia Payments Under the *Financial Management Act*	-	-	-	-

LAND DEVELOPMENT CORPORATION



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