



# ANNUAL REPORT

## 2021-22





# LETTER TO THE MINISTER

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The Honourable Natasha Fyles MLA  
Minister for Major Projects  
Parliament House  
DARWIN NT 0800

Dear Minister,

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

- a) proper records of all transactions affecting the agency are kept and that employees under their control observe the provisions of the *Financial Management Act 1995*, the Financial Management Regulations and Treasurer's Directions
- b) procedures within the agency afford proper internal control and a current description of such procedures is recorded in the accounting and property manual, which has been prepared in accordance with the requirements of the *Financial Management Act 1995*
- c) no indication of fraud, malpractice, major breach of legislation or delegation, major error in or omission from the accounts and records exists (or where this is not the case, details to be provided of any such instances)
- d) in accordance with the requirements of section 15 of the *Financial Management Act 1995*, the internal audit capacity available to the agency is adequate and the results of internal audits have been reported to the accountable officer
- e) the financial statements included in the annual report have been prepared from proper accounts and records and are in accordance with Treasurer's Directions, and
- f) reporting required under Employment Instructions issued by the Commissioner for Public Employment has been satisfied.

Yours Sincerely



Tony Stubbin  
Chief Executive Officer

8 November 2022



WARATAH CRESCENT

DARWIN INTERNATIONAL AIRPORT

HIDDEN VALLEY ESTATE

WISHART ESTATE

HOLTZE INDUSTRIAL

BERRIMAH WEST

TRUCK CENTRAL

DARWIN BUSINESS PARK

DARWIN CBD

BULK LIQUIDS AREA

MARINE INDUSTRY PARK

HARDSTAND

DARWIN PORT

BARGE RAMP

SHIP LIFT

INPEX ICHTHYS LNG PLANT

SANTOS DARWIN LNG

SPITFIRE EST

CHANNEL ISLAND POWER STATION

KITTY

MIDDLE ARM SUSTAINABLE DEVELOPMENT PRECINCT

KITTY

WED

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AL ESTATE

PALMERSTON CBD

ZUCCOLI VILLAGE

TATE

TYHAWK ESTATE

TYHAWK ESTATE STAGE 1

ODELL POWER STATION

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The Land Development Corporation acknowledges the Traditional Owners of the Northern Territory. In particular we pay respect to Arrernte, Larrakia and Tiwi people, on whose land we operate.

# CHIEF EXECUTIVE OFFICER'S REPORT 2021-22

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**TONY STUBBIN**  
Chief Executive Officer

The Land Development Corporation (LDC) develops residential and industrial land to meet the strategic needs of the Northern Territory economy. We are established by the *Land Development Corporation Act 2003* as an agency of the Northern Territory Government and declared under the *Financial Management Act 1995* as a Government Business Division (GBD).

As a GBD, LDC is required to act in a commercial manner but also observe competitive neutrality which means that it must not benefit from its ownership by Government, relative to private sector competitors.

A competitive neutrality complaint which was made against LDC in 2020 was determined during 2021-22. Following a review of LDC's capital structure, the Department of Treasury and Finance determined that none of the complaints were substantiated. In the interests of transparency LDC has published its pricing policy and an annual competitive neutrality statement online. The statement is also included in this annual report.

The LDC Advisory Board, comprising a range of executives from relevant Northern Territory Government Departments, met 6 times during the

year and continued to provide LDC management with useful advice from a whole of government perspective.

LDC was busy developing residential estates in both Palmerston and Alice Springs during the year with a common issue being construction challenges faced by contractors in recruiting labour and acquiring materials in a COVID environment. In addition wet weather conditions in both locations negatively impacted construction timetables.

In Palmerston's Zuccoli Village, 58 lots in Phase 3.6 were progressed during the year with titles issued in August 2022. In addition, planning tasks for the 50 lot Phase 3.7 were completed to enable construction during 2022-23.

Similarly, the Kilgariff Estate in Alice Springs saw 52 lots in Stage 2A progressed during the year with titles issuing in August 2022. Planning work for 36 additional lots in Stage 2B and contractor procurement for a new park were also completed, to enable construction during 2022-23.

The ongoing development of LDC land which forms a major component of the Middle Arm Sustainable Development Precinct continued during the year.

Stage 1 of the Kittyhawk Estate, which comprises 32.5 hectares over three lots, was completed with titles issued in September 2022. LDC also worked with other Departments to progress infrastructure planning for the Precinct. We engaged with a range of proponents interested in establishing a presence in the Precinct, with a substantial emphasis on new technology proponents using solar energy to produce hydrogen based products.

Further development of the Marine Industry Park concept to provide a home base for marine maintenance businesses in Darwin continued in the year. Activities included conducting a Registration of Interest process for businesses interested in being early movers to the Park. In addition to identifying interested users of the Park, the process has further informed the design and layout of lots and hardstand areas. This will enable the Marine Industry Park to cater for increased activity facilitated and encouraged by the ongoing development of the adjoining Darwin Ship Lift, which is due to be ready to lift vessels by 2024.

Development of the Wishart Estate took a step forward during the year with LDC entering into an agreement with a data centre company to establish a purpose built data centre in Wishart. Data centres are well placed to capitalise on the unique attributes of Wishart, especially its location adjacent to critical electrical infrastructure.

The Bulk Liquids Area at East Arm saw development kick off, with Crowley Government Services Inc. commencing construction of a 300

megalitre fuel tank facility to serve the needs of the United States' Defense Logistics Agency. The facility is scheduled to be completed in September 2023. Additional sites are available for the storage and management of fuels or other liquids, taking advantage of the location near the East Arm Wharf and the Australasia Railway.

As a consequence of more subdued residential settlements, largely due to delays in lot production and titling, LDC recorded more modest land sales in 2021-22. This reduction was responsible for a halving of income and a substantial reduction in surplus to \$235,000 for the year when compared to 2020-21 financial year. LDC's strong financial position was maintained with net assets of \$125.3 million recorded at year end. LDC also recorded a strong liquidity position with \$14.8 million in cash and deposits.

# WHAT WE DO

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The Land Development Corporation is a Government Business Division. To operate as a successful business, we sell and lease land to create revenue that supports our operations and funds future projects. We contribute to the Northern Territory Government through the payment of taxes and dividends. The following principles underpin our approach to the delivery of our land assets:

## PLAN

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

## BUILD

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

## DELIVER

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

# ABOUT THE CORPORATION

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**“The Land Development Corporation partners with the private sector to facilitate growth and investment in the Territory.”**

The Land Development Corporation is the Northern Territory Government’s strategic land developer. We facilitate economic growth in the Northern Territory by developing and managing residential, industrial and commercial developments that benefit the people that live here.

We plan for the future by developing strategic industrial land close to railway, road, and maritime infrastructure, connecting networks across Australia and beyond to build business, trade and job opportunities. We build partnerships with local businesses to deliver affordable, modern housing estates for Territorians that provide lasting benefit for the community.

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

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



# OUR STRATEGIC DIRECTION

## LDC STRATEGIC PLAN 2019 - 24

### Our vision

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

### Our mission

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

### Our strategic directions

- Partnership
- Leadership
- Optimisation
- Opportunity

### Partnership

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

### Objectives

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

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

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

### Our values

**Respect:** we respect and support

**Alliances:** we develop positive

**Innovation:** we seek continuous

**Sustainability:** we deliver responsible

**Expertise:** we act professionally



## Leadership

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

## Optimisation

We optimise the efficiency and effectiveness of our assets and operations

## Opportunity

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

## Objectives

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

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

## Objectives

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

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

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

## Objectives

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

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

Support each other, working together as a team

Build strong relationships and outcomes with our customers, partners and stakeholders

Drive continuous improvement by challenging conventional thinking

Deliver results that balance our strategic, social, environmental and commercial responsibilities

Operate legally, ethically, and with integrity in all that we do

# MEET THE MANAGEMENT TEAM

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**TONY STUBBIN**  
Chief Executive Officer

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

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



**HANNAH BARRAZA**  
Business Director

With extensive experience in the property industry, Hannah has previously worked in management positions in government as well as in property and commercial in the legal sector.

Hannah joined LDC in 2019, and coordinates the Business unit. Hannah's expertise includes strategic planning and implementation, corporate governance and risk management, due diligence and feasibilities, complex stakeholder negotiations, budget and resource planning and leadership.

Hannah has experience in the property market and in acquisitions, including established properties, land development and construction.

Hannah holds an Advanced Diploma of Government, Diploma of Leadership and Management, Diploma of Property and Master of Business Administration.



**CARLY BEH**  
Financial Controller

Carly is an accountant with over 14 years' experience in both the public and private sectors. Carly has previously held roles as a Financial Accountant at the Territory Insurance Office and an Auditor at Merit Partners.

After commencing with the Land Development Corporation in 2016 as the Finance Analyst, Carly moved into the Financial Controller role in early 2018.

Carly is a Member of CPA Australia and holds a Bachelor of Business (Major in Accounting) and Bachelor of Laws.



**DANIEL CAMERON**  
Project Director

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

Prior to joining LDC in 2016, Daniel held the role of senior civil engineer for a large consulting firm based in Darwin, with a focus on subdivision design, construction management, contract administration & certification, and had previously worked for a large NT-based civil contractor specialising in major infrastructure and civil works projects.

Daniel currently serves as a Project Director and leads a small development team consisting of in-house project management and construction experts in delivery of several of LDC's strategic and industrial land development projects, including Middle Arm, Wishart and Darwin Business Park.

Daniel holds a Bachelor of Engineering in Civil Engineering.

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**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 Kilgariff Estate.

Paul holds a Bachelor of Business in Real Property Valuation and Administration.

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**THOMAS NOONE**  
Technical Director

Thomas has 13 years' experience working in a variety of roles within the public and private sectors in the Northern Territory and the Republic of Ireland.

Prior to joining LDC in 2017, Thomas held engineering and project management roles within the consulting and construction industries. His roles were spread across the land development, infrastructure, sporting facilities, Defence and oil and gas sectors, with primary focus on commercial, industrial and residential subdivision delivery and construction management.

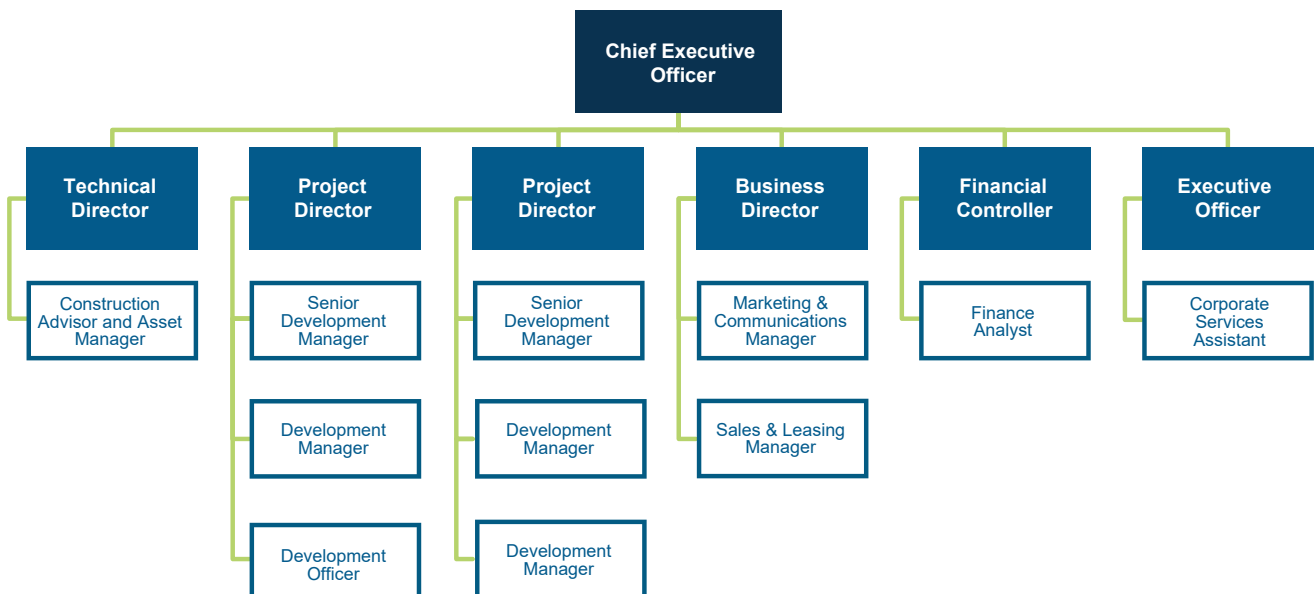
Thomas currently serves as the Technical Director for LDC, coordinating a small team to assist our Project Directors and Executive team to deliver new projects and manage existing assets. Thomas is a chartered engineer and holds a Bachelor of Engineering in Civil, Structural and Environmental Engineering, a Bachelor of Arts and is currently working towards a post graduate qualification in Road Pavement Engineering.

# OUR PEOPLE

**The Land Development Corporation has a committed, skilled, multi-disciplinary team who provide their experience and expertise to our projects.**

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

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



# OUR ADVISORY BOARD

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On 6 April 2021, the Northern Territory Chief Minister announced the creation of a strategic advisory board (AB) for LDC.

The Advisory Board is chaired by the Major Projects Commissioner and consists of a number of senior executives across the Northern Territory Government.

The AB met six times during 2021-22 to consider strategic elements of LDC's projects and how they can align with Government's priorities.

Board Members:

**Mr Jason Schoolmeester**

Major Projects Commissioner

**Mr Andy Cowan**

Investment Commissioner

**Ms Louise McCormick**

Infrastructure Commissioner

**Mr Alister Trier**

Chairman - Gas Taskforce

**Mr Craig Graham**

Under Treasurer

**Mr Andrew Kirkman**

Chief Executive

Department of Infrastructure, Planning and Logistics

**Ms Joanne Townsend**

Chief Executive

Department of Environment, Parks and Water Security

**Mr Shuan Drabsch**

Chief Executive

Department of Industry, Trade and Tourism

**Mr Tony Stubbin**

Chief Executive

Land Development Corporation

# COMPETITIVE NEUTRALITY STATEMENT

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The Land Development Corporation (LDC) was established in 2003 by the *Land Development Corporation Act (2003)*. Section 9(1) of the Act requires LDC to act in a commercial manner, unless otherwise directed under Section 9(2).

In 2011, LDC was designated as a Government Business Division under the *Financial Management Act 1995*.

As a Government Business Division, LDC is subject to the Northern Territory Government's Competitive Neutrality Policy.

Competitive Neutrality aims to create a level playing field so that no net competitive advantage is held by government businesses as a direct result of public ownership.

LDC's performance against the Competitive Neutrality Policy is considered as follows:

## PRICING

LDC actively uses independent market valuations of all land that it sells, leases and licences.

## COSTING

In making business decisions, LDC takes into consideration both direct project costs as well as indirect costs such as employee costs, office rent and operating expenses, vehicle costs, insurance premiums, and legal and auditing expenses. In addition LDC is obliged to purchase a range of corporate and information technology services from Government. These costs are also factored into LDC's business decision process.

## LENDING MARGINS

LDC borrows funds from the Northern Territory Treasury Corporation (NTTC).

To reflect that the Northern Territory Government generally has a lower cost of borrowing than a private company, NTTC charges LDC a lending margin resulting in interest rates comparable to those offered commercially.

## RETURN ON EQUITY

LDC is required to earn a return on equity.

This comprises a minimum hurdle rate calculated as a return on equity equal to the return available from virtually risk-free government bonds (the risk free rate), plus a margin to compensate for risk (business and financial).

LDC also adopts a target rate of return which seeks to match the return sought by private sector strategic land developers.

## COMMUNITY SERVICE OBLIGATIONS

In limited circumstances LDC may seek Community Service Obligation support where Government requires LDC to provide services which are non-commercial.

A \$70,000 payment was received in 2021-22 to enable LDC to undertake a non-commercial estate planning exercise at the request of Government.

## **FINANCIAL REPORTING**

LDC is required annually to report on its financial position in accordance with the requirements of the *Land Development Corporation Act 2003* and the *Financial Management Act 1995*. This includes a report on commercial performance and the performance of any non-commercial activities.

## **TAXES**

LDC is required to pay:

- Local government rates on all land holdings;
- Payroll tax and stamp duty to the Northern Territory Government;
- GST and Fringe Benefits Tax to the Australian Taxation Office; and
- In lieu of company tax, LDC pays the Northern Territory Government a Tax Equivalent payment calculated at 30 per cent of profit.

## **EQUIVALENT REGULATION**

LDC is subject to the same local, Territory and Australian Government regulations as a private sector business.

In particular LDC is subject to exactly the same planning, development and environmental regulations faced by any land developer.

## **DIVIDEND POLICY**

Each year LDC pays the Territory Government a dividend payment equal to 50 per cent of after-tax profit.

## **CAPITAL STRUCTURE**

LDC's capital structure was established in 2011 to broadly reflect the structure of private sector firms delivering strategic land. This included LDC inheriting \$25 million of debt.

LDC's capital structure is reviewed from time to time by the Department of Treasury and Finance.

## **RELEVANT POLICIES**

The following Land Development Corporation policies provided further detail of how LDC adheres to its obligation to act in a commercial manner and how it adheres to the Competition Neutrality Policy (available on our website):

- Commercial Management Policy
- Land Sales Policy
- Treatment of Land Valuations Policy

# OUR PORTFOLIO AT A GLANCE

The Land Development Corporation seeks to invest in the future of the Territory by undertaking development of land to support:

- new opportunities for industry
- desirable, sustainable and innovative housing solutions for Territorians.

The industrial property market showed signs of recovery over the past year, and residential market slowed as there were delays in construction and titling. This was due to weather implications and supply chain availabilities in Zuccoli Village and Kilgariff Estate. There has been an increased demand for residential land with the demand still growing, there were a number of lot secure over the year.

The support initiatives implemented by the Territory and Australian Governments following the onset of the COVID-19 pandemic have highlighted the strategic and lifestyle benefits which the Territory uniquely offers.

LDC's foresight and future planning activities in its residential estates are expected to provide opportunities for new and existing Territorians via the stimulus incentives available.

**“We are the Northern Territory Government’s strategic land developer.”**



## RESIDENTIAL DEVELOPMENTS

- Zuccoli Village
- Kilgariff Estate
- Waratah Crescent



## INVESTMENT OPPORTUNITIES

- Tiwi Islands



## INDUSTRIAL DEVELOPMENTS

- Middle Arm Sustainable Development Precinct
- Marine Industry Park
- Darwin Business Park
- Wishart Estate
- Holtze Industrial Estate
- Bulk Liquids Area



## Kilgariff Estate

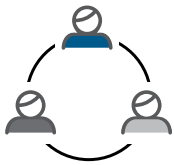
Coolibah Release pre-sales open!

Coolibah Release of Kilgariff Estate will continue providing the Alice Springs community with access to affordable land.

Coolibah Release begun construction in June 2021 with titles expected in mid 2022.

# \$5.9M

In industrial land sales



The Land Development Corporation continues to work with the Tiwi Land Council and Tiwi Aboriginal Land Trust to support economic investment on the Tiwi Islands.



## Zuccoli Village

Residential Land Sales

The ever growing suburb of Zuccoli, saw Zuccoli Village Stage 3.6 nearing construction completion and bringing 58 more lots to the market.

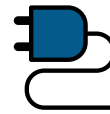


# 20

 Highly qualified professionals

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

LDC  
HIGHLIGHTS  
2021 - 22



## 2021-22

WISHART ESTATE

Truck Central the first stage of Wishart Estate, saw the sale of 3 lots. 2 Lots remain for sale with active enquiries.

In 2021, the NT Government released an EOI for investors to develop Data Centres identifying Wishart Estate as a potential location.



## Middle Arm Sustainable Development Precinct

STAGE 1 KITTYHAWK ESTATE

Stage 1 of the Kittyhawk Estate subdivision is now completed and titles issued.

This first stage facilitates new access to land via an intersection off Channel Island Road, immediately west of the Weddell Power Station.



# 1 sale

Darwin Business Park

Darwin Business Park saw the sale of 1 lot in 2021-22. 10 lots remain for sale with a further 11 under agreement with active enquiries for additional new occupants.

An aerial photograph showing a residential development in a valley. The foreground shows a dirt road and some construction activity. The middle ground features a cluster of houses with light-colored roofs. The background consists of rolling hills under a clear sky.

# RESIDENTIAL DEVELOPMENT

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**110 LOTS**

UNDER DEVELOPMENT  
2021 - 22

This includes lots in Kilgariff Estate, Alice Springs and Zuccoli Village, Palmerston.

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



# ZUCCOLI VILLAGE PALMERSTON

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“Zuccoli Village is a great growing community, with parks, shops and is very family friendly.”

## OVERVIEW

### *Zuccoli Village – The Village Life.*

Zuccoli Village is a low density residential development delivering quality community lifestyle and open space. Zuccoli Village offers a variety of house and land options catering to all lifestyles and budgets and is planned to ultimately deliver over 800 residential lots to the market.

## OUR ROLE

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

## CURRENT STATUS

The local home building industry remained busy over the last 12 months following the sale of over 100 titled lots during 2020-21. This allowed Territorians to take full advantage of the generous construction incentives available from the BuildBonus and HomeBuild grant programs.

Due to the sales success of Phases 3.4 & 3.5, the planning and design of the next 2 phases were progressed simultaneously to deliver an additional 108 lots to market. Construction of Phase 3.6 (58 lots) commenced on 3 August 2021 with titles issueing in the second half of August 2022. Approvals were finalised in the year to allow construction of Phase 3.7 (50 lots) to commence in July 2022 with titles programed to issue in early 2023.

Thereafter, approximately 166 lots are yet to be delivered from the remaining stages of Zuccoli Village.





## FEATURES

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

With the addition of two new schools: Mother Teresa Catholic Primary School and Zuccoli Primary School, a selection of childcare centres and the Zuccoli Plaza shopping precinct, Zuccoli Village offers amenity and affordability.

Residents are able to enjoy a lifestyle on generous lot sizes and high quality housing constructed in accordance with our design guidelines. Boardwalks and cycling trails connect playing fields, landscaped parks and extensive natural bushland. New amenities are expected with delivery of the future Zuccoli Community Hub featuring walking trails, skate park, pump track, playground, children's library, community area, garden of reflection and a dog park planned by the City of Palmerston. Nature and neighbourhood come together when you call Zuccoli home.

# KILGARIFF ESTATE ALICE SPRINGS

“Living at Kilgariff has been safe, quiet and spacious. Modern Homes with a great living environment.”

## OVERVIEW

In a quiet setting with spectacular views of the ranges, Kilgariff Estate is the perfect place to get away from the hustle and bustle. Kilgariff Estate is a master planned residential development, designed to provide a diverse range of housing products connected to future amenities such as community purpose, local shops and recreational facilities.

## OUR ROLE

As developer of Stages 1 and 2 of Kilgariff Estate, the Land Development Corporation aims to build upon the strong sense of community at Kilgariff Estate.

The Land Development Corporation continues to work with first class Territorian consultants to progress planning, design and delivery of Kilgariff Estate. This team is enhanced by Alice Springs based consultants, suppliers and sub-contractors ensuring local expertise goes into the planning and delivery of this important piece of Alice Springs.

## CURRENT STATUS

Construction progress of the Coolibah Release (Stage 2A) being the next 52 lots has encountered delays associated with Covid shutdowns, material supply chain and labour constraints, and two record rainfall events. Subdivision construction is largely complete with final inspections and clearances by service authorities to occur shortly.

The Coolibah Release includes single dwelling sites from 594m<sup>2</sup> to 920m<sup>2</sup> and multiple dwelling sites up to 1,842m<sup>2</sup> nestled around a local community park. Lots are available for sale from \$179,000 following titles being achieved in August 2022.

Land Development Corporation thanks the Lhere Artepe Aboriginal Corporation for their assistance in naming the new streets and park based on local flora and fauna using traditional Arrernte language. Construction of Ankeree Park (Coolibah) started and is expected to be complete in early 2022-23.

To ensure an ongoing supply of residential land, construction of Stage 2B comprising a further 36 residential lots, started in October 2022 and is expected to be titled in mid-2023.





## FEATURES

Kilgariff Estate delivers a contemporary community set in a quiet, serene environment with large open spaces to embrace the Alice Springs lifestyle.

Kilgariff Stage 2 will deliver a mix of housing built upon the principles of innovation, diversity, sustainability and a sense of community, whilst being responsive to key market considerations and pursuant to local planning policy.

Key features include:

- A mix of affordable and attractive lot options appropriate for the Alice Springs market and in line with the intent of local planning policy.
- Promotion of sustainability through maximising climatically appropriate development.
- Development of a safe and connected community through an intuitive pathway network integrating local streets with conveniently located open space to create connectedness, recreation and amenity.



# INDUSTRIAL DEVELOPMENT

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**\$5,889,000**

IN SALES

2021 - 22

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



# MIDDLE ARM SUSTAINABLE DEVELOPMENT PRECINCT

## MIDDLE ARM

“The Precinct could become home to innovative industry and technologies such as large-scale hydrogen production, supported by green energy initiatives, and carbon capture & storage.”

### OVERVIEW

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

Located on the Middle Arm Peninsula within Darwin Harbour, the Kittyhawk and Spitfire Estates offer a variety of development options to accommodate further large strategic industries for downstream

oil and gas-based processing and manufacturing, green energy projects and energy processing activities.

### OUR ROLE

The Land Development Corporation is one of the primary owners of land suitable for development at the Middle Arm Peninsula. LDC engages with





proponents directly and through various inter-agency relationships in order to better understand proponent project requirements. We liaise with various Northern Territory Government agencies in order to collaboratively determine 'best-fit' solutions for the placement of specific industry activity.

The Precinct has an extensive product corridor network which allows for the efficient transmission of utilities, gas, feedstock and products to service industry needs. LDC administers access to this corridor network via easements and license agreements with utilities and gas pipeline operators.

### **CURRENT STATUS**

LDC completed the construction of the Kittyhawk Estate Stage 1 subdivision in 2021. Stage 1 comprises 3 lots with a total area of 32.5 hectares, with titles anticipated in Q3 2022.

The construction contract was delivered by local contractor BMD and represents a significant investment by LDC to facilitate new strategic land for industry at Middle Arm. This first stage of Kittyhawk Estate unlocks new potential land opportunities via a new intersection off Channel Island Road, immediately west of the Weddell Power Station.

LDC received support from the NT Government Department of Infrastructure, Planning & Logistics in the form of a \$4.5 million capital funding grant, to deliver the main intersection and access road from Channel Island Road into Kittyhawk Stage 1.

LDC continue to participate in infrastructure planning activities being undertaken by the Department of Infrastructure, Planning & Logistics. These studies include investigations into water access points for product export and module offload facilities as well as identifying relevant product corridor management strategies, terrestrial infrastructure requirements and delivery of a strategic environment assessment for the precinct.

### **FEATURES**

- 9kms from the City of Palmerston
- 35kms from the Darwin CBD
- 29kms to East Arm Wharf
- High pressure gas feed
- Synergies with other industries, benefits of co-location
- Product Corridors
- Potential future water access facilities for export and module offload

# MARINE INDUSTRY PARK EAST ARM

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| “We are building a long term sustainable marine hub.”

## OVERVIEW

The marine service area can provide over 100 hectares of land to support the marine maintenance industry complimenting the Northern Territory Government’s new Ship Lift at East Arm.

The first stage of the Marine Industry Park comprises the existing 9 hectare Hardstand and all-tide Barge Ramp at a cost of \$28 million.

The Marine Industry Park enhances the capability of Territory businesses to service the oil and gas, resources, logistics and Defence sectors. The heavy duty hardstand is well suited for the assembly and storage of modules and large equipment associated with marine and major resource projects. The adjoining barge ramp, nearby East Arm Wharf and Marine Supply Base provide multiple marine loading opportunities for sea transport of large modules and equipment.

## CURRENT STATUS

The Northern Territory Government has confirmed its commitment to deliver one of the largest Ship Lift in Northern Australia, adjacent to LDC’s existing marine service facilities at East Arm. A tender process is in the final stages to select a design and construction contractor for the Darwin Ship Lift measuring 26 meters wide, 103m long and with the capability to lift 5,000 tonne vessels.

LDC is working closely with the Northern Territory Government to provide a seamless design and integration of the Darwin Ship Lift with the existing facilities and proposed serviced lots within the Marine Industry Park. In addition, LDC released a registration of interest process and has been consulting with industry on lot sizes, services and amenities required by potential occupants of the precinct.





In preparation to commence detailed design of the serviced lots, LDC has been progressing a traffic study and stormwater investigations. In addition, plans are well advanced for the expansion of the hardstand and the reticulation of services to allow businesses to operate effectively in a common use environment.

Stage 1 includes a 9 hectare industrial subdivision providing 5 large lots to accommodate ship repair, maintenance and marine service activities. An established local marine maintenance business has entered into an exclusive agreement on a 1.2 hectare site. Stage 2 provides a further 4 hectares across 9 lots for supporting services.

The establishment of large vessel maintenance workshops on serviced lots is an essential component to fulfil the economic activity and job creation opportunities expected to be enabled by the Ship Lift project.

The Marine Industry Park is also an authorised First Point of Entry for biosecurity purposes for commercial vessels and goods for the Port of Darwin.

## FEATURES

### Marine serviced lots

- Stage 1 lots will be designed to accommodate hard standing of large vessels transported via a Self Propelled Modular Transporter (SPMT).
- Stage 2 lots will provide serviced lots ready for development for a range of potential service providers.

### Hardstand

- The existing hardstand attracts a variety of businesses in a common user approach and features:
  - 9 hectares of secure hardstand area
  - 24/7 secure access and closed-circuit television (CCTV) monitoring
  - Automatic phone controlled security gate

### Barge Ramp

- The Barge Ramp provides all-tide access for shallow draft barges (minimum 1.1m of water depth at the lowest astronomical tide)
- Dredged access channel with dedicated navigational aids
- Heavy duty paved access roadway and concrete ramp
- Breakwater
- A ramp designed for amphibious landing craft that can cater for a variety of coastal type barges
- First point of entry authorisation for the Port of Darwin

# WISHART ESTATE

## WISHART

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Wishart Estate is supporting the Territory to be at the forefront of the digital economy.

### OVERVIEW

Mid-way between the cities of Darwin and Palmerston, Wishart Estate is strategically located, central to key road, rail, sea and air transport nodes.

#### Truck Central

Stage 1 of Wishart Estate is Truck Central, being the Northern Territory's one-stop transport hub. This 16 hectare, heavy transport development, is designed to improve the safety and productivity for the local and national transport industry. Truck Central includes unique transport facilities with surrounding sites for the clustering of service providers and general industrial activities.

#### Technology & Smart Manufacturing Potential

Wishart Estate has been identified as an ideal location for establishment of data centres, due to its proximity to major power infrastructure, availability of large sized sites and potential data cable connection points.

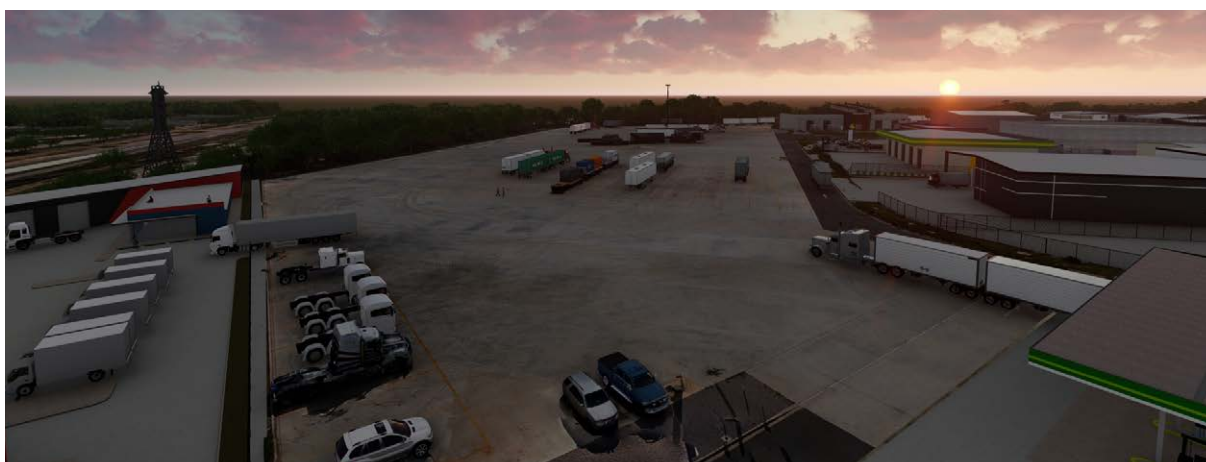
LDC has received increased interest from several smart manufacturing proponents, similarly

interested in the potential for large sized lots and proximity to power infrastructure.

### OUR ROLE

The Land Development Corporation owns a significant portion of the land within Wishart Estate. As such, LDC's goals within the Wishart Estate include the preparation of master-planning and de-risking the resulting development concepts in order to achieve the highest possible use of the land within the estate. This requires liaising with adjacent land-owners and stakeholders within the estate with the aim of achieving strategic outcomes that are equitable and sustainable.

The design and delivery of Truck Central demonstrates this strategic approach in action. Truck Central was a collaborative development with Ostoic Group as delivery partner; the NT Road Transport Association as a key stakeholder; and project support coming from the Department of Infrastructure, Planning and Logistics and the Australian Government for specific strategic components of the development.



In February 2020, the Northern Territory Government announced 'Terabit Territory' with \$7.9 million being invested to upgrade fibre-optic cables across the Territory and improve interstate connectivity. Terabit Territory provides enabling infrastructure to attract subsea connections with South East Asia and major data centre investment. In mid-2020, the Northern Territory Government released an Expression of Interest process for suitably qualified and experienced proponents to develop and operate data centres in Darwin. The EOI sought to capitalise on upcoming infrastructure to improve the Territory's connection with Australian and international capitals.

To support these initiatives and support Wishart Estate's future data centre potential, LDC worked with several Northern Territory Government agencies to progress preliminary engineering investigations into a number of potential sites within Wishart Estate.

## CURRENT STATUS

The Heavy Vehicle Inspection Facility (HVIF), operated by the Motor Vehicle Registry and a key component of Truck Central, is now fully

operational. Complementing the existing heavy transport facilities, it allows for the inspection of fully-configured triple road trains, providing increased safety and productivity.

LDC has progressed initial planning and engineering investigations to support the delivery of data centre sites within the future stages of the Wishart Estate development.

During the year LDC entered into an agreement with a data centre company to establish a new data centre in Wishart.

Wishart Estate also provides a potential source of fill material for other significant Strategic NT projects, including the Ship Lift and the Tiger Brennan Drive-Berrimah Road Overpass projects. LDC have been engaged by these and private sector proponents to investigate access to material from Wishart estate, and continue the master planning activities with consideration of these requirements.

LDC continues to engage with adjoining land owners to consolidate developable areas at Wishart Estate to achieve an efficient and cost effective subdivision for a future strategic uses.

## FEATURES

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

**Heavy Vehicle Inspection Facility:** Unique in Australia, the HVIF allows for the inspection of fully configured road trains. This saves road train operators significant time and replaces the Goyder Road Test Shed at Parap near Darwin City.

**Road Train Assembly Area:** This complements the Vehicle Inspection Facility by providing a safe area for the short-term parking and queuing of trucks. The assembly area also provides areas for parking and reconfiguration of road trains, and a dual height trailer loading ramp.

**BP Darwin Truck Stop:** This facility has raised the bench mark for truck stops in the Northern Territory, providing heavy and light vehicle refueling,

restaurant, dining area, separate 'truckies lounge' and CCTV surveillance of the adjoining Road Train Assembly Area. These complementary facilities provide a high quality and safe environment for driver fatigue management.

**Lots for sale:** The remaining lots at Truck Central are available for the clustering of service providers around these heavy transport features. Co-location of major road transport activities will create economies of scale and improve industry safety and productivity.

**Data Centre & Smart Manufacturing Potential:** proximity to the Hudson Creek Switching Station and the recently constructed Merricks Capital Hudson Creek Power Station immediately adjacent makes Wishart an ideal location to establish high-energy use projects with close proximity to road, rail and shipping transport infrastructure.

**Strategic project planning:** Current planning activities consider access to fill material for strategic projects, as well as supporting the long-term subdivision roll-out of Wishart estate, and availability of land for strategic users.

# DARWIN BUSINESS PARK EAST ARM

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

## OVERVIEW

The Darwin Business Park opened in 2003 and has earned a reputation as Darwin's leading industrial precinct. Since its inception, the Park has continued to grow catering to the demand for trade, logistics, oil and gas and marine-related industries.

To date, over \$320 million has been invested in the construction of private buildings and facilities within the Darwin Business Park. Blue chip national and international tenants with a substantial presence in the park include ASCO, Altus, Vopak, Toll, Linfox, Metcash, Qube and Northline. Darwin Business

Park is also home to major oil and gas supply bases for INPEX Ichthys, Santos Darwin LNG and Shell Prelude LNG production facilities.

## OUR ROLE

Our role is to ensure supply of appropriately sized strategic industrial land for the Darwin market, specifically catering to the transport, trade, logistics, marine and oil and gas industries.

The development of strategic land in the Darwin Business Park opens up growth opportunities to businesses working on Darwin's major projects.





## CURRENT STATUS

Late in 2019, LDC entered into a contract of sale with a fuel retailer IOR for the development of its flagship Darwin diesel stop in the latest stage of Darwin Business Park. Construction of the IOR facility was completed early 2021 and became operational in mid-2022.

In April 2021, LDC entered an agreement with Sun Cable that covers seven lots on O'Sullivan Circuit with a total area of 7.8 hectares. This strategic land will provide for a new facility for the assembly of solar panels, supporting the world's largest solar energy infrastructure network project.

### Bulk Fuel Storage

In January 2020, the US Government's *Defense Logistics Agency* released an RFI to industry, requesting proponents to consider contractor-owned and operated fuel storage facility in the Port of Darwin. The project is aimed at supporting US defence operations in the region.

Concurrently, the Australian Government made available grants to encourage fuel storage under the *Boosting Australia's Diesel Storage Program*.

Crowley Government Services Inc. were announced as the winning tenderer for the US Government's facility on 13 September 2021. LDC granted early site access in late 2021 for pre-construction activities and a lease was executed in January 2022. Construction completion is expected within 2 years of the tender award (by September 2023).

LDC are in continuing negotiations with Airport Development Group who were successful in obtaining a grant as part of the Australian Government's *Boosting Australia's Diesel Storage Program*.

## FEATURES

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



# OTHER PROJECT ACTIVITY

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TIWI ISLANDS  
NORTHERN TERRITORY

HOLTZE INDUSTRIAL ESTATE  
HOLTZE

WARATAH CRESCENT  
FANNIE BAY



An aerial photograph showing a large industrial site, likely a steel supply yard, situated in a rural area. The site features a large, light-colored metal building with a sign that reads "APEX STEEL SUPPLIER". To the right of the building is a large, open area filled with stacks of steel beams and pipes. A blue truck is parked near the stacks. The surrounding landscape is a mix of green grass and dense, green forest. In the foreground, there is a paved road with a few vehicles, including a white van and a black car. The sky is blue with scattered white clouds.

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

# TIWI ISLANDS

## NORTHERN TERRITORY

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The Land Development Corporation is working with Traditional Owners to promote opportunities to lease land on the Tiwi Islands to investors. The special attributes of this pristine location make it well suited to unique tourism/residential, aquaculture, agriculture and industrial opportunities.

The Tiwi Development Framework Agreement allows LDC to work closely with the Tiwi Land Council and Tiwi Aboriginal Land Trust to support economic development, capitalising on the proximity and infrastructure of nearby Darwin.

During 2021-22, LDC has engaged in discussions with a number of potential investors, predominantly in the areas of eco-tourism and aquaculture. While no projects broke ground during the year, the unique opportunities provided by the Tiwi Islands and the Tiwi people remain available for prospective investors.

### FEATURES

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

#### TOURISM AND RESIDENTIAL

- Close proximity to Darwin, with easy access by plane and ferry
- Attractions such as beaches, wetlands and wildlife
- Activities such as fishing, Aboriginal art, culture and bushtucker

#### AGRICULTURE

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

#### AQUACULTURE

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

#### INDUSTRIAL SUPPORT AND DEVELOPMENT

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



# HOLTZE INDUSTRIAL ESTATE

## HOLTZE

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Holtze Industrial Estate is strategically located to provide industry support to prime and sub-contractors for Defence's requirements. With over 50 hectares available for future development, lot sizes can be customised to meet proponent needs. Current lot sizes range from 6,500m<sup>2</sup> to 50,000m<sup>2</sup>.

Current anchor tenant RGM Maintenance occupies a purpose-built mechanical workshop which services Defence vehicles, buses and other vehicles/machinery.

LDC have been engaged by several proponents in the last twelve months who have expressed interest in establishing business at Holtze Industrial Estate. LDC undertook a Market Sounding to gauge overall market interest and opportunities. The response to the Market Sounding was strong and may support development of the next stages at Holtze in the near-term.

LDC have undertaken several studies in the previous twelve months that aim to identify environmental and technical constraints to developing the remaining land within the estate. A concept that addresses some of the requirements yielded by the Market Sounding respondents has been developed for consideration.

Documents for preparation of a new development application have been prepared, with development activity on a new stage potentially commencing in the coming year.

This activity will be driven by continued market interest and subject to commercial agreements being made.

# WARATAH CRESCENT

## FANNIE BAY

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

LDC continues to investigate development options that complement the surrounding land uses and provide a commercial return. This prominent and highly desirable Fannie Bay location is proposed to showcase property development initiatives that deliver long term sustainable outcomes.



# ENVIRONMENT AND HERITAGE

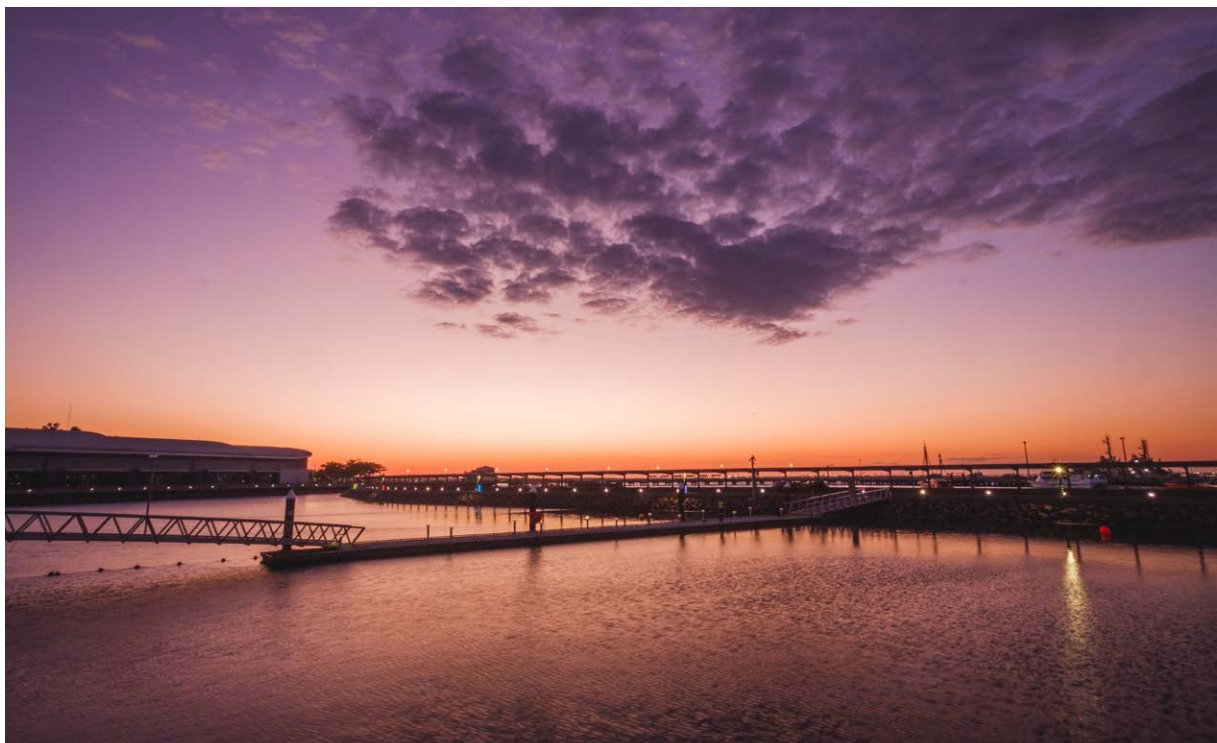
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We are committed to the sustainable development of our environment. Our business activities are planned and conducted to minimise and, where possible, avoid, adverse effects on the environment and social surroundings for the benefit of current and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

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

In implementing these objectives the Land Development Corporation:

- Integrates its economic, social and environmental responsibilities throughout our business decision making processes
- Anticipates or identifies potential environmental concerns
- Minimises the environmental impact of its activities
- Consistently achieves socially and environmentally responsible standards
- Networks with stakeholders on environmental and heritage topics achieving good outcomes for all parties
- Preserves identified sites of cultural, historical, natural or scientific significance where possible
- Promotes environmental sustainability initiatives both with the development and at a regional and/or national level, such as renewable energy technologies.



# WORK HEALTH AND SAFETY

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

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

- Providing instruction, training and supervision to improve individual's understanding of workplace hazards, including safe work practices and emergency procedures
- Involving individuals in occupational health and safety matters and consulting with them on ways to recognise, evaluate and control workplace hazards
- Ensuring that everyone (including visitors and contractors) comply with appropriate standards and workplace directions to protect their own and others health and safety at work
- Implementing and maintaining an ongoing occupational health and safety program, including conducting regular inspections of the workplace aimed at preventing accidents and incidents
- Conducting all of our operations in accordance with relevant legislation and government policy and agreements
- Monitoring, reviewing and reporting on the health and safety performance of the organisation.

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

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



LDC closely monitored the Coronavirus (COVID-19) pandemic situation which was officially declared in March 2020 and followed advice of both the Australian and Northern Territory Governments. LDC's main priority during this time was to keep both its staff and clients safe and well.

In conjunction with current Work Health and Safety and Business Continuity Plans, LDC developed and implemented a COVID-19 Plan incorporating LDC's Safety Plan to deal with the unique circumstances of the pandemic. The Plan focused on minimising health risks to staff and clients, by introducing remote working arrangements, social distancing measures and health and hygiene principles.

# KEY EVENTS

## 2021-22

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### SMOKING CEREMONY

ALICE SPRINGS | 27 JULY 2021

The Land Development Corporation (LDC) and BMD Urban welcomed the Akeyuelerre Aboriginal Corporation to perform a smoking ceremony commemorating the start of construction at Kilgariff Estate's Coolibah Release.

The smoking ceremony was held on site at Kilgariff Estate in BMD's site compound. The smoking ceremony was attended by BMD Urban staff and contractors, LDC staff, His Worship the Mayor of Alice Springs Mr Damian Ryan and Acting Major Project Commissioner Hayley Richards and other Government personnel.

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### DARWIN PORT GOLF DAY

DARWIN | AUGUST 2021

The Land Development Corporation sponsored a hole at the Darwin Port Golf day. A small group of our LDC team attended the golf day and enjoyed the opportunity to connect with industry and to show support for the seafarer mission.

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### UDIA AWARDS NIGHT

DARWIN | 19 NOVEMBER 2021

The LDC team attended the UDIA NT Award for Excellence Gala Dinner.

We are proud to be a part of the Urban Development Institute of Australia.

Thank you to the UDIA NT team for a great night!

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### CHRISTMAS LIGHT COMPETITION

ALICE SPRINGS | DECEMBER 2022

LDC invited Kilgariff residents to participate in a local Christmas Lights competition throughout the estate.

Several residents participated and it was great to see Kilgariff Estate covered in beautiful lighting.



## CHRISTMAS IN THE PARK

KILGARIFF ESTATE, ALICE SPRINGS | 9 DECEMBER 2022

LDC held a Christmas in the park event at Kilgariff Estate, bringing the community together and getting involved in the festive season.

It was great to see the residents and their kids having a great time enjoying the activities and connecting with each other.



## MASTER BUILDERS GOLF DAY

ALICE SPRINGS | 25 MARCH 2022

LDC Kilgariff Estate project team attended the Master Builders Association B&S Mitre 10 Alice Springs Golf Day. The day was organised by Master Builders NT and it was great to connect with business owners and construction workers from Alice Springs.

The weather was fantastic and the day provided a great opportunity to update the industry on Kilgariff Estate Stage 2.



## EASTER COLOURING COMPETITION | KILGARIFF ESTATE

ALICE SPRINGS | APRIL 2022

LDC organised an Easter colouring competition for the children of Kilgariff Estate.

The children all jumped on board and there were a number of beautiful entries. LDC worked with a local florist to create Easter themed gift hampers for the two winners.

Jenson and Mackenzie loved the Easter egg hampers! Well done to all participants.



## INDO PACIFIC - INTERNATIONAL MARITIME EXPOSITION

SYDNEY | 10-12 MAY 2022

The Indo-Pacific International Maritime Exposition in Sydney featured the largest exhibitor turnout on the events history. LDC attended as part of the Defence NT stall. We attended to broaden the awareness of the Marine Industry Park (MIP) and promote the Registration of Interest for the new serviced lots to be developed for marine industry.



# OUR FINANCIAL REPORT

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INDEPENDENT AUDITORS  
REPORT

FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL  
STATEMENTS



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



**Auditor-General**  
**Independent Auditor's Report**  
**to the Minister for Major Projects**  
**Land Development Corporation**

**Page 1 of 3**

## Opinion

I have audited the accompanying financial report of Land Development Corporation (the Corporation), which comprises the balance sheet as at 30 June 2022, and the comprehensive operating statement, statement of changes in equity and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes, and the certification of the financial statements by the Chief Executive Officer.

In my opinion, the financial report gives a true and fair view, in all material respects, of the financial position of Land Development Corporation as at 30 June 2022, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards.

## Basis for Opinion

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

## Key Audit Matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial report of the current period. These matters were addressed in the context of my audit of the financial report as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Key Audit Matter	Audit scope response to the Key Audit Matter
<b>Revenue from land sales</b>  The recognition of revenue from land sales, as described in Note 4a, is a key audit matter due to the complexity of conditions included within land sales contracts, the interpretation of which affects revenue from land sales of \$6.0 million, as reported in Note 4a, and unearned contract revenue of \$2.2 million, as reported in Note 19.	<p>My procedures included but were not limited to:</p> <ul style="list-style-type: none"><li>▪ obtaining an understanding of the Corporation's approach, processes and controls to assess and classify revenue in accordance with Accounting Standards relating to revenue recognition;</li><li>▪ understanding policy position papers and guidance approved by those charged with governance;</li><li>▪ reviewing, on a sample basis, the agreements in place with customers;</li><li>▪ assessing the completeness and accuracy of inputs used by management to determine and classify revenue and unearned contract revenue; and</li><li>▪ considering and assessing the advice sought and received from professional service providers.</li></ul> <p>I also assessed the adequacy of the related disclosures in the notes to the financial statements.</p>



## Auditor-General

Page 2 of 3

Key Audit Matter	Audit scope response to the Key Audit Matter
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### **Valuation of land inventory**

The determination of the value of land inventory of \$120.2 million (including the recognition of the costs associated with getting the land ready for sale and the classification between current and non-current), as reported in Note 11 to the financial statements, represents a key audit matter due to the complexity of the estimated values.

My procedures included but were not limited to:

- obtaining an understanding of the Corporation's approach, processes and controls to assess the carrying value of its inventory in accordance with *AASB 102 Inventories*;
- testing on a sample basis, development costs capitalised during the year for compliance with the recognition and measurement requirements of *AASB 102 Inventories*;
- testing on a sample basis, that land inventory held at the end of the period was recorded at the lower of cost and net realisable value by agreeing values to market values; and
- obtaining an understanding of the methodology applied for categorisation of inventory between current and non-current and testing on a sample basis, the appropriateness of the classification.

I also assessed the adequacy of the related disclosures in the notes to the financial statements.

### **Other Information**

The Chief Executive is responsible for the other information. The other information comprises the information included in the Corporation's financial statement overview for the year ended 30 June 2022, but does not include the financial report and my auditor's report thereon.

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

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

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

### **Responsibilities of the Chief Executive Officer for the Financial Report**

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

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

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



## Auditor-General

Page 3 of 3

### Auditor's Responsibilities for the Audit of the Financial Report

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

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

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

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

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. I describe these matters in my report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Julie Crisp  
Auditor-General for the Northern Territory

Darwin, Northern Territory

21 September 2022

Level 9 Northern Territory House 22 Mitchell Street Darwin 0800 Tel: 08 8999 7155

# FINANCIAL STATEMENT OVERVIEW

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## FOR THE YEAR ENDED 30 JUNE 2022

The year ended 30 June 2022, represents the eleventh year that the Land Development Corporation (LDC) has operated as a Government Business Division (GBD).

### FINANCIAL PERFORMANCE

LDC's total income of \$7.18 million comprises net income from residential and industrial land sales of \$1.28 million; grants and subsidies of \$2.50 million and additional income items totaling \$3.40 million. Total income is down from \$14.42 million in the previous year, largely reflecting a reduction in net income from land sales.

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

LDC's main operating expenditure during the year relates to residential and industrial land development being the cost of land sold of \$4.73 million. LDC's employee expenses for the year were \$2.85 million and LDC employed 17 full time equivalent employees as at 30 June 2022. LDC purchases services from other agencies (\$0.24 million).

### FINANCIAL POSITION

Overall LDC maintains a strong financial position with \$125.34 million in net assets at 30 June 2022 compared to \$125.18 million in the previous year.

LDC has a secure liquidity position with \$14.83 million in cash. LDC also has a healthy portfolio of land with \$32.22 million in current land inventory and \$87.97 million in non-current land inventory.

# CERTIFICATION OF THE FINANCIAL STATEMENT

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## FOR THE YEAR ENDED 30 JUNE 2022

We certify that the attached financial statements for the Land Development Corporation have been prepared based on proper accounts and records in accordance with the prescribed format, the Financial Management Act 1995 and Treasurer's Directions.

We further state that the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and notes to and forming part of the financial statements, presents fairly the financial performance and cash flows for the year ended 30 June 2022 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.



**PAUL SCHNEIDER**

LAND DEVELOPMENT CORPORATION  
ACTING CHIEF EXECUTIVE OFFICER  
21 SEPTEMBER 2022



**CARLY BEH**

LAND DEVELOPMENT CORPORATION  
FINANCIAL CONTROLLER  
21 SEPTEMBER 2022

## COMPREHENSIVE OPERATING STATEMENT

For the year ended 30 June 2022

	Note	2022 \$000	2021 \$000
<b>INCOME</b>			
Revenue from land sales	4a	6 000	31 529
Cost of land sold		(4 725)	(23 467)
<i>Net revenue from land sales</i>		1 275	8 062
Grants and subsidies	4b	2 497	3 825
Interest revenue		33	46
Royalties, rents and dividends	4c	2 453	1 641
Other income	4d	920	842
<b>TOTAL INCOME</b>	<b>3</b>	<b>7 178</b>	<b>14 416</b>
<b>EXPENSES</b>			
Employee expenses		2 851	2 947
Administrative expenses			
Purchases of goods and services	6	1 698	1 952
Repairs and maintenance		555	507
Depreciation and amortisation	13,15	724	735
Other administrative expenses		382	1 904
Impairment losses	11,13	-	1 221
Interest expenses	7	671	771
<b>TOTAL EXPENSES</b>	<b>3</b>	<b>6 881</b>	<b>10 037</b>
<b>NET SURPLUS BEFORE INCOME TAX</b>		<b>297</b>	<b>4 379</b>
Income tax expense	5	62	208
<b>NET SURPLUS</b>		<b>235</b>	<b>4 171</b>
<b>OTHER COMPREHENSIVE INCOME</b>		<b>-</b>	<b>-</b>
<b>COMPREHENSIVE RESULT</b>		<b>235</b>	<b>4 171</b>

*The comprehensive operating statement is to be read in conjunction with the notes to the financial statement*

**BALANCE SHEET**  
**As at 30 June 2022**

	Note	2022 \$000	2021 \$000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and deposits	9	14 829	21 548
Receivables	10	886	595
Inventories	11	32 220	36 945
Other Assets	12	6	6
<b>Total current assets</b>		<b>47 941</b>	<b>59 094</b>
<b>Non-current assets</b>			
Inventories	11	87 969	77 927
Property, plant and equipment	13	13 428	13 956
Heritage and cultural assets	15	64	64
Other Assets	12	289	279
<b>Total non-current assets</b>		<b>101 750</b>	<b>92 226</b>
<b>TOTAL ASSETS</b>		<b>149 691</b>	<b>151 320</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	16	223	232
Borrowings and advances	17	5 310	5 281
Provisions	18	447	592
Other liabilities	19	6 525	8 856
Deposits held	20	1 241	223
Income tax payable	5	62	208
<b>Total current liabilities</b>		<b>13 808</b>	<b>15 392</b>

**BALANCE SHEET (Continued)**  
**As at 30 June 2022**

	Note	2022 \$000	2021 \$000
<b>Non-current liabilities</b>			
Borrowings and advances	17	10 542	10 750
<b>Total non-current liabilities</b>		<b>10 542</b>	<b>10 750</b>
<b>TOTAL LIABILITIES</b>		<b>24 350</b>	<b>26 142</b>
<b>NET ASSETS</b>		<b>125 341</b>	<b>125 178</b>
<b>EQUITY</b>			
Capital		54 339	54 339
Reserves		-	-
Accumulated funds		71 002	70 839
<b>TOTAL EQUITY</b>		<b>125 341</b>	<b>125 178</b>

*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 2022**

	Note	Equity at 1 July	Comprehensive result	Transactions with owners	Equity at 30 June
		\$000	\$000	\$000	\$000
<b>2021-2022</b>					
<b>Accumulated funds</b>		70 839	-	-	70 839
Surplus for the period		-	235	-	235
Dividends		-	-	(72)	(72)
		<b>70 839</b>	<b>235</b>	<b>(72)</b>	<b>71 002</b>
<b>Reserves</b>		-	-	-	-
<b>Capital – transactions with owners</b>		<b>54 339</b>	-	-	<b>54 339</b>
<b>Total equity at end of financial year</b>		<b>125 178</b>	<b>235</b>	<b>(72)</b>	<b>125 341</b>
<b>2020-2021</b>					
<b>Accumulated funds</b>		66 910	-	-	66 910
Surplus for the period		-	4 171	-	4 171
Dividends		-	-	(242)	(242)
		<b>66 910</b>	<b>4 171</b>	<b>(242)</b>	<b>70 839</b>
<b>Reserves</b>		-	-	-	-
<b>Capital – transactions with owners</b>		<b>54 339</b>	-	-	<b>54 339</b>
<b>Total equity at end of financial year</b>		<b>121 249</b>	<b>4 171</b>	<b>(242)</b>	<b>125 178</b>

*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 2022**

	Note	2022 \$000	2021 \$000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Operating receipts</b>			
Capital grants		2 497	3 825
Receipts from sales of goods and services		8 271	32 997
Interest received		26	49
<b>Total operating receipts</b>		<b>10 794</b>	<b>36 871</b>
<b>Operating payments</b>			
Payments to employees		(2 824)	(2 908)
Payments for goods and services		(14 290)	(34 255)
Income tax paid		(208)	-
Interest paid		(672)	(794)
<b>Total operating payments</b>		<b>(17 994)</b>	<b>(37 957)</b>
<b>Net cash used in operating activities</b>	22	<b>(7 200)</b>	<b>(1 086)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>Investing receipts</b>			
Finance lease received		6	5
<b>Total investing receipts</b>		<b>6</b>	<b>5</b>
<b>Net cash from investing activities</b>		<b>6</b>	<b>5</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>Financing receipts</b>			
Deposits received		1 018	55
<b>Total financing receipts</b>		<b>1 018</b>	<b>55</b>

**CASH FLOW STATEMENT (Continued)**  
**For the year ended 30 June 2022**

	Note	2022 \$000	2021 \$000
<b>Financing payments</b>			
Dividends paid		(242)	-
Repayment of borrowing		-	(5 000)
Finance lease payments		(302)	(290)
<b>Total financing payments</b>		<b>(544)</b>	<b>(5 290)</b>
<b>Net cash from (used in) financing activities</b>		<b>474</b>	<b>(5 235)</b>
Net decrease in cash held		(6 719)	(6 317)
Cash at beginning of financial year		21 548	27 865
<b>CASH AT END OF FINANCIAL YEAR</b>	9	<b>14 829</b>	<b>21 548</b>

*The cash flow statement is to be read in conjunction with the notes to the financial statements.*

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## 1. OBJECTIVES AND FUNDING

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

LDC's objective is to:

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

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

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

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

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

## 2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

### a) Statement of compliance

The financial statements have been prepared in accordance with the requirements of the *Financial Management Act 1995* and related Treasurer's Directions. The *Financial Management Act 1995* requires LDC to prepare financial statements for the year ended 30 June based on the form determined by the Treasurer. The form of LDC's financial statements should include:

- (i) a certification of the financial statements;
- (ii) a comprehensive operating statement;

- (iii) a balance sheet;
- (iv) a statement of changes in equity;
- (v) a cash flow statement; and
- (vi) applicable explanatory notes to the financial statements.

#### **b) Basis of accounting**

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

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

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

#### **Standards and interpretations effective from 2021-22**

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

#### **Standards and interpretations issued but not yet effective**

No Australian accounting standards have been early adopted for 2021-22.

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

#### **c) Reporting entity**

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

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

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

#### **d) Corporation and Territory items**

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

#### **Central Holding Authority**

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

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

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

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

**e) Comparatives**

Where necessary, comparative information for the 2020-21 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 2021-22 as a result of management decisions.

**h) Accounting judgments and estimates**

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

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

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

**i) Goods and services tax**

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

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

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

**j) Contributions by and distributions to government**

LDC may receive contributions from Government where the Government is acting as owner of LDC. Conversely, LDC may make distributions to Government. In accordance with the *Financial Management Act 1995* and Treasurer's Directions, certain types of contributions and distributions, including those relating to administrative restructures, have been designated as contributions by, and distributions to, Government. These designated contributions and distributions are treated by LDC as adjustments to equity.

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

**k) Impact of COVID-19**

LDC Management assessed that COVID-19 has had a moderate impact on LDC business and the 2021-22 financial statements with residential land sales at Zuccoli Village and Kilgariff Estate Stage 2A. There have been delays in residential development due to COVID-19 and adverse weather conditions which has held up residential transactions.

Scheduled commercial transactions have proceeded with minimal impact and have not been held up to a great extent by COVID-19.

### 3. COMPREHENSIVE OPERATING STATEMENT BY OUTPUT GROUP

	Note	Residential		Industrial		Total	
		2022	2021	2022	2021	2022	2021
		\$000	\$000	\$000	\$000	\$000	\$000
<b>INCOME</b>							
Revenue from land sales	4a	102	24 302	5 898	7 227	6 000	31 529
Cost of land sold		(153)	(21 634)	(4 572)	(1 833)	(4 725)	(23 467)
<i>Gross profit</i>		<b>(51)</b>	<b>2 668</b>	<b>1 326</b>	<b>5 394</b>	<b>1 275</b>	<b>8 062</b>
Grants and subsidies	4b	2 282	645	215	3 180	2 497	3 825
Interest revenue		7	14	26	32	33	46
Royalties, rents and dividends	4c	-	-	2 453	1 641	2 453	1 641
Other income	4d	159	112	761	730	920	842
<b>TOTAL INCOME</b>		<b>2 397</b>	<b>3 439</b>	<b>4 781</b>	<b>10 977</b>	<b>7 178</b>	<b>14 416</b>
<b>EXPENSES</b>							
Employee expenses		1 109	589	1 742	2 358	2 851	2 947
Administrative expenses							
Purchases of goods and services	6	340	390	1 358	1 562	1 698	1 952
Repairs and maintenance		111	101	444	406	555	507
Depreciation and amortisation	13,15	60	59	664	676	724	735
Other administrative expenses <sup>(1)</sup>		107	42	275	1 862	382	1 904
Impairment losses <sup>(2)</sup>	11,13	-	-	-	1 221	-	1 221
Interest expenses	7	134	154	537	617	671	771
<b>TOTAL EXPENSES</b>		<b>1 861</b>	<b>1 335</b>	<b>5 020</b>	<b>8 702</b>	<b>6 881</b>	<b>10 037</b>
<b>NET SURPLUS/(DEFICIT) BEFORE INCOME TAX</b>		<b>536</b>	<b>2 104</b>	<b>(239)</b>	<b>2 275</b>	<b>297</b>	<b>4 379</b>
Income tax expense	5	-	-	-	-	62	208
<b>NET SURPLUS/(DEFICIT)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>235</b>	<b>4 171</b>
<b>OTHER COMPREHENSIVE INCOME</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>COMPREHENSIVE RESULT</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>235</b>	<b>4 171</b>

*This comprehensive operating statement by output group is to be read in conjunction with the notes to the financial statements.*

<sup>(1)</sup> In 2021-22 \$0.107 million relates to Middle Arm intersection expenses on land not owned by LDC (2020-21: \$1.68 million).

<sup>(2)</sup> In 2021-22 there were no impairments of inventory from a net realisable value assessment of land (2020-21: \$1.22 million impairment of inventory from a net realisable value assessment of land at East Arm).

#### 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.

### Interest revenue

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

## 4. REVENUE

### a) Revenue from land sales

	2022			2021		
	\$000	\$000	\$000	\$000	\$000	\$000
	Revenue from contracts with customers	Other	Total	Revenue from contracts with customers	Other	Total
Revenue from land sales	5 991	9	6 000	31 529	-	31 529
<b>Total land sales revenue</b>	<b>5 991</b>	<b>9</b>	<b>6 000</b>	<b>31 529</b>	<b>-</b>	<b>31 529</b>

Revenue from sales of land is recognised when LDC satisfies its performance obligations of transferring control of the land to the customer. LDC typically satisfies its performance obligations at a point in time when legal title to the land is transferred to the customer.

Revenue from these sales are based on the price specified in the contract, and revenue is only recognised to the extent that it is highly probable a significant reversal will not occur.

Revenue from contracts with customers have been disaggregated below into categories to enable users of these financial statements to understand the nature, amount, timing and uncertainty of income and cash flows. These categories include a description of the type of product or service line, type of customer and timing of transfer of goods and services.

Land sales revenue that satisfy recognition requirements under AASB 15 are disaggregated below.

	2022	2021
	\$000	\$000
<b>Type of good and service:</b>		
Sales of land inventory	5 991	31 529
<b>Total revenue from contracts with customers by good or service</b>	<b>5 991</b>	<b>31 529</b>
<b>Type of customer:</b>		
Non-government entities	5 991	31 529
<b>Total revenue from contracts with customers by type of customer</b>	<b>5 991</b>	<b>31 529</b>
<b>Timing of transfer of goods and services:</b>		
Point in time	5 991	31 529
<b>Total revenue from contracts with customers by timing of transfer</b>	<b>5 991</b>	<b>31 529</b>

**b) Grants and subsidies**

	2022			2021		
	\$000 Revenue from contracts with customers	\$000 Other	\$000 Total	\$000 Revenue from contracts with customers	\$000 Other	\$000 Total
Capital grants	164	2 333	2 497	2 581	1 244	3 825
<b>Total grants and subsidies revenue</b>	<b>164</b>	<b>2 333</b>	<b>2 497</b>	<b>2 581</b>	<b>1 244</b>	<b>3 825</b>

Grants revenue is recognised at fair value exclusive of the amount of GST.

Where a grant agreement is enforceable and has sufficiently specific performance obligations for LDC to transfer goods or services to the grantor or a third party beneficiary, the transaction is accounted for under AASB 15. In this case, revenue is initially recognised as an unearned revenue liability when received and subsequently recognised progressively as revenue as or when the performance obligations are satisfied.

A financing component for consideration is only recognised if it is significant to the contract and the period between the transfer of goods and services and receipt of consideration is more than one year. For the 2021-22 and 2020-21 reporting periods, there were no adjustments for the effects of a significant financing component.

Where grant agreements do not meet criteria above, it is accounted for under AASB 1058 and income is recognised on receipt of funding except for capital grants revenue received for the purchase or construction of non-financial assets to be controlled by LDC. Capital grants with enforceable contracts and sufficiently specific obligations are recognised as an unearned revenue liability when received and subsequently recognised progressively as revenue as or when LDC satisfies its obligations under the agreement. Where a non-financial asset is purchased, revenue is recognised at the point in time the asset is acquired and control transfers to the LDC.

For constructed assets, revenue is recognised over time, using the percentage of completion method, measured as the costs incurred as a proportion of estimated total project costs.

Revenue from contracts with customers have been disaggregated below into categories to enable users of these financial statements to understand the nature, amount, timing and uncertainty of income and cash flows. These categories include a description of the type of product or service line, type of customer and timing of transfer of goods and services.

Grant agreements that satisfy recognition requirements under AASB 15 are disaggregated below.

	2022	2021
	\$000	\$000
<b>Type of good and service:</b>		
Construction services	164	2 581
<b>Total revenue from contracts with customers by good or service</b>	<b>164</b>	<b>2 581</b>
<b>Type of customer:</b>		
State and Territory Government	164	2 581
<b>Total revenue from contracts with customers by type of customer</b>	<b>164</b>	<b>2 581</b>
<b>Timing of transfer of goods and services:</b>		
Overtime	164	2 581
<b>Total revenue from contracts with customers by timing of transfer</b>	<b>164</b>	<b>2 581</b>

**c) Royalties, rents and dividends**

	2022			2021		
	\$000	\$000	\$000	\$000	\$000	\$000
	Revenue from contracts with customers	Other	Total	Revenue from contracts with customers	Other	Total
Revenue from licence fees	278	-	278	203	-	203
Rent income	-	2 175	2 175	-	1 438	1 438
<b>Total rent revenue</b>	<b>278</b>	<b>2 175</b>	<b>2 453</b>	<b>203</b>	<b>1 438</b>	<b>1 641</b>

Rental income arising from operating leases is accounted for on a straight-line basis over the lease term.

Revenue from licence fees in regards to LDC land is recognised when LDC satisfies its performance obligations. LDC's sole performance obligation for the issue of a non-intellectual property licence is the issue of the licence, as such revenue is recognised upfront on issue of the licence and invoice. LDC recognises licences with a term less than 12 months or a low value of \$10 000 or less, upfront on issue of the invoice.

Revenue from contracts with customers has been disaggregated below into categories to enable users of these financial statements to understand the nature, amount, timing and uncertainty of income and cash flows. These categories include a description of the type of product or service line, type of customer and timing of transfer of goods and services.

Licence agreements that satisfy recognition requirements under AASB 15 are disaggregated below.

	2022	2021
	\$000	\$000
<b>Type of good and service:</b>		
Licence of land	278	203
<b>Total revenue from contracts with customers by good or service</b>	<b>278</b>	<b>203</b>
<b>Type of customer:</b>		
State and Territory Government	9	9
Non-government entities	269	194
<b>Total revenue from contracts with customers by type of customer</b>	<b>278</b>	<b>203</b>
<b>Timing of transfer of goods and services:</b>		
Point in time	278	203
<b>Total revenue from contracts with customers by timing of transfer</b>	<b>278</b>	<b>203</b>

#### d) Other income

	2022			2021		
	\$000	\$000	\$000	\$000	\$000	\$000
	Revenue from contracts with customers	Other	Total	Revenue from contracts with customers	Other	Total
Other income	384	536	920	467	375	842
<b>Total other income</b>	<b>384</b>	<b>536</b>	<b>920</b>	<b>467</b>	<b>375</b>	<b>842</b>

#### Rendering of services

Revenue from rendering of services is recognised when LDC satisfies the performance obligation by transferring the promised services. The nature of the services LDC typically promises to transfer is employee and consultancy services to other NT Government agencies, studies and survey information. LDC typically satisfies its performance obligations at a point in time when employee and consultancy services, studies and surveys in relation to land are provided to the customer.

#### On charging of costs incurred

Outgoings in connection with LDC land where LDC has executed formal agreements (leases, licences, project delivery agreements and development agreements) are charged to the customer (lessee, licensee, project delivery partner and buyer). The customer reimburses LDC for the following types of outgoings: rates, water and sewerage, body corporate fees and repairs and maintenance on LDC land. Under AASB 1058, income is recognised at the time the invoice is issued.

Revenue from contracts with customers have been disaggregated below into categories to enable users of these financial statements to understand the nature, amount, timing and uncertainty of income

and cash flows. These categories include a description of the type of product or service line, type of customer and timing of transfer of goods and services.

	2022	2021
	\$000	\$000
<b>Type of good and service:</b>		
Service delivery	384	467
<b>Total revenue from contracts with customers by good or service</b>	<b>384</b>	<b>467</b>
<b>Type of customer:</b>		
State and Territory Government	25	30
Non-government entities	359	437
<b>Total revenue from contracts with customers by type of customer</b>	<b>384</b>	<b>467</b>
<b>Timing of transfer of goods and services:</b>		
Point in time	384	467
<b>Total revenue from contracts with customers by timing of transfer</b>	<b>384</b>	<b>467</b>

## 5. INCOME TAX RECONCILIATION

	2022	2021
	\$000	\$000
The income tax for the year can be reconciled to the accounting profit as follows:		
<b>Net surplus before tax for the year</b>	297	4 379
<i>Add:</i> Non-deductible – current year		
Revenue – unrealised gains <sup>(1)</sup>	(82)	-
Expense – unrealised loss <sup>(2)</sup>	-	1 221
<i>Less:</i> Non-deductible – prior year		
Expense – impairment expense relating to assets sold <sup>(3)</sup>	(9)	(44)
Prior year loss applied	-	(4 863)
<b>Taxable surplus</b>	<b>206</b>	<b>693</b>
<b>Income tax at 30%</b>	<b>62</b>	<b>208</b>

<sup>(1)</sup> In 2021-22 there was an impairment reversal of \$0.082 million due to a revaluation of the Multi-User Barge Ramp.

<sup>(2)</sup> In 2021-22 there were no impairments of inventory from a net realisable value assessment of land (2020-21: \$1.22 million impairment of inventory from a net realisable value assessment of land at East Arm).

<sup>(3)</sup> In 2021-22 \$0.009 million from one inventory asset that was impaired in a previous year from a net realisable assessment was sold (2020-21: \$0.04 million of various inventory assets).

## 6. PURCHASES OF GOODS AND SERVICES

	2022	2021
	\$000	\$000
The net surplus has been arrived at after charging the following expenses:		
<b>Goods and services expenses:</b>		
Property management	1 125	1 143
Consultants	80	166
Marketing and promotion <sup>(1)</sup>	45	79
Document production	1	2
Legal expenses <sup>(2)</sup>	46	68
Training and study	29	31
Official duty fares	17	16
Travelling allowance	5	4
Agency service arrangements	244	336
Information technology charges and communications	106	107
<b>Total purchases of goods and services</b>	<b>1 698</b>	<b>1 952</b>

<sup>(1)</sup> Includes advertising for marketing and promotion.

<sup>(2)</sup> Includes legal fees, claim and settlement costs.

Purchases of goods and services generally represent the day-to-day running costs incurred in normal operations, including supplies and service costs recognised in the reporting period in which they are incurred.

### Repairs and maintenance expenses

No output appropriation funding is received for repairs and maintenance works associated with LDC assets. Costs associated with repairs and maintenance works on LDC's assets are expensed as incurred.

## 7. INTEREST EXPENSES

	2022	2021
	\$000	\$000
Interest from lease liabilities	15	19
Interest from loans and advances	656	752
<b>Total interest expenses</b>	<b>671</b>	<b>771</b>

Interest expenses consist of interest and other costs incurred in connection with the borrowing of funds. It includes interest on loans and advances and lease liabilities.

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

	2022 \$000	No. of Trans.	2021 \$000	No. of Trans.
<b>Write-offs, postponements and waivers under the <i>Financial Management Act 1995</i></b>	<b>12</b>	<b>1</b>	<b>23</b>	<b>6</b>
Represented by:				
<i>Amounts written off, postponed and waived by delegates</i>				
Waiver or postponement of right to receive or recover money or property <sup>(1)</sup>	-	-	23	6
<b>Total written off, postponed and waived by delegates</b>	<b>-</b>	<b>-</b>	<b>23</b>	<b>6</b>
<i>Amounts written off, postponed and waived by the Treasurer</i>				
Irrecoverable amounts payable to the Territory or an agency written off <sup>(2)</sup>	12	1		
<b>Total written off, postponed and waived by the Treasurer</b>	<b>12</b>	<b>1</b>	<b>-</b>	<b>-</b>

<sup>(1)</sup> Waiver and postponement of rent in 2020-21 for a LDC tenant experiencing difficulties due to COVID-19. The deferred rent was paid back to LDC from November 20 to February 21.

<sup>(2)</sup> In 2021-22 an irrecoverable amount was written off relating to property repairs from a lease break of an LDC tenant.

## 9. CASH AND DEPOSITS

	2022 \$000	2021 \$000
Cash at bank	14 829	21 548
<b>Total cash at bank</b>	<b>14 829</b>	<b>21 548</b>

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 28.

## 10. RECEIVABLES

	2022	2021
	\$000	\$000
<b>Current</b>		
Accounts receivable	300	151
Less: Loss allowance	-	(12)
	<b>300</b>	<b>139</b>
Contract receivables	78	53
Interest receivables	9	2
GST receivables	(33)	341
Prepayments	508	26
Other receivables	24	34
<b>Total receivables</b>	<b>886</b>	<b>595</b>

Receivables are initially recognised when LDC becomes a party to the contractual provisions of the instrument and are measured at fair value less any directly attributable transaction costs. Receivables include contract receivables, accounts receivable and other receivables.

Receivables are subsequently measured at amortised cost using the effective interest method, less any impairments. Accounts receivable, contract receivables and other receivables are generally settled within 30 days.

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

### Credit risk exposure of receivables

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

The expected loss rates are based on historical observed loss rates, adjusted to reflect current and forward-looking information, including macroeconomic factors. LDC generally maintains strong debt management practices with its tenants. In 2021-22 there was no expected credit loss for receivables (2020-21: one expected credit loss).

In accordance with the provisions of the *Financial Management Act 1995*, receivables are written-off when there is no reasonable expectation of recovery.

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

**Loss allowance for receivables**

	2022				2021			
	Gross receivables \$000	Loss rate %	Expected credit losses \$000	Net receivables \$000	Gross receivables \$000	Loss rate %	Expected credit losses \$000	Net receivables \$000
<b>Internal receivables<sup>(a)</sup></b>								
Not overdue	35	0%	-	35	2	0%	-	2
Overdue for less than 30 days	-	0%	-	-	3	0%	-	3
Overdue for 30 to 60 days	-	0%	-	-	-	0%	-	-
Overdue for more than 60 days	-	0%	-	-	-	0%	-	-
<b>Total internal receivables</b>	<b>35</b>		<b>-</b>	<b>35</b>	<b>5</b>		<b>-</b>	<b>5</b>

**External receivables<sup>(a)</sup>**

Not overdue	375	0%	-	375	213	0%	-	213
Overdue for less than 30 days	1	0%	-	1	8	0%	-	8
Overdue for 30 to 60 days	-	0%	-	-	-	0%	-	-
Overdue for more than 60 days	-	0%	-	-	14	100%	(12)	2
<b>Total external receivables</b>	<b>376</b>		<b>-</b>	<b>376</b>	<b>235</b>		<b>(12)</b>	<b>223</b>

<sup>(a)</sup> Total amounts disclosed exclude statutory amounts and prepayments and include contract receivables.

## Reconciliation of loss allowance for receivables

<b>Internal receivables<sup>(a)</sup></b>	2022	2021
	\$000	\$000
Opening balance	-	-
Written off during the year	-	-
Recovered during the year	-	-
Increase/decrease in allowance recognised in profit or loss	-	-
<b>Total internal receivables</b>	<b>-</b>	<b>-</b>
<b>External receivables<sup>(a)</sup></b>		
Opening balance	(12)	-
Written off during the year	12	-
Recovered during the year	-	-
Increase/decrease in allowance recognised in profit or loss	-	(12)
<b>Total external receivables</b>	<b>-</b>	<b>(12)</b>

<sup>(a)</sup> Internal receivables are from entities controlled by the NTG, whereas external receivables are from parties external to the NTG. Reconciliation of loss allowances includes loss allowances attributed to contract receivables and accrued contract revenue.

## 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.

## 11. INVENTORIES

	2022	2021
	\$000	\$000
<b>Current – under development and developed land</b>		
At cost	32 220	36 945
At net realisable value	-	-
<b>Total current inventories</b>	<b>32 220</b>	<b>36 945</b>
<b>Non-current – undeveloped land</b>		
At cost	87 969	72 229
At net realisable value	-	5 698
<b>Total non-current inventories</b>	<b>87 969</b>	<b>77 927</b>
<b>Total inventories</b>	<b>120 189</b>	<b>114 872</b>
<b>Land inventories comprises:</b>		
Cost of acquisition	88 618	78 325
Development costs	31 571	36 547
<b>Total inventories</b>	<b>120 189</b>	<b>114 872</b>

### **Inventories – land held for sale**

Land held for development and sale in the ordinary course of business operations is valued at the lower of cost and net realisable value. Cost of inventories includes the cost of acquisition and development associated with bringing the inventories to their present location and condition. When inventories are acquired at no or nominal consideration, the cost will be the current replacement cost at date of acquisition.

Amounts are disclosed as current where it is anticipated that land will be developed ready for sale within twelve months of the reporting date. Net realisable value represents the estimated selling price less all estimated costs of completion and costs necessary to make the sale.

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

In 2021-22 there were no impairments of inventory from a net realisable value assessment of land. During 2020-21 inventory costs amounting to \$1.22 million was impaired due to a net realisable value assessment undertaken at East Arm.

## 12. OTHER ASSETS

	2022	2021
	\$000	\$000
<b>Current</b>		
Lease receivables	6	6
	<b>6</b>	<b>6</b>
<b>Non-current</b>		
Lease receivables	289	279
	<b>289</b>	<b>279</b>
<b>Total other assets</b>	<b>295</b>	<b>285</b>

### a. Agency as a lessor

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

Subleases are classified by reference to the right-of-use asset arising from the head lease, rather than by reference to the underlying asset. A sublease is an arrangement where the underlying asset is re-leased by a lessee (intermediate lessor) to another party, and the lease (head lease) between the head lessor and original lessee remains in effect.

#### *Finance leases*

At the lease commencement date, LDC recognises a receivable for assets held under a finance lease in its statement of financial position at an amount equal to the net investment in the lease. The net investment in leases is classified as financial assets amortised cost and equals the lease payments receivable by a lessor and the unguaranteed residual value, plus initial direct costs, discounted using the interest rate implicit in the lease initial direct costs.

Finance income arising from finance leases is recognised over the lease term, based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease.

LDC entered into a 40-year head lease arrangement in October 2017 with the Tiwi Aboriginal Land Trust to lease 3.66 hectares of land at Wurrumiyanga on the Tiwi Islands. At the same time LDC entered into a 40-year sublease arrangement with Indigenous Essential Services for the same portion of land at Wurrumiyanga on the Tiwi Islands. The arrangement was assessed as a finance sublease arrangement.

Future minimum rentals receivable (undiscounted) under non-cancellable finance lease as at 30 June are as follows:

	2022	2021
	\$000	\$000
Not later than one year	12	11
Later than one year and not later than five years	47	44
Later than five years	364	355
<b>Total</b>	<b>423</b>	<b>410</b>

Reconciliation of net investment in leases at 30 June are as follows:

Future undiscounted rentals receivable	423	410
Less: Unearned finance income	(128)	(125)
<b>Net investment in finance leases</b>	<b>295</b>	<b>285</b>

#### *Operating leases*

An operating lease is a lease other than a finance lease. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of comprehensive income due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the underlying 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.

LDC owns land and buildings that are leased to tenants under operating lease arrangements with rentals payable monthly. The term of these leases range from 1 month to 50 years. Lease payments for all contracts include CPI increases and market reviews.

LDC also subleases carpark spaces on Level 2, 37 Woods Street, Darwin City, which is leased under a month to month head lease agreement. As this sublease has a month to month lease term, it is classified as an operating sublease.

Future minimum rentals receivable (undiscounted) under non-cancellable operating lease as at 30 June are as follows:

	2022	2021
	\$000	\$000
Not later than one year	2 357	1 342
Later than one year and not later than five years	7 047	1 858
Later than five years	24 422	-
<b>Total</b>	<b>33 826</b>	<b>3 200</b>

### 13. PROPERTY, PLANT AND EQUIPMENT

#### a) Total property, plant and equipment

	2022 \$000	2021 \$000
<b>Buildings</b>		
At fair value	4 727	4 679
Less: Accumulated depreciation	(2 192)	(1 830)
	<b>2 535</b>	<b>2 849</b>
<b>Infrastructure</b>		
At fair value	12 515	12 433
Less: Accumulated depreciation	(1 712)	(1 376)
	<b>10 803</b>	<b>11 057</b>
<b>Transport equipment</b>		
At fair value	170	104
Less: Accumulated depreciation	(80)	(54)
	<b>90</b>	<b>50</b>
<b>Total property, plant and equipment</b>	<b>13 428</b>	<b>13 956</b>

#### 2022 Property, plant and equipment reconciliations

Property, plant and equipment includes right-of-use assets under AASB 16 Leases. Further information on right-of-use assets is disclosed in Note 14. A reconciliation of the carrying amount of property, plant and equipment at the beginning and end year is set out below:

	Buildings \$000	Infrastructure \$000	Plant and equipment \$000	Total \$000
Carrying amount as at 1 July 2021	2 849	11 057	50	13 956
Additions	-	-	83	83
Depreciation/amortisation expense	(362)	(336)	(26)	(724)
Revaluation increments/decrements	48	-	(17)	31
Impairment losses reversed <sup>(a)</sup>	-	82	-	82
<b>Carrying amount as at 30 June 2022</b>	<b>2 535</b>	<b>10 803</b>	<b>90</b>	<b>13 428</b>

<sup>(a)</sup> For use where impairment losses are recognised (or reversed) in the 'Comprehensive Operating Statement'. LDC asset impairment losses relating to revalued assets are recorded as revaluation decrements to the extent a balance exists in the 'Asset revaluation surplus' for that class of asset.

### 2021 Property, plant and equipment reconciliations

Property, plant and equipment includes right-of-use assets under AASB 16 Leases. Further information on right-of-use assets is disclosed in Note 14. A reconciliation of the carrying amount of property, plant and equipment at the beginning and end year is set out below:

	Buildings \$000	Infrastructure \$000	Plant and equipment \$000	Total \$000
Carrying amount as at 1 July 2020	3 211	11 398	81	14 690
Additions	-	-	-	-
Depreciation/amortisation expense	(362)	(341)	(31)	(734)
Revaluation increments/decrements	-	-	-	-
Impairment losses reversed <sup>(a)</sup>	-	-	-	-
<b>Carrying amount as at 30 June 2021</b>	<b>2 849</b>	<b>11 057</b>	<b>50</b>	<b>13 956</b>

### b) Property, plant and equipment held and used by LDC

A reconciliation of the carrying amount of property, plant and equipment held and used by LDC is set out below:

	Buildings \$000	Infrastructure \$000	Plant and equipment \$000	Total \$000
<b>Balance at 1 July 2021</b>				
Gross carrying amount	1 103	11 398	81	12 582
Accumulated depreciation/amortisation	(261)	(341)	(31)	(633)
<b>Carrying amount as at 1 July 2021</b>	<b>842</b>	<b>11 057</b>	<b>50</b>	<b>11 949</b>
Additions	-	-	83	83
Depreciation/amortisation expense	(276)	(336)	(26)	(638)
Revaluation increments/decrements	48	-	(17)	31
Impairment losses reversed <sup>(a)</sup>	-	82	-	82
<b>Carrying amount as at 30 June 2022</b>	<b>614</b>	<b>10 803</b>	<b>90</b>	<b>11 507</b>

<sup>(a)</sup> For use where impairment losses are recognised (or reversed) in the 'Comprehensive Operating Statement'. LDC asset impairment losses relating to revalued assets are recorded as revaluation decrements to the extent that a balance exists in the 'Asset revaluation surplus' for that class of asset.

	Buildings \$000	Infrastructure \$000	Plant and equipment \$000	Total \$000
<b>Balance at 1 July 2020</b>				
Gross carrying amount	1 337	12 433	104	13 874
Accumulated depreciation/amortisation	(234)	(1 035)	(23)	(1 292)
<b>Carrying amount as at 1 July 2020</b>	<b>1 103</b>	<b>11 398</b>	<b>81</b>	<b>12 582</b>
Additions	-	-	-	-
Depreciation/amortisation expense	(261)	(341)	(31)	(633)
Revaluation increments/decrements	-	-	-	-
Impairment losses reversed <sup>(a)</sup>	-	-	-	-
<b>Carrying amount as at 30 June 2021</b>	<b>842</b>	<b>11 057</b>	<b>50</b>	<b>11 949</b>

**c) Property, plant and equipment where LDC is lessor under operating leases**

A reconciliation of the carrying amount of property, plant and equipment where LDC is lessor under operating leases is set out below:

	Buildings \$000	Infrastructure \$000	Plant and equipment \$000	Total \$000
<b>Balance at 1 July 2021</b>				
Gross carrying amount	2 108	-	-	2 108
Accumulated depreciation/amortisation	(101)	-	-	(101)
<b>Carrying amount as at 1 July 2021</b>	<b>2 007</b>	<b>-</b>	<b>-</b>	<b>2 007</b>
Additions	-	-	-	-
Depreciation/amortisation expense	(86)	-	-	(86)
Revaluation increments/decrements	-	-	-	-
Impairment losses reversed <sup>(a)</sup>	-	-	-	-
<b>Carrying amount as at 30 June 2022</b>	<b>1 921</b>	<b>-</b>	<b>-</b>	<b>1 921</b>

<sup>(a)</sup> For use where impairment losses are recognised (or reversed) in the 'Comprehensive Operating Statement'. LDC asset impairment losses relating to revalued assets are recorded as revaluation decrements to the extent that a balance exists in the 'Asset revaluation surplus' for that class of asset.

	Buildings \$000	Infrastructure \$000	Plant and equipment \$000	Total \$000
<b>Balance at 1 July 2020</b>				
Gross carrying amount	2 262	-	-	2 262
Accumulated depreciation/amortisation	(154)	-	-	(154)
<b>Carrying amount as at 1 July 2020</b>	<b>2 108</b>	<b>-</b>	<b>-</b>	<b>2 108</b>
Additions	-	-	-	-
Depreciation/amortisation expense	(101)	-	-	(101)
Revaluation increments/decrements	-	-	-	-
Impairment losses reversed <sup>(a)</sup>	-	-	-	-
<b>Carrying amount as at 30 June 2021</b>	<b>2 007</b>	<b>-</b>	<b>-</b>	<b>2 007</b>

<sup>(a)</sup> For use where impairment losses are recognised (or reversed) in the 'Comprehensive Operating Statement'. LDC asset impairment losses relating to revalued assets are recorded as revaluation decrements to the extent that a balance exists in the 'Asset revaluation surplus' for that class of asset.

## Acquisitions

Property, plant and equipment are initially recognised at cost and subsequently revalued at fair value less accumulated depreciation and impairment. Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire the asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the requirements of other accounting standards.

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

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

## Complex assets

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

## Subsequent additional costs

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

## **Revaluations and impairment**

### **Revaluation of assets**

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

- land;
- buildings; and
- infrastructure assets.

For right-of-use assets, the net present value of the remaining lease payments is often an appropriate proxy for the fair value of relevant right-of-use assets at the time of initial recognition. Subsequently, right-of-use assets are stated at cost less amortisation, which is deemed to equate to fair value.

The latest revaluation of one of LDC's infrastructure assets was independently conducted during the 2021-22 year. The valuer was Herron Todd White. Refer to Note 23: Fair value for additional disclosures.

### **Impairment of assets**

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

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

Impairment losses are recognised in the comprehensive operating statement. They are disclosed as an expense unless the asset is carried at a revalued amount. Where the asset is measured at a revalued amount, the impairment loss is offset against the asset revaluation surplus for that class of asset to the extent 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.

LDC's property, plant and equipment assets were assessed for impairment as at 30 June 2022. \$0.082 million of impairment loss reversal was recognised against the infrastructure asset class in the comprehensive operating statement. (2020-21: No impairment adjustments were required as a result of this review).

### **Depreciation and amortisation expense**

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

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

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

	2022	2021
Land	Infinite – not depreciated	Infinite – not depreciated
Buildings	10 - 50 years	10 - 50 years
Infrastructure assets	8 - 50 years	8 - 50 years
Plant and equipment	5 years	5 years
Heritage and cultural assets	100 years	100 years

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

The estimated useful lives disclosed above includes the useful lives of right-of-use assets under AASB 16. For further detail, refer to Note 14.

#### 14. AGENCY AS A LESSEE

LDC leases land, motor vehicles and office accommodation. Lease contracts are typically made for fixed periods of between 5 to 40 years, but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

An extension option is included in the office accommodation lease and is used to maximise operational flexibility in terms of managing the contract. The extension option is exercisable by LDC. LDC does not have extension options for the land lease or the motor vehicle leases.

Potential future cash outflows for the office accommodation of \$1.424 million have not been included in the lease liability because it is not reasonably certain the lease will be extended.

LDC has elected to recognise payments for short-term leases and low value leases as expenses on a straight-line basis, instead of recognising a right-of-use asset and lease liability. Short-term leases are leases with a lease term of 12 months or less with no purchase option. Low value assets are assets with a fair value of \$10,000 or less when new and not subject to a sublease arrangement.

##### Right-of-use asset

The following table presents right-of-use assets included in the carrying amounts of property, plant and equipment at Note 13.

	Buildings \$000	Plant and equipment \$000	Total \$000
Balance as at 1 July 2021	827	50	877
Additions	-	83	83
Amortisation expense	(276)	(26)	(302)
Revaluation increments/decrements including remeasurement	48	(17)	31
<b>Carrying amount as at 30 June 2022</b>	<b>599</b>	<b>90</b>	<b>689</b>

	Buildings \$000	Plant and equipment \$000	Total \$000
Balance as at 1 July 2020	1 088	81	1 169
Additions	-	-	-
Amortisation expense	(261)	(31)	(292)
Revaluation increments/decrements including remeasurement	-	-	-
<b>Carrying amount as at 30 June 2021</b>	<b>827</b>	<b>50</b>	<b>877</b>

The following amounts were recognised in the statement of comprehensive income for the year in respect of leases where LDC is the lessee:

	2022 \$000	2021 \$000
Amortisation expense of right-of-use assets	(302)	(292)
Interest expense on lease liabilities	(15)	(19)
Expense relating to short-term leases	(19)	(16)
Income from subleasing right-of-use assets	12	11
Gains arising from sublease remeasurement and increase of right-of-use asset	9	-
<b>Total amount recognised in the comprehensive operating statement</b>	<b>(315)</b>	<b>(316)</b>

### Recognition and measurement

LDC assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

LDC recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets, except for short-term leases and leases of low-value assets.

LDC recognises right-of-use assets at the commencement date of the lease (the date the underlying asset is available for use). Right-of-use assets are initially measured at the amount of initial measurement of the lease liability, adjusted by any lease payments made at or before the commencement date and lease incentives, any initial direct costs incurred, and estimated costs of dismantling and removing the asset or restoring the site.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Land	40 years
Building	5 to 10 years
Plant and equipment	5 years

The right-of-use assets are subsequently measured at fair value which approximates costs. The right-of-use assets are subject to remeasurement principles consistent with the lease liability including indexation and market rent review that approximates fair value and only revalued where a trigger or event may indicate their carrying amount does not equal fair value.

## 15. HERITAGE AND CULTURAL ASSETS

	2022	2021
	\$000	\$000
<b>Carrying amount as at 1 July</b>		
At valuation	74	74
Less: Accumulated depreciation	(10)	(10)
<b>Written down value – 30 June</b>	<b>64</b>	<b>64</b>
<b>Reconciliation of movements</b>		
Carrying amount as at 1 July	64	65
Depreciation	-	(1)
<b>Carrying amount as at 30 June</b>	<b>64</b>	<b>64</b>

LDC's heritage and cultural assets comprise a monument at East Arm.

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

Heritage and cultural assets are depreciated using the straight-line method over their estimated useful lives.

The estimated useful life of this heritage and cultural asset was 100 years in 2021-22 and 100 years in 2020-21 and are in accordance with the Treasurer's Directions.

Heritage and cultural assets are assessed for indicators of impairment on an annual basis or whenever there is indication of impairment.

LDC's heritage and cultural assets were assessed for impairment as at 30 June 2022. No impairment adjustments were required as a result of this review.

## 16. PAYABLES

	2022	2021
	\$000	\$000
Accounts payable	60	107
Accrued expenses	163	125
<b>Total payables</b>	<b>223</b>	<b>232</b>

Liabilities for accounts payable and other amounts payable are carried at cost, which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to LDC. Accounts payable are normally settled within 20 days from receipt of valid invoices under \$1 million or 30 days for invoices over \$1 million.

## 17. BORROWING AND ADVANCES

	2022	2021
	\$000	\$000
<b>Current</b>		
Loans and advances	5 000	5 000
Lease liabilities	310	281
	<b>5 310</b>	<b>5 281</b>
<b>Non-current</b>		
Loans and advances	10 000	10 000
Lease liabilities	542	750
	<b>10 542</b>	<b>10 750</b>
<b>Total borrowings and advances</b>	<b>15 852</b>	<b>16 031</b>

Borrowings and advances are recorded initially at fair value, net of transaction costs. Subsequent to initial recognition, these are measured at amortised cost using the effective interest method.

### Lease liabilities

At the commencement date of the lease where LDC is the lessee, LDC recognises lease liabilities measured at the present value of lease payments to be made over the lease term. Lease payments include:

- fixed payments (including in substance fixed payments) less any lease incentives receivable
- variable lease payments that depend on an index or a rate
- amounts expected to be paid under residual value guarantees
- payments of penalties for terminating the lease, if the lease term reflects LDC exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the Northern Territory Treasury Corporation's institutional bond rate is used as the incremental borrowing rate.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments

(such as changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The following table presents liabilities under leases.

	2022 \$000	2021 \$000
Balance at 1 July	1 031	1 321
Additions/remeasurements	123	-
Interest expenses	15	19
Payments	(317)	(309)
<b>Balance at 30 June</b>	<b>852</b>	<b>1 031</b>

LDC had total cash outflows for leases of \$0.302 million in 2021-22 (\$0.290 million in 2020-21).

There were no future minimum lease payments under non-cancellable leases not recorded as a liability in 2021-22 or 2020-21.

## 18. PROVISIONS

	2022 \$000	2021 \$000
<b>Current</b>		
<i>Employee benefits</i>		
Recreation leave	289	263
Leave loading	24	28
Other employee benefits	-	-
<i>Other current provisions</i>		
Provision for dividend	72	242
Other provisions	62	59
<b>Total current provisions</b>	<b>447</b>	<b>592</b>

LDC employee headcount is 18 with 17 full time equivalent employees as at 30 June 2022 (21 employee headcount with 20 full time equivalent employees as at 30 June 2021).

### 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 and other leave entitlements; and
- other types of employee benefits.

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

## 19. OTHER LIABILITIES

	2022	2021
	\$000	\$000
<b>Current</b>		
Financial guarantee liability	65	-
Unearned contract revenue liability	2 160	2 615
Unearned capital grants liability	1 114	3 447
Other liabilities	3 186	2 794
<b>Total current other liabilities</b>	<b>6 525</b>	<b>8 856</b>

### Financial guarantee contracts

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

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

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

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

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

LDC has provided vacant and titled land lots at Zuccoli as security and a financial guarantee to enable its joint operator partner, Urbex Pty Ltd (Urbex), to obtain external financing in respect of the next stage of the Zuccoli Village development. At 30 June 2022, the fair value of this financial guarantee liability is \$0.065 million.

### Unearned contract revenue liability

Unearned contract revenue liability relates to consideration received in advance from customers in respect of Industrial land sales and from the Department of Infrastructure, Planning and Logistics for the Middle Arm intersection and access road and Community Service Obligation (CSO) funding for the Marine Industry Park – Precinct 2 at East Arm. LDC also received revenue from the Department of the Chief Minister and Cabinet as contribution to the Wishart master planning. Unearned contract revenue liability balances as at 30 June 2022 is \$2.16 million (2020-21: \$2.62 million).

LDC anticipates to recognise as revenue, any liabilities for unsatisfied obligations as at the end of the reporting period in accordance with the time bands below:

	2022	2021
	\$000	\$000
Not later than one year	220	1 657
Later than one year and not later than five years	1 940	958
Later than five years	-	-
<b>Total</b>	<b>2 160</b>	<b>2 615</b>

### Unearned capital grants liability

Below is a reconciliation of financial assets and corresponding liabilities arising from transfers to construct non-financial assets to be controlled by LDC:

	2022	2021
	\$000	\$000
Unearned capital grants at the beginning of the year	3 447	4 691
Add: Receipt of cash during the financial year	-	-
Less: Income recognised during the financial year	2 333	1 244
<b>Total unearned capital grants</b>	<b>1 114</b>	<b>3 447</b>

For constructed assets, performance obligations are typically satisfied overtime as the asset is constructed and revenue is recognised accordingly. An input method is used to measure the progress towards the satisfaction of performance obligations and hence the amount of revenue recognised. The progress towards satisfaction of the performance obligations is measured using the percentage of completion method, which is the cost incurred to date as a proportion of the total project costs.

Of the amount included in the unearned capital grant revenue balance from the Department of Infrastructure, Planning and Logistics for Kittyhawk Stage 1 infrastructure works and the Kilgariff Stage

2 development, \$2.33 million of capital grants revenue was recognised in 2021-22 (2020-21: \$1.24 million).

LDC anticipates to recognise as income, any liability for unsatisfied obligations as at the end of the reporting period in accordance with the time bands below:

	2022	2021
	\$000	\$000
Not later than one year	1 114	2 347
Later than one year and not later than five years	-	1 100
Later than five years	-	-
<b>Total</b>	<b>1 114</b>	<b>3 447</b>

### Other liabilities

Of the amount included in the other liabilities balance as at 30 June 2022, \$2.59 million relates to LDC's future profit entitlement from the Zuccoli joint arrangement project (2020-21: \$2.52 million).

### Superannuation

Employees' superannuation entitlements are provided through the:

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

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

## 20. DEPOSITS HELD

	2022	2021
	\$000	\$000
Accountable officer's trust account	36	28
Other deposits held	1 205	195
<b>Total deposits held</b>	<b>1 241</b>	<b>223</b>

## 21. COMMITMENTS

Commitments contracted represent future obligations or cash outflows that are not recognised as liabilities on the balance sheet and can be reliably measured.

Disclosures in relation to capital commitments are detailed below.

	2022		2021	
	Internal <sup>(a)</sup>	External <sup>(a)</sup>	Internal <sup>(a)</sup>	External <sup>(a)</sup>
	\$000	\$000	\$000	\$000
<b>(i) Capital expenditure commitments</b>				
Capital expenditure commitments relate to the Corporation's capital works program at 30 June but not recognised as liabilities are payable as follows:				
Within one year	13 002	-	8 047	-
Later than one year and not later than five years	12 901	-	9 909	-
<b>Total commitments (exclusive of GST)</b>	<b>25 903</b>	<b>-</b>	<b>17 956</b>	<b>-</b>
Plus: GST recoverable	2 590	-	1 796	-
<b>Total commitments (inclusive of GST)</b>	<b>28 493</b>	<b>-</b>	<b>19 752</b>	<b>-</b>

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

## 22. NOTES TO THE CASH FLOW STATEMENT

### a) Reconciliation of cash

The total of LDC 'cash and deposits' of \$14.83 million 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

	2022	2021
	\$000	\$000
<b>Net surplus</b>	235	4 171
<i>Non-cash items:</i>		
Depreciation and amortisation	724	735
Impairment	-	1 221
Impairment loss reversal	(82)	-
Financial guarantee expenses	65	-
Sublease remeasurement income	(9)	-
<i>Changes in assets and liabilities:</i>		
Increase in receivables	(291)	(257)
Increase in inventories	(5 316)	(1 382)
Decrease in trade and other payables	(9)	(631)
Increase in provision for employee benefits	20	20
Increase in other provisions	5	10
(Decrease)/Increase in tax liabilities	(146)	208
Decrease in other liabilities	(2 396)	(5 181)
<b>Net cash used in operating activities</b>	<b>(7 200)</b>	<b>(1 086)</b>

**b) Reconciliation of liabilities arising from financing activities**

	Cash Flows					Non-Cash			
	1 July	Deposits received	Dividends paid	Finance lease payments	Loans and advances repaid	Total cash flows	Dividends declared	Lease acquisitions and other movements	30 June
Deposits held	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Dividends	223	1 018	-	-	-	1 018	-	-	1 241
Finance leases	242	-	(242)	-	-	(242)	72	-	72
Borrowings and advances	1 031	-	-	(302)	-	(302)	-	123	852
	15 000	-	-	-	-	-	-	-	15 000
<b>Total</b>	<b>16 496</b>	<b>1 018</b>	<b>(242)</b>	<b>(302)</b>	<b>-</b>	<b>474</b>	<b>72</b>	<b>123</b>	<b>17 165</b>
<b>2020-21</b>									
	1 July	Deposits received	Dividends paid	Finance lease payments	Loans and advances repaid	Total cash flows	Dividends declared	Lease acquisitions and other movements	30 June
Deposits held	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Dividends	168	55	-	-	-	55	-	-	223
Finance leases	-	-	-	-	-	-	242	-	242
Borrowings and Advances	1 321	-	-	(290)	-	(290)	-	-	1 031
	20 000	-	-	-	(5 000)	(5 000)	-	-	15 000
<b>Total</b>	<b>21 489</b>	<b>55</b>	<b>-</b>	<b>(290)</b>	<b>(5 000)</b>	<b>(5 235)</b>	<b>242</b>	<b>-</b>	<b>16 496</b>

### c) Non-cash financing and investing activities

#### *Lease transactions*

During the financial year, LDC recorded right-of-use assets for the lease of plant and equipment with an aggregate value of \$0.083 million (2019-20: Nil).

## 23. FAIR VALUE MEASUREMENT

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

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

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

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

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

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

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

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

Level 3 – inputs are unobservable.

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

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

**a) Fair value hierarchy**

LDC does not recognise any financial assets or liabilities at fair value as these are recognised at amortised cost. The carrying amounts of these financial assets and liabilities approximates their fair value. The table below presents non-financial assets recognised at fair value in the balance sheet categorised by levels of inputs used to compute fair value.

	Level 1		Level 2		Level 3		Total fair value		Carrying amount	
	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>Assets</b>										
Buildings (Note 13)	-	-	-	-	2 535	2 849	2 535	2 849	2 535	2 849
Infrastructure (Note 13)	-	-	-	-	10 803	11 057	10 803	11 057	10 803	11 057
Plant and equipment (Note 13)	-	-	-	-	90	50	90	50	90	50
Heritage and cultural assets (Note 15)	-	-	-	-	64	64	64	64	64	64
<b>Total assets</b>	-	-	-	-	<b>13 492</b>	<b>14 020</b>	<b>13 492</b>	<b>14 020</b>	<b>13 492</b>	<b>14 020</b>

There were no transfers between Level 1 and Levels 2 or 3 during 2021-22.

**b) Valuation techniques and inputs**

Valuation techniques used to measure fair value in 2021-22 are:

Asset Classes	Level 1		Level 2		Level 3	
	Techniques	Techniques	Techniques	Techniques	Techniques	Techniques
Buildings	-	-	-	-	-	Market/cost approach
Infrastructure	-	-	-	-	-	Market approach
Plant and equipment	-	-	-	-	-	Cost approach
Heritage and cultural assets	-	-	-	-	-	Cost approach

There were no changes in valuation techniques from 2020-21 to 2021-22.

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

**c) Additional information for level 3 fair value measurements**

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

	Buildings	Infrastructure	Plant and equipment	Heritage and cultural assets
	\$000	\$000	\$000	\$000
<b>2021-22</b>				
Fair value as at 1 July 2021	2 849	11 057	50	64
Additions	-	-	83	-
Depreciation/amortisation expense	(362)	(336)	(26)	-
Revaluation increments/decrements	48	-	(17)	-
Impairment losses reversed <sup>(a)</sup>	-	82	-	-
<b>Fair value as at 30 June 2022</b>	<b>2 535</b>	<b>10 803</b>	<b>90</b>	<b>64</b>

<sup>(a)</sup> Unrealised gain recognised in net surplus is disclosed in the reconciliation above.

	Buildings	Infrastructure	Plant and equipment	Heritage and cultural assets
	\$000	\$000	\$000	\$000
<b>2020-21</b>				
Fair value as at 1 July 2020	3 211	11 398	81	65
Additions	-	-	-	-
Depreciation/amortisation expense	(362)	(341)	(31)	(1)
Revaluation increments/decrements	-	-	-	-
Impairment losses reversed	-	-	-	-
<b>Fair value as at 30 June 2021</b>	<b>2 849</b>	<b>11 057</b>	<b>50</b>	<b>64</b>

**(ii) Sensitivity analysis**

Buildings, Infrastructure, Plant and Equipment and Cultural assets – Unobservable inputs used in computing the fair value of these assets include the historical cost and the consumed economic benefit for each asset. These assets are depreciated on useful life range from 5 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.

## 24. FINANCIAL INSTRUMENTS

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

Financial assets and financial liabilities are recognised on the balance sheet when LDC becomes a party to the contractual provisions of the financial instrument. Financial instruments held by LDC include cash and deposits, receivables, payables and borrowings. LDC has limited exposure to financial risks as discussed below.

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

Exposure to interest rate risk, credit risk, price risk and liquidity risk arise in the normal course of activities. LDC's borrowings are managed by the Northern Territory Treasury Corporation (NTTC) who adopt strategies to minimise the risk.

### a) Categories of financial instruments

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

	2021-22 Amortised cost	2020-21 Amortised cost
	\$000	\$000
Cash and deposits	14 829	21 548
Receivables <sup>(1)</sup>	411	228
Other assets – lease receivables	295	284
<b>Total financial assets</b>	<b>15 535</b>	<b>22 060</b>
Deposits held <sup>(1)</sup>	1 205	195
Payables	223	232
Loans	15 000	15 000
Financial guarantee liability	65	-
Lease liabilities	852	1 031
<b>Total financial liabilities</b>	<b>17 345</b>	<b>16 458</b>

<sup>(1)</sup> Total amounts disclosed here exclude statutory amounts and prepaid expenses.

### **Categories of financial instruments**

LDC's financial instruments are classified in accordance with AASB 9.

Financial assets are classified under the following categories:

- amortised cost;
- fair value through other comprehensive income (FVOCI); or
- fair value through profit and loss (FVTPL).

Financial liabilities are classified under the following categories:

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

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

#### **Financial assets at amortised cost**

Financial assets are classified at amortised cost when they are held by LDC to collect the contractual cash flows and the contractual cash flows are solely payments of principal and interest.

These assets are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less impairment. LDC's financial assets categorised at amortised cost include cash and deposits, receivables and lease receivables.

#### **Financial assets at fair value through other comprehensive Income**

Financial assets are classified at fair value through other comprehensive income when they are held by LDC to both collect contractual cash flows and sell the financial assets, and the contractual cash flows are solely payments of principal and interest.

These assets are initially and subsequently recognised at fair value. Changes in the fair value are recognised in other comprehensive income, except for the recognition of impairment gains or losses and interest income which are recognised in the operating result in the comprehensive operating statement. When financial assets are derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to the comprehensive operating statement.

For equity instruments elected to be categorised at FVOCI, changes in fair value recognised in other comprehensive income are not reclassified to profit or loss on derecognition of the asset. Dividends from such instruments continue to be recognised in the comprehensive operating statement as other income when LDC's right to receive payments is established.

LDC does not have any financial assets under this category.

#### **Financial assets at fair value through profit or loss**

Financial assets are classified at FVTPL where they do not meet the criteria for amortised cost or FVOCI. These assets are initially and subsequently recognised at fair value with gains or losses recognised in the net result for the year.

LDC does not have any financial assets under this category.

### **Financial liabilities at amortised cost**

Financial liabilities at amortised cost are initially measured at fair value, net of directly attributable transaction costs. These are subsequently measured at amortised cost using the effective interest rate method. LDC's financial liabilities categorised at amortised cost include all accounts payable, deposits held, borrowings, financial guarantees and lease liabilities.

### **Financial liabilities at fair value through profit or loss**

Financial liabilities are classified at FVTPL when the liabilities are either held for trading or designated as FVTPL. Financial liabilities classified at FVTPL are initially and subsequently measured at fair value with gains or losses recognised in the net result for the year.

For financial liabilities designated at FVTPL, changes in the fair value of the liability attributable to changes in LDC's credit risk are recognised in other comprehensive income, while remaining changes in the fair value are recognised in the net result.

LDC does not have any financial liabilities under this category.

### **b) Credit risk**

Credit risk is the risk that one party to a financial instrument will cause financial loss for the other party by failing to discharge an obligation.

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

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

Credit risk relating to receivables is disclosed in Note 10.

### **c) Liquidity risk**

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

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

## 2022 Maturity analysis for financial liabilities

	Carrying amount	Less than one year	1 to 5 years	More than 5 years	Total
	\$000	\$000	\$000	\$000	\$000
<b>Liabilities</b>					
Deposits held	1 205	544	661	-	1 205
Payables	223	223	-	-	223
Loans	15 000	5 542	10 846	-	16 388
Financial guarantee liability	65	65	-	-	65
Lease liabilities	852	321	424	178	923
<b>Total financial liabilities</b>	<b>17 345</b>	<b>6 695</b>	<b>11 931</b>	<b>178</b>	<b>18 804</b>

## 2021 Maturity analysis for financial liabilities

	Carrying amount	Less than one year	1 to 5 years	More than 5 years	Total
	\$000	\$000	\$000	\$000	\$000
<b>Liabilities</b>					
Deposits held	195	-	195	-	195
Payables	232	232	-	-	232
Loans	15 000	5 552	10 444	-	15 996
Financial guarantee liability	-	-	-	-	-
Lease liabilities	1 031	295	642	173	1 110
<b>Total financial liabilities</b>	<b>16 458</b>	<b>6 079</b>	<b>11 281</b>	<b>173</b>	<b>17 533</b>

### 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

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rate.

LDC's exposure to interest rate risk by asset and liability classes is disclosed on the next page.

## 2022 Interest rate risk for financial assets and liabilities

	Interest bearing		Non-interest bearing	Total	Weighted average
	Variable	Fixed			
	\$000	\$000	\$000	\$000	%
<b>Assets</b>					
Cash and deposits	14 829	-	-	14 829	0.17%
Receivables	-	-	411	411	
Other assets – lease receivables	-	295	-	295	2.09%
<b>Total financial assets</b>	<b>14 829</b>	<b>295</b>	<b>411</b>	<b>15 535</b>	
<b>Liabilities</b>					
Deposits held	-	-	1 205	1 205	
Payables	-	-	223	223	
Loans	-	15 000	-	15 000	4.33%
Financial guarantee liability	-	-	65	65	
Lease liabilities	-	852	-	852	1.38%
<b>Total financial liabilities</b>	<b>-</b>	<b>15 852</b>	<b>1 493</b>	<b>17 345</b>	

## 2021 Interest rate risk for financial assets and liabilities

	Interest bearing		Non-interest bearing	Total	Weighted average
	Variable	Fixed			
	\$000	\$000	\$000	\$000	%
<b>Assets</b>					
Cash and deposits	21 548	-	-	21 548	0.15%
Receivables	-	-	228	228	
Other assets – lease receivables	-	284	-	284	2.09%
<b>Total financial assets</b>	<b>21 548</b>	<b>284</b>	<b>228</b>	<b>22 060</b>	
<b>Liabilities</b>					
Deposits held	-	-	195	195	
Payables	-	-	232	232	
Loans	-	15 000	-	15 000	4.42%
Financial guarantee liability	-	-	-	-	
Lease liabilities	-	1 031	-	1 031	1.51%
<b>Total financial liabilities</b>	<b>-</b>	<b>16 031</b>	<b>427</b>	<b>16 458</b>	

## Sensitivity analysis

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

	100 basis points increase
	<u>\$000</u>
<b>30 June 2022</b>	
Financial assets – cash at bank	148
<b>Net sensitivity</b>	<u><b>148</b></u>
<b>30 June 2021</b>	
Financial assets – cash at bank	215
<b>Net sensitivity</b>	<u><b>215</b></u>

### (ii) Price risk

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

### (iii) Currency risk

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

## 25. RELATED PARTIES

### i) Related parties

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

- the Portfolio Minister who has the power to direct LDC to act in a certain manner under section 8 of the *Land Development Corporation Act 2003*;
- key management personnel (KMP) because they have authority and responsibility for planning, directing and controlling the activities of the LDC directly;
- close family members of the Portfolio Minister or KMP including spouses, children and dependants;
- all public sector entities that are controlled and consolidated into the whole of government financial statements; and
- any entities controlled or jointly controlled by KMP's or the Portfolio Minister or controlled or jointly controlled by their close family members.

## ii) Key management personnel (KMP)

Key management personnel of the LDC are those persons having authority and responsibility for planning, directing and controlling the activities of LDC. These include the Chief Executive Officer, and 5 members of the LDC management team.

## iii) Remuneration of key management personnel

The table below excludes the salaries and other benefits of the Minister for Major Projects as the minister's remunerations and allowances are payable by the Department of the Legislative Assembly and consequently disclosed within the Treasurer's annual financial statements.

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

	2022	2021
	\$000	\$000
Short-term benefits	1 122	1 037
Post-employment benefits	116	106
<b>Total</b>	<b>1 238</b>	<b>1 143</b>

## iv) Related party transactions:

### Transactions with Northern Territory Government controlled entities

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

#### 2022

Related party	Revenue from related parties \$000	Payments to related parties \$000	Amounts owed by related parties \$000	Amounts owed to related parties \$000
All Territory Government departments	2 667	2 240	35	17 479

#### 2021

Related party	Revenue from related parties \$000	Payments to related parties \$000	Amounts owed by related parties \$000	Amounts owed to related parties \$000
All Territory Government departments	3 973	2 707	6	19 935

LDC recognised \$2.50 million in Capital Grants Revenue from the Department of Infrastructure, Planning and Logistics (DIPL) during 2021-22. LDC paid \$0.709 million to the Department of Chief

Minister and Cabinet for land rates, \$0.655 million to the Northern Territory Treasury Corporation (NTTC) for interest on loans and \$0.285 million to the Department of Corporate and Digital Development (DCDD) for office rent. LDC has three loans with the NTTC of \$5 million each and capital grant funding of \$2.16 million from DIPL.

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

**Other related party transactions are as follows:**

Given the breadth and depth of Territory Government activities, related parties will transact with the Territory Public sector in a manner consistent with other members of the public including paying stamp duty and other government fees and charges and therefore these transactions have not been disclosed. All other related party transactions in excess of \$10,000 have been provided in the table below.

<b>2022</b>	Transaction value for year ended	Net receivable/ (payable) as at	Commitments as at
Transaction type	30 June 2022	30 June 2022	30 June 2022
	\$000	\$000	\$000
Sales of land	-	-	-

<b>2021</b>	Transaction value for year ended	Net receivable/ (payable) as at	Commitments as at
Transaction type	30 June 2021	30 June 2021	30 June 2021
	\$000	\$000	\$000
Sales of land <sup>1</sup>	215	-	-

<sup>1</sup>. LDC sold residential land worth \$215,000 during the year to an individual of a close family member of KMP and there was no amount outstanding at year end.

Outside of normal citizen type transactions with LDC, there were no related party transactions that involved key management personnel and their close family members in 2021-22. No provision has been required, nor any expense recognised, for bad or doubtful debts in respect of amounts owed by related parties.

**26. CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

LDC had no contingent liabilities and no contingent assets as at 30 June 2022 or 30 June 2021.

**27. EVENTS SUBSEQUENT TO BALANCE DATE**

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

## 28. ACCOUNTABLE OFFICER'S TRUST ACCOUNT

In accordance with section 7 of the *Financial Management Act 1995*, an Accountable Officer's Trust Account has been established for the receipt of money to be held in trust. A summary of activity is shown below:

Nature of trust money	Opening balance 1 July 2021	Receipts	Payments	Closing balance 30 June 2022
	\$000	\$000	\$000	\$000
Security bonds	28	18	(10)	36

### Security bonds held

Security bonds held by LDC and the Accountable Officer's Trust Account (AOTA), consist of receipts from customers held for the lease and licence of LDC land. The AOTA is for the receipt of monies, such as security bonds held in trust in accordance with Section 7 of the *Financial Management Act 1995*.

## 29. JOINT ARRANGEMENTS

### Zuccoli Project Delivery Agreement

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

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

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





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