



ANNUAL REPORT

2022-23



LETTER TO THE MINISTER

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 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
- 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
- f) reporting required under Employment Instructions issued by the Commissioner for Public Employment has been satisfied.

Yours Sincerely



Tony Stubbin
Chief Executive Officer

6 October 2023



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

KIT

MIDDLE ARM SUSTAINABLE DEVELOPMENT PRECINCT

KITTY

WED



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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 2022-23



TONY STUBBIN
Chief Executive Officer

The Land Development Corporation (LDC) is the Northern Territory's strategic developer of both industrial and residential land. We were 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. LDC's goal is to optimise economic growth and development opportunities in the Northern Territory, rather than to simply sell land and maximise profit. Nevertheless LDC is obliged to observe the principle of competitive neutrality, meaning that it must not receive a net benefit as a result of its ownership by Government, compared to a private sector competitor.

A range of measures are in place to ensure LDC behaves in a competitively neutral manner, such as taxation, borrowing, dividend and regulatory arrangements which mirror those applying to the private sector.

In the interests of transparency LDC publishes its pricing policy and an annual competitive neutrality statement online. The statement is also included in this annual report.

LDC receives advice and input to its decision making process from an Advisory Board appointed by the Minister for Major Projects.

The LDC Advisory Board, comprises executives from relevant Northern Territory Government agencies. During the year it met 6 times to provide LDC management with advice from a whole of government perspective.

Following on from construction challenges of the COVID era, 2022-23 saw the completion of new land releases in both of LDC's residential estates, in addition to work on two community parks. Ongoing mortgage interest rate increases following the COVID period dampened demand significantly.

Palmerston's Zuccoli Village estate, which LDC develops in partnership with Urbex, saw a total of 108 lots turned off during the year and work was largely completed on the construction of Michael Ting Park.

At Alice Springs' Kilgariff Estate, LDC turned off 52 new lots and completed and opened Alice Springs' newest community park, Ankerre Park. The park and all new streets in Kilgariff carry names in the Arrernte language to recognise the traditional owners of the local area.

During the year, Zuccoli Village and Kilgariff Estate both saw construction commence on further stages. LDC also committed funding to undertake development of a residential estate at Waratah Crescent, Fannie Bay. This estate is seeking to deliver innovative sites for terrace houses and to advance sustainable building outcomes.

LDC continued development of land within the Middle Arm Sustainable Development Precinct during the year.

Key to this work was the titling of 3 lots in Stage 1 of the Kittyhawk Estate.

In recognition of the importance of Middle Arm to the Territory achieving its target of a \$40 billion economy by 2030, LDC worked with other Territory Government agencies to establish a Land Allocation Framework for Middle Arm. The Framework seeks to ensure that this valuable land is allocated to proponents who are ready to develop and who fit in with the sustainable and circular economy objectives of Middle Arm.

Under the Framework, LDC entered into agreements with proponents. These comprised:

- Avenira - Lithium Ferro Phosphate (“LFP”) Battery Cathode Manufacturing Facility
- Fortescue Future Industries - green hydrogen
- Total Eren - green hydrogen

Development of the Marine Industry Park concept took a step forward over the past year with the Territory Government entering into a contract for the construction of the Darwin Ship Lift. To support this, LDC committed funding to commence construction of Precinct 1 of the Marine Industry Park. Discussions with potential tenants, including

Defence for the establishment of Navy’s Regional Maintenance Centre North, are progressing.

Work on Crowley’s 300 megalitre fuel tank facility for the United States’ Defense Logistics Agency in the Bulk Liquids Area at East Arm continued at pace. Tank work was completed during the year, in advance of commissioning during 2023-24. Additional sites are available for the storage and management of fuels or other bulk liquids, taking advantage of the location near the East Arm Wharf and the Australasia Railway.

Elsewhere at East Arm, construction commenced on two new logistics facilities: one for a national freight company; and the other for a specialist cold store operator.

During the year LDC concluded negotiations with a data centre proponent for a site in the Wishart Estate. Servicing of this land has now commenced ready for construction of the data centre in 2024.

LDC recorded a net surplus of \$2.534 million in 2022-23, up from a more modest profit of \$235,000 in the previous year. The increased profit was largely driven by a more than doubling in net revenue from land sales, with residential sales the major contributor.

LDC continued to maintain a strong financial position with net assets of \$128 million, comprising: \$25 million in cash; \$50 million in current land inventory; and \$83 million in non-current land inventory.

WHAT WE DO

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

PLAN

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

BUILD

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

WHO WE ARE

“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, infrastructure initiatives and creating communities for Territorians.

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

MEET THE MANAGEMENT TEAM



TONY STUBBIN
Chief Executive Officer

Tony Stubbin commenced as the Chief Executive Officer of the Land Development Corporation on 1 March 2017, prior to which he was the General Manager. Before 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 40 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, Master of Business Administration (MBA) and Master of Business Law.



CARLY BEH
Chief Financial Officer

Carly has over 15 years' experience working as an accountant in both the public and private sectors. Prior to joining LDC in 2016, Carly held roles as a Financial Accountant at the Territory Insurance Office and an Auditor at Merit Partners.

Carly has previously held Finance Analyst and Financial Controller roles at LDC, more recently appointed to the Chief Financial Officer role in 2022. Carly's expertise includes providing strategic financial advice on budget, financial and tax management, maintaining high level financial accountability, governance and compliance across the Corporation.

Carly has recently advanced to a Fellow Certified Practising Accountant (FCPA) with CPA Australia in June 2023. Carly also holds a Bachelor of Business (Major in Accounting) and Bachelor of Laws.



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.



MICHAEL VISENTIN
Project Director

Michael commenced working with the Land Development Corporation in 2017 as a Senior Development Manager. During his time with LDC, Michael has led and provided valuable input across a number of our projects at Darwin Business Park, Wishart, Middle Arm, Holtze and Kilgariff Estate.

Prior to joining LDC, Michael worked in the private sector as a consultant project manager. Over his career, Michael has delivered a vast range of projects related to land development, commercial construction and residential building construction for both the Northern Territory Government and private sector clients.

Michael has worked in the development/project management field since 2007 and holds a Bachelor of Construction Management and Bachelor of Design (Architecture).



JONATHON MOSS
Executive Officer

Jon commenced in the Executive Officer role in Land Development Corporation in August 2022 having come from Department of Corporate and Digital Development in Workforce Services. His expertise is Human Resources with a focus on administration and policy. Jon has diplomas in Human Resources, Business Administration and Leadership & Management.

Prior to moving to the Territory Jon was self-employed in the construction industry and worked for New South Wales Government in Human Resources and a Medical Licensing Review Unit.

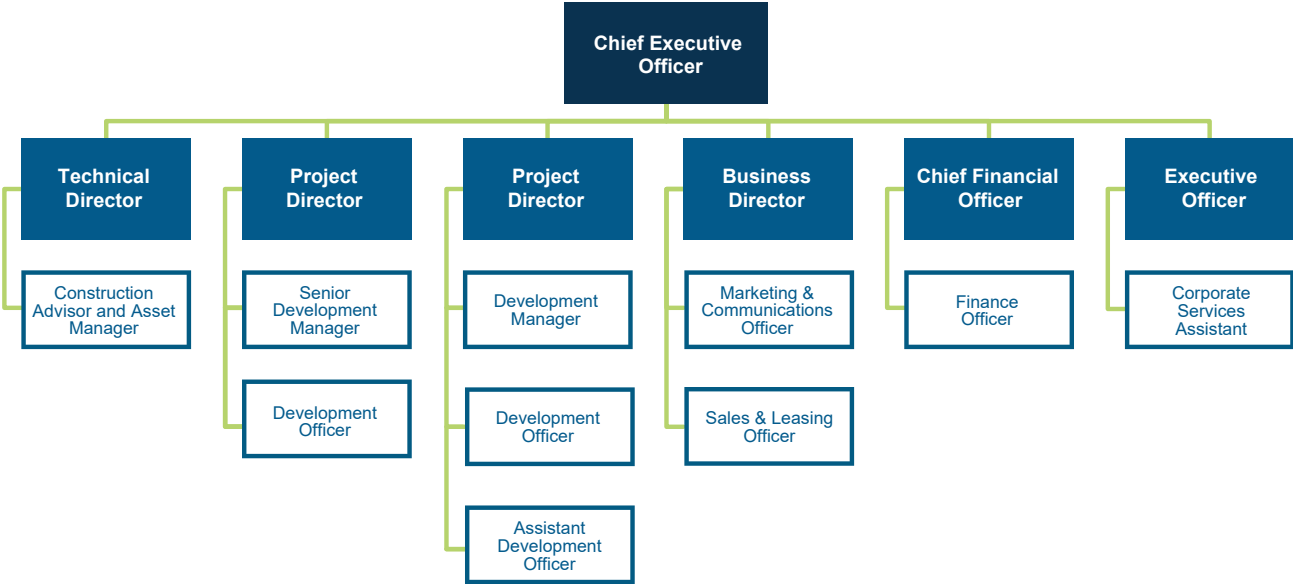
Jon is also a part time member of the Australian Defence Force with active service of over 16 years.

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

On 6 April 2021, the Northern Territory Chief Minister announced the creation of a strategic advisory board 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 Advisory Board met six times during 2022-23 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, Chair

Mr Shaun Drabsch

Chief Executive
Department of Industry, Tourism and Trade

Mr Craig Graham

Under Treasurer
Department of Treasury and Finance

Mr Andrew Kirkman

Chief Executive
Department of Infrastructure, Planning and Logistics

Ms Louise McCormick

Infrastructure Commissioner

Mr Tony Stubbin

Chief Executive
Land Development Corporation

Mr Alister Trier

Chairman - Gas Taskforce
Department of Chief Minister and Cabinet

Ms Joanne Townsend

Chief Executive
Department of Environment, Parks and Water Security

OUR AFFILIATIONS



**ENERGY
CLUB NT**



**Northern Territory
Chamber of Commerce**



ICN Industry
Capability
Network



**NORTHERN
TERRITORY
INDIGENOUS
BUSINESS
NETWORK**

COMPETITIVE NEUTRALITY STATEMENT

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.

DIRECTIONS

In May 2023, LDC was directed by its Minister under Section 9(2) of its Act to enter a non-commercial lease arrangement for lease renewal for the Darwin Passenger Rail Terminal, East Arm.

COMMUNITY SERVICE OBLIGATIONS

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

In 2022-23, LDC received one CSO payment of \$492,000 to undertake a non-commercial design and Expression of Interest process at the request of Government.

LDC also received \$495,000 to undertake strategic masterplanning of the Marine Industry Park on behalf 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. LDC paid \$72,199.28 in dividends in November 2022.

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, titling and impacts of interest rate increases. 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 secured over the year.

LDC continues to plan and deliver land to support economic and population growth.

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



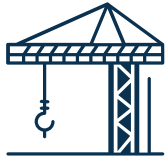
INVESTMENT OPPORTUNITIES

- Tiwi Islands



INDUSTRIAL DEVELOPMENTS

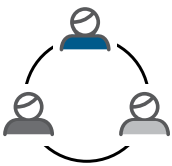
- Middle Arm Sustainable Development Precinct
- Marine Industry Park
- Darwin Business Park
- Wishart Estate
- Holtze Industrial Estate
- Bulk Liquids Area



4 Developments under construction by proponents

\$21.4M

In residential 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 3.7 construction complete and 50 more lots delivered to the market.



16

Highly qualified professionals

LDC are a team of 16 professionals across the fields of accounting, economics, law, planning, valuation, procurement, project management, engineering, business, sales, marketing and administration, dedicated to delivering strategic projects across the Northern Territory.

LDC HIGHLIGHTS 2022 - 23

LOTS

SOLD

67 in Zuccoli Village
20 in Kilgariff Estate

23 ha

of serviced titled strategic industrial land ready for investment



Kilgariff Estate

Coolibah Release Titles Issued

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

52 lots were titled in August 2022.



5

Active development leases/
sales agreements

KEY PERFORMANCE INDICATORS

RESIDENTIAL DEVELOPMENT

Provide innovative and appropriate residential property solutions through the development and delivery of a range of residential projects at the Palmerston suburb of Zuccoli, the Alice Springs suburb of Kilgariff and the Darwin suburb of Fannie Bay.

	2022-23 Estimate	2022-23 Actual
Objective indicators		
Jobs created to deliver new residential titled lots	50	62
Output indicators		
Development ready residential lots	78	78
New residential lots created	160	160

INDUSTRIAL DEVELOPMENT

Ensure the availability, development and management of strategic industrial land at Middle Arm Sustainable Development Precinct, Wishart Estate; Tiwi Islands; Holtze Industrial Estate and at East Arm, comprising Darwin Business Park, Bulk Liquids Area and Marine Industry Park.

	2022-23 Estimate	2022-23 Actual
Objective indicators		
Jobs created to deliver new industrial titled lots	2	0
Output indicators		
Development ready industrial lots	2	2
New industrial lots created	-	3
Industrial leases managed	18	19
Industrial licences managed	15	27
Lease and licence rent collected on time	85%	83%



LDC Staff, Kilgariff Estate



30 Year staff recognition



Kilgariff Estate



UDIA award



Paul Schneider & Andrew Giles UDIA President, UDIA awards



RESIDENTIAL DEVELOPMENT

\$21.40M

IN REVENUE

2022 - 23

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

“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 generous open spaces. Zuccoli Village offers a variety of house and land options catering to all lifestyles and budgets and is planned to ultimately deliver 815 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 as joint delivery partner to develop the first stage of Zuccoli Stage 1 covering over 96 hectares.

CURRENT STATUS

During 2022-23, 108 residential lots were titled across two phases (3.6 and 3.7) adding significantly to the titled land stock available in the Darwin Region.

During May 2023, a new park opened in Zuccoli Village providing a great community asset. The park was named Michael Ting Park after the first Mayor of Palmerston with an official opening to occur in the coming months.

Phase 3.8 (42 lots) is in the final stages of design approval and is near construction ready. Subject to the project approval process it is anticipated that construction of Phase 3.8 will progress at the earliest opportunity. This has the potential to add another 42 titled lots to the market in early 2024.

To date over 620 lots have been sold and there are approximately 166 lots to be constructed in the remaining phases 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 CBD 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 planned and a dog park that opened in early 2023 by the City of Palmerston. Nature and neighbourhood come together when you call Zuccoli home.

KILGARIFF ESTATE ALICE SPRINGS

“Kilgariff has the best quiet community lifestyle in Alice Springs.”

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 an award winning 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 continues to build upon the established strong sense of community.

The Land Development Corporation continues to work with Territory consultants and contractors to plan, design and deliver the Kilgariff Estate. This team is enhanced by Alice Springs based consultants, suppliers and contractors ensuring local expertise goes into the planning and delivery of this important new piece of Alice Springs.

CURRENT STATUS

During August 2022, titles were issued for the Coolibah Release (Stage 2A) providing 52 residential lots to the market. This release included single dwelling sites from 594m² to 920m² and multiple dwelling sites up to 1,842m² nestled around local community park. Close to 40% of lots are sold and land lots are available for selection by purchasers.

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 Arrrente language. Ankerre Park (Coolibah) was opened to the public in March with a formal park opening event in May 2023. Ankerre Park offers shaded play equipment and seating, a flying fox, footy goal posts and native landscaping.

To ensure an ongoing supply of residential land, construction of Stage 2B comprising a further 36 residential lots is well progressed with titles expected to issue by the end of 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.

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

5

ACTIVE DEVELOPMENT LEASES/
SALES AGREEMENTS

2022 - 23

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 within the Middle Arm Sustainable Development Precinct (MASDP) 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 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 MASDP. 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 under the MASDP Land Allocation Framework, which was implemented in late-2022.

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 licence agreements with utilities and gas pipeline operators.

CURRENT STATUS

LDC completed the construction of the Kittyhawk Estate Stage 1 subdivision in late 2021, with titles issued in August 2022. Stage 1 comprises three lots with a total area of 32.5 hectares. The development unlocked potential land opportunities via a new intersection off Channel Island Road, immediately west of the Weddell Power Station.

In mid-2023, LDC issued a 'Not to Deal' commitment to three proponents providing a level of comfort that LDC will not deal with other parties over the identified land at Kittyhawk and Spitfire Estates for a period while they proceed with their Proponent Project Proposal required under the formal Land Allocation Framework. The proponents are;

- 1) Fortescue,
- 2) TEH2 (100% owned by Total Eren), and
- 3) Avenira.

LDC has an interim agreement with a proponent for a renewable energy facility to be located on an undeveloped portion of LDC land adjacent to Weddell Power Station. LDC lodged a subdivision application concurrently with the proponent's facility application, and in late-2020 the development approvals were granted.

LDC continues to participate in infrastructure planning activities being undertaken by the Department of Infrastructure, Planning and 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

- Circular economy opportunities
- 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

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

OVERVIEW

The Marine Industry Park can provide up to 150 hectares of land to support the marine maintenance industry complimenting the Northern Territory Government’s new Darwin Ship Lift at East Arm.

The established \$28 million Common User Facility within the Marine Industry Park provides 9 hectares of Hardstand and all-tide Barge Ramp adjoining the Darwin Ship Lift.

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 existing 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 committed \$515 million to deliver one of the largest ship lifts in northern Australia. Detailed design of the project is well advanced providing a 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 barge ramp and hardstand. To fulfil the economic activity and job creation opportunities enabled by the Darwin Ship Lift project and Common User Facilities, LDC commenced detailed design of the nearby Marine Industry Park (MIP) Serviced Lots in early 2023.

Stage 1 of the MIP Serviced Lots is 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 and supporting businesses on serviced lots is an essential component to fulfil the economic activity and job creation opportunities expected to be enabled by the Darwin Ship Lift project.

LDC received interest from industry to deliver a subdivision within the Marine Industry Park Precinct 2 (MIP P2) area. The MIP P2 is located on Section 7146 East Arm with frontage to Berrimah Road. This interest, along with limited development ready land being available within East Arm led LDC to commence planning works and concept design works for the MIP P2 subdivision. LDC undertook preliminary development studies, obtained subdivision planning approval, and commenced detailed design. Delivery timing will be subject to commitment from industry.

Planning approvals are in place with MIP Serviced Lots Stage 1 with Development Applications being assessed for Stage 2 and expansion of the hardstand. 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.

In early 2023, LDC engaged Ernst & Young Australia to undertake a Strategic Business Case over the remaining areas of the Marine Industry Park eastward to the mouth of Hudson Creek. This work has involved extensive stakeholder engagement to assess potential demand for other marine facilities at East Arm. The Strategic Business Case is scheduled for completion towards the end of 2023 and it is proposed this document will facilitate engagement with Infrastructure Australia for MIP infrastructure planning.

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

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.

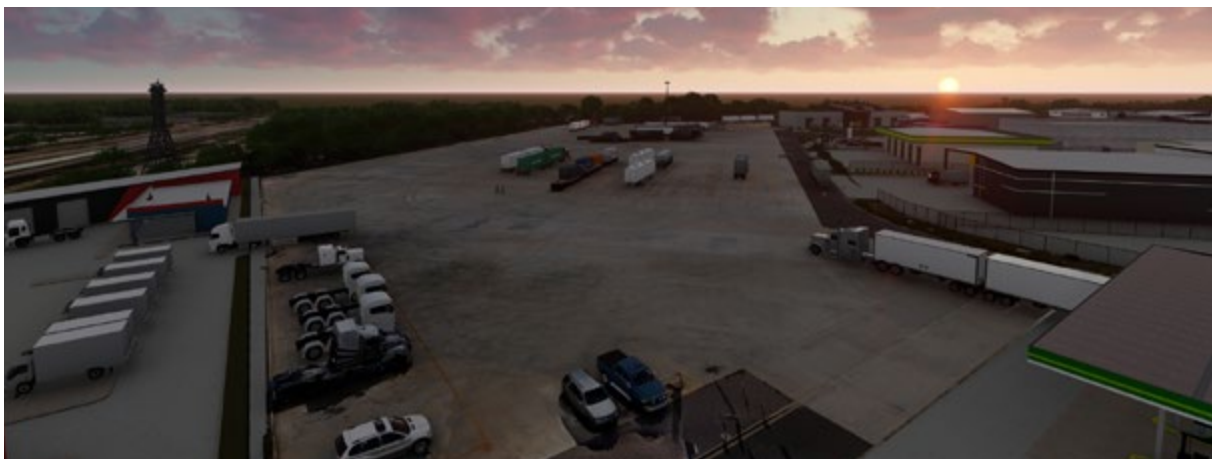
LDC has received increased interest from several smart manufacturing proponents, similarly

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 activities within the Wishart Estate include the preparation of master-planning and de-risking the resulting development concepts in order to achieve the optimal 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.



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

Last financial year LDC entered into an agreement with a data centre company to establish a new data centre in Stage 2 of Wishart. Stage 2 of Wishart Estate will see two lots totaling 5.62 hectares being

developed with construction commencing in late 2023 and the data centre planning to commence construction in 2024.

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

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, Crowley, 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

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 2022, LDC entered into a long term ground lease with Crowley Government Services Inc. to provide land for a contractor-owned and operated fuel storage facility intended to support US defence operations in the region. Construction of the facility and access road is expected to be completed by late 2023.

LDC are in continuing negotiations with additional proponents for bulk storage of liquids.

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

TIWI ISLANDS
NORTHERN TERRITORY

HOLTZE INDUSTRIAL ESTATE
HOLTZE

WARATAH CRESCENT
FANNIE BAY



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



TIWI ISLANDS

NORTHERN TERRITORY

The Land Development Corporation is working with Traditional Owners to 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

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 6,500m² to 50,000m².

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, and LDC holds a Development Permit to facilitate delivery of the next stage of the estate.

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

WARATAH CRESCENT

FANNIE BAY

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.



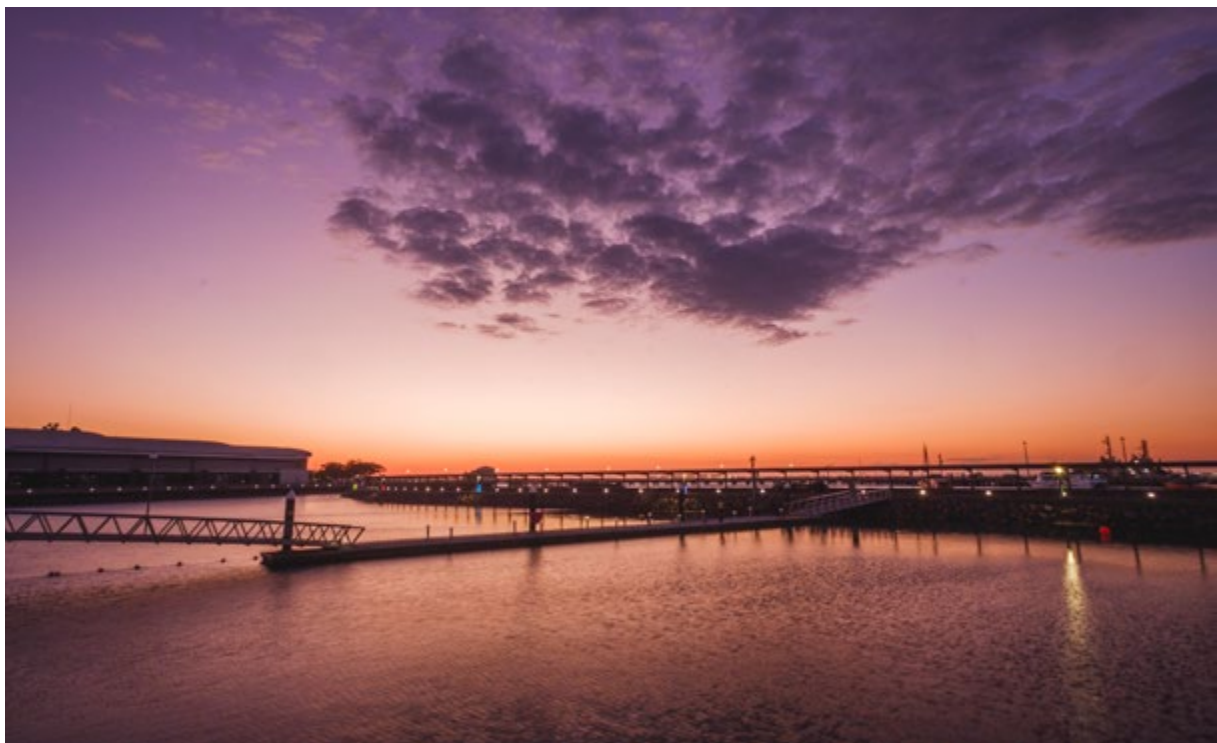
ENVIRONMENT AND HERITAGE

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

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

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

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

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

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



KEY EVENTS

2022-23



GOVERNMENT LAND ORGANISATIONS

DARWIN | 23 JUNE 2023

LDC is a member of a network of Government Land Organisations (GLO) across Australia and New Zealand.

The event saw a presentation from each GLO focusing on post COVID operations, social housing and development in the regions, as well as a tour of LDC's strategic projects.



UDIA AWARDS NIGHT

DARWIN | 9 SEPTEMBER 2022

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

LDC, together with the Department of Infrastructure Planning and Logistics (DIPL) entered a submission for the Kilgariff Estate, Alice Springs to the master-planned development award category and were the winning recipient of this category.

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

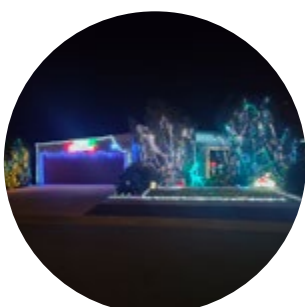


NT MAJOR PROJECTS

DARWIN | 18-19 OCTOBER 2022

LDC attended the 11th annual NT Major Projects Conference in Darwin.

Tony Stubbin, LDC's CEO presented at NT Major Projects on the Land Development Corporation's land portfolio as well as our current and upcoming projects and where they are at.



CHRISTMAS LIGHT COMPETITION

KILGARIFF ESTATE, 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.



AOG PERTH

DARWIN | MARCH 2023

The Land Development Corporation attended the annual AOG Energy Conference in Perth.

The Northern Territory Government was a key sponsor for the event and there were a number of staff and supporting businesses in attendance to Northern Territory opportunities in the energy sector.



EASTER COLOURING COMPETITION | KILGARIFF ESTATE

ALICE SPRINGS | APRIL 2023

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

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



DEFENCE SUMMIT

DARWIN | 17 MAY 2023

The Land Development Corporation was a sponsor at the Northern Australia Defence Summit held at the Darwin Convention Centre. The event offered a great opportunity to network with Defence and Industry, and the LDC team were able to share our concept plans and work underway for the Marine Industry Park.



ANKERRE PARK OPENING

KILGARIFF ESTATE, ALICE SPRINGS | 20 MAY 2023

Kilgariff Estates' newest park Ankerre Park was officially opened by The Honourable Natasha Fyles MLA, Chief Minister and His Worship the Mayor Mr Matt Paterson, Mayor of Alice Springs Town Council with an event to celebrate on Saturday 20 May.

The open day was a massive success with people coming from all around Alice Springs to enjoy the day with their family. There was face painting, jumping castle, fairy floss, plaster painting, cookie decorations, cakes, a BBQ and more.



Bidfoods development, East arm



Dancing ceremony at Ankerre Park opening, Kilgariff Estate



OUR FINANCIAL REPORT

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 2023, 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 2023, 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
<p>Revenue from land sales</p> <p>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 \$21.4 million, as reported in Note 4a, and unearned contract revenue of \$11.8 million, as reported in Note 19.</p>	<p>My procedures included but were not limited to:</p> <ul style="list-style-type: none"> ▪ 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; ▪ understanding policy position papers and guidance approved by those charged with governance; ▪ reviewing, on a sample basis, the agreements in place with customers; ▪ assessing the completeness and accuracy of inputs used by management to determine and classify revenue and unearned contract revenue; and ▪ considering and assessing the advice sought and received from professional service providers. <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

Valuation of land inventory

The determination of the value of land inventory of \$133.8 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.

Audit scope response to the Key Audit Matter

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 2023, 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

4 October 2023

FINANCIAL STATEMENT OVERVIEW

FOR THE YEAR ENDED 30 JUNE 2023

The year ended 30 June 2023, represents the twelfth year that the Land Development Corporation (LDC) has operated as a Government Business Division (GBD).

FINANCIAL PERFORMANCE

LDC's total income of \$10.73 million comprises net income from residential and industrial land sales of \$2.76 million; royalties, rents and dividends of \$3.71 million; grants and subsidies of \$1.12 million; community service obligations of \$0.32 million and additional income items totaling \$2.82 million. Total income is up from \$7.18 million in the previous year, reflecting an increase in net income from land sales and increases in royalties, rents and dividends and other income.

LDC holds land as current and non-current inventory representing land available for development and sale and relies heavily on sales of inventory to continue to meet our current obligations. 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 \$18.64 million. LDC's employee expenses for the year were \$2.63 million and LDC employed 16 full time equivalent employees as at 30 June 2023. LDC purchases services from other agencies (\$0.34 million).

FINANCIAL POSITION

Overall LDC maintains a strong financial position with \$128.13 million in net assets at 30 June 2023 compared to \$125.34 million in the previous year.

LDC has a secure liquidity position with \$25.14 million in cash. LDC also has a healthy portfolio of land with \$50.37 million in current land inventory and \$83.47 million in non-current land inventory.

LDC's current liabilities at \$31.85 million has increased significantly in the 2022-23 financial year compared to \$13.81 million in the 2021-22 financial year. This is mainly due to two factors:

- A future obligation to pay developer fees to LDC's joint operator partner at Zuccoli. These fees relate to an increase in the stock of serviced residential lots in Zuccoli. When these lots are sold and revenue is received, the obligation to pay developer fees is triggered.
- An increase in unearned revenue from one high value industrial sale. This transaction is initially subject to a development lease. Revenue will be recognised as earned revenue once development obligations are met and freehold title is granted.

CERTIFICATION OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

We certify that the attached financial statements for the Land Development Corporation have been prepared based on proper accounts and records in accordance with Australian Accounting Standards and with the requirements as prescribed in 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 2023 and the financial position on that date.

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



TONY STUBBIN

LAND DEVELOPMENT CORPORATION
CHIEF EXECUTIVE OFFICER
3 OCTOBER 2023



CARLY BEH

LAND DEVELOPMENT CORPORATION
FINANCIAL CONTROLLER
3 OCTOBER 2023

COMPREHENSIVE OPERATING STATEMENT

For the year ended 30 June 2023

	Note	2023 \$000	2022 \$000
INCOME			
Revenue from land sales	4a	21 401	5 991
Cost of land sold		(18 638)	(4 725)
<i>Net revenue from land sales</i>		2 763	1 266
Grants and subsidies	4b	1 119	2 497
Community service obligations	4b	315	-
Goods and services revenue		9	9
Interest revenue		753	33
Royalties, rents and dividends	4c	3 711	2 453
Other income	4d	2 063	920
TOTAL INCOME	3	10 733	7 178
EXPENSES			
Employee expenses		2 634	2 851
Administrative expenses			
Purchases of goods and services	6	2 229	1 698
Repairs and maintenance		438	555
Depreciation and amortisation	13,15	747	724
Other administrative expenses		273	382
Write-down	11	48	-
Interest expenses	7	723	671
TOTAL EXPENSES	3	7 092	6 881
NET SURPLUS BEFORE INCOME TAX		3 641	297
Income tax expense	5	1 107	62
NET SURPLUS		2 534	235
OTHER COMPREHENSIVE INCOME			
Changes in asset revaluation surplus	22	1 550	-
TOTAL OTHER COMPREHENSIVE INCOME		1 550	-
COMPREHENSIVE RESULT		4 084	235

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

BALANCE SHEET
As at 30 June 2023

	Note	2023 \$000	2022 \$000
ASSETS			
Current assets			
Cash and deposits	9	25 138	14 829
Receivables	10	2 332	886
Inventories	11	50 373	32 220
Other Assets	12	6	6
Total current assets		77 849	47 941
Non-current assets			
Inventories	11	83 471	87 969
Property, plant and equipment	13	14 285	13 428
Heritage and cultural assets	15	63	64
Other Assets	12	303	289
Total non-current assets		98 122	101 750
TOTAL ASSETS		175 971	149 691
LIABILITIES			
Current liabilities			
Payables	16	9 373	223
Borrowings and advances	17	5 333	5 310
Provisions	18	1 613	447
Other liabilities	19	13 524	6 525
Deposits held	20	895	1 241
Income tax payable	5	1 107	62
Total current liabilities		31 845	13 808

BALANCE SHEET (Continued)

As at 30 June 2023

	Note	2023 \$000	2022 \$000
Non-current liabilities			
Borrowings and advances	17	10 241	10 542
Other liabilities	19	5 751	-
Total non-current liabilities		15 992	10 542
TOTAL LIABILITIES		47 837	24 350
NET ASSETS		128 134	125 341
EQUITY			
Capital		54 339	54 339
Reserves	22	1 550	-
Accumulated funds		72 245	71 002
TOTAL EQUITY		128 134	125 341

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 2023

	Note	Equity at 1 July	Comprehensive result	Transactions with owners	Equity at 30 June
		\$000	\$000	\$000	\$000
2023					
Accumulated funds		71 002	-	-	71 002
Surplus for the period		-	2 534	-	2 534
Dividends		-	-	(1 291)	(1 291)
		71 002	2 534	(1 291)	72 245
Reserves	22	-	1 550	-	1 550
Capital – transactions with owners		54 339	-	-	54 339
Total equity at end of financial year		125 341	4 084	(1 291)	128 134
2022					
Accumulated funds		70 839	-	-	70 839
Surplus for the period		-	235	-	235
Dividends		-	-	(72)	(72)
		70 839	235	(72)	71 002
Reserves	22	-	-	-	-
Capital – transactions with owners		54 339	-	-	54 339
Total equity at end of financial year		125 178	235	(72)	125 341

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 2023

	Note	2023 \$000	2022 \$000
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating receipts			
Capital grants		1 119	2 497
Community service obligations		315	-
Receipts from sales of goods and services		43 706	8 271
Interest received		676	26
Total operating receipts		45 816	10 794
Operating payments			
Payments to employees		(2 683)	(2 824)
Payments for goods and services		(31 294)	(14 290)
Income tax paid		(62)	(208)
Interest paid		(714)	(672)
Total operating payments		(34 753)	(17 994)
Net cash from/(used in) operating activities	23	11 063	(7 200)
CASH FLOWS FROM INVESTING ACTIVITIES			
Investing receipts			
Finance lease received		6	6
Total investing receipts		6	6
Investing payments			
Purchases of non-financial assets		(16)	-
Total investing payments		(16)	-
Net cash (used in)/from investing activities		(10)	6

CASH FLOW STATEMENT (Continued)
For the year ended 30 June 2023

	Note	2023 \$000	2022 \$000
CASH FLOWS FROM FINANCING ACTIVITIES			
Financing receipts			
Deposits received		(347)	1 018
Total financing receipts		(347)	1 018
Financing payments			
Dividends paid		(72)	(242)
Finance lease payments		(325)	(302)
Total financing payments		(397)	(544)
Net cash (used in)/from financing activities		(744)	474
Net increase/(decrease) in cash held		10 309	(6 719)
Cash at beginning of financial year		14 829	21 548
CASH AT END OF FINANCIAL YEAR	9	25 138	14 829

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 equivalents 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 two 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 2022-23 financial year

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 adopted early for 2022-23 financial year.

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) and is able to utilise to further its own objectives. Certain items, while managed by LDC, are administered 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 2021-22 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 2022-23 financial year 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.

3. COMPREHENSIVE OPERATING STATEMENT BY OUTPUT GROUP

	Note	Residential		Industrial		Total	
		2023	2022	2023	2022	2023	2022
		\$000	\$000	\$000	\$000	\$000	\$000
INCOME							
Revenue from land sales	4a	21 401	102	-	5 889	21 401	5 991
Cost of land sold		(18 638)	(153)	-	(4 572)	(18 638)	(4 725)
<i>Gross profit</i>		2 763	(51)	-	1 317	2 763	1 266
Grants and subsidies	4b	1 114	2 282	5	215	1 119	2 497
Community service obligations	4b	-	-	315	-	315	-
Goods and services revenue		-	-	9	9	9	9
Interest revenue		150	7	603	26	753	33
Royalties, rents and dividends	4c	-	-	3 711	2 453	3 711	2 453
Other income	4d	232	159	1 831	761	2 063	920
TOTAL INCOME		4 259	2 397	6 474	4 781	10 733	7 178
EXPENSES							
Employee expenses		978	1 109	1 656	1 742	2 634	2 851
Administrative expenses							
Purchases of goods and services	6	446	340	1 783	1 358	2 229	1 698
Repairs and maintenance		87	111	351	444	438	555
Depreciation and amortisation	13,15	64	60	683	664	747	724
Other administrative expenses ⁽¹⁾		75	107	198	275	273	382
Write-down ⁽²⁾	11	4	-	44	-	48	-
Interest expenses	7	145	134	578	537	723	671
TOTAL EXPENSES		1 799	1 861	5 293	5 020	7 092	6 881
NET SURPLUS/(DEFICIT) BEFORE INCOME TAX		2 460	536	1 181	(239)	3 641	297
Income tax expense	5					1 107	62
NET SURPLUS/(DEFICIT)						2 534	235
OTHER COMPREHENSIVE INCOME							
Items that will not be reclassified to net surplus/(deficit)							
Changes in asset revaluation surplus	22					1 550	-
TOTAL OTHER COMPREHENSIVE INCOME						1 550	-
COMPREHENSIVE RESULT						4 084	235

⁽¹⁾ In 2022-23 \$0.026 million relates to a financial guarantee expense (LDC provided land as security for its joint operator partner to obtain external financing) for the development of next stage of the Zuccoli Village development. (2021-22: \$0.065 million).

⁽²⁾ In 2022-23 there were \$0.048 million of inventory write-downs from a net realisable value assessment of land and land remediation at the Hidden Valley facility.

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

LDC is predominantly self-funded through the sale of land for the provision of outputs. Outputs are the services provided or goods produced by LDC for users external to LDC. They support the delivery of LDC's objectives and or statutory responsibilities. The table on the previous page disaggregates revenue and expenses that enable delivery of services by output group which form part of the balances of LDC.

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.

4. REVENUE

a) Revenue from land sales

	2023			2022		
	\$000 Revenue from contracts with customers	\$000 Other	\$000 Total	\$000 Revenue from contracts with customers	\$000 Other	\$000 Total
Revenue from land sales	21 401	9	21 410	5 991	9	6 000
Total land sales revenue	21 401	9	21 410	5 991	9	6 000

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 on the next page 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.

	2023	2022
	\$000	\$000
Type of good and service:		
Sales of land inventory	21 401	5 991
Total revenue from contracts with customers by good or service	21 401	5 991
Type of customer:		
Non-government entities	21 401	5 991
Total revenue from contracts with customers by type of customer	21 401	5 991
Timing of transfer of goods and services:		
Point in time	21 401	5 991
Total revenue from contracts with customers by timing of transfer	21 401	5 991

b) Grants and subsidies

	2023			2022		
	\$000	\$000	\$000	\$000	\$000	\$000
	Revenue from contracts with customers	Other	Total	Revenue from contracts with customers	Other	Total
Capital grants	3	1 116	1 119	164	2 333	2 497
Community service obligations	315	-	315	-	-	-
Total grants and subsidies revenue	318	1 116	1 434	164	2 333	2 497

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 2022-23 and 2021-22 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 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. Other Capital Grants revenue of \$1.12 million in the 2022-23 financial year mainly relates to the construction of Kilgariff Stage 2B (2021-22: \$2.33 million mainly relates to the construction of Kilgariff Stage 2A).

Revenue in the form of community service obligations (CSO) is received by the agency where the agency is required to carry out activities on a non-commercial basis. CSO revenue is recognised as an unearned revenue liability when received and subsequently recognised progressively as revenue as or when LDC satisfies its obligations under the agreement.

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.

	2023	2022
	\$000	\$000
Type of good and service:		
Construction services	3	164
Other	315	-
Total revenue from contracts with customers by good or service	318	164
Type of customer:		
State and Territory Government	318	164
Total revenue from contracts with customers by type of customer	318	164
Timing of transfer of goods and services:		
Overtime	318	164
Total revenue from contracts with customers by timing of transfer	318	164

c) Royalties, rents and dividends

	2023			2022		
	\$000	\$000	\$000	\$000	\$000	\$000
	Revenue from contracts with customers	Other	Total	Revenue from contracts with customers	Other	Total
Revenue from licence fees	472	-	472	278	-	278
Rent income	-	3 239	3 239	-	2 175	2 175
Total rent revenue	472	3 239	3 711	278	2 175	2 453

Rental income arising from operating leases incidental to the core functions of LDC 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. For intellectual property licences, revenue is recognised at a point in time or over time as or when the performance obligation is satisfied. 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.

	2023	2022
	\$000	\$000
Type of good and service:		
Licence of land	472	278
Total revenue from contracts with customers by good or service	472	278
Type of customer:		
State and Territory Government	11	9
Non-government entities	461	269
Total revenue from contracts with customers by type of customer	472	278
Timing of transfer of goods and services:		
Point in time	472	278
Total revenue from contracts with customers by timing of transfer	472	278

d) Other income

	2023			2022		
	\$000	\$000	\$000	\$000	\$000	\$000
	Revenue from contracts with customers	Other	Total	Revenue from contracts with customers	Other	Total
Other income	1 593	470	2 063	384	536	920
Total other income	1 593	470	2 063	384	536	920

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 and execution of various land agreements. LDC typically satisfies its performance obligations at a point in time when employee and consultancy services are provided to the customer and on execution of various land agreements.

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.

Financial contributions

Revenue from financial contributions is recognised when LDC satisfies its performance obligations under the agreement. The nature of the financial contributions include remediation works and master planning of specific LDC land and revenue is recognised at a point in time or over time as or when the performance obligation is satisfied.

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.

	2023	2022
	\$000	\$000
Type of good and service:		
Service delivery	491	384
Other	1 102	-
Total revenue from contracts with customers by good or service	1 593	384
Type of customer:		
State and Territory Government	303	25
Non-government entities	1 290	359
Total revenue from contracts with customers by type of customer	1 593	384
Timing of transfer of goods and services:		
Overtime	237	-
Point in time	1 356	384
Total revenue from contracts with customers by timing of transfer	1 593	384

5. INCOME TAX RECONCILIATION

	2023	2022
	\$000	\$000
The income tax for the year can be reconciled to the accounting profit as follows:		
Net surplus before tax for the year	3 641	297
<i>Add:</i> Non-deductible – current year		
Revenue – unrealised gains ⁽¹⁾	-	(82)
Expense – unrealised loss ⁽²⁾	48	-
<i>Less:</i> Non-deductible – prior year		
Expense – impairment expense relating to assets sold ⁽³⁾	-	(9)
Taxable surplus	3 689	206
Income tax at 30%	1 107	62

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

⁽²⁾ In 2022-23 there were \$0.048 million of inventory write-downs from a net realisable value assessment of land and land remediation at the Hidden Valley facility.

⁽³⁾ In 2021-22 \$0.009 million from one inventory asset that was impaired in a previous year from a net realisable assessment was sold.

6. PURCHASES OF GOODS AND SERVICES

	2023	2022
	\$000	\$000
The net surplus has been arrived at after charging the following expenses:		
Goods and services expenses:		
Property management	1 321	1 125
Consultants	207	80
Marketing and promotion ⁽¹⁾	59	45
Document production	1	1
Legal expenses ⁽²⁾	73	46
Recruitment	3	-
Training and study	70	29
Official duty fares	39	17
Travelling allowance	6	5
Agency service arrangements	343	244
Information technology charges and communications	107	106
Total purchases of goods and services	2 229	1 698

⁽¹⁾ Includes advertising for marketing and promotion.

⁽²⁾ 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

	2023	2022
	\$000	\$000
Interest from lease liabilities	11	15
Interest from loans and advances	712	656
Total interest expenses	723	671

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

The following table presents all write-offs, waivers and postponements, approved under the *Financial Management Act 1995* or other legislation that LDC administers. LDC had no gifts or ex gratia payments in the 2022-23 and 2021-22 financial year.

	2023	No. of Trans.	2022	No. of Trans.
	\$000		\$000	
Write-offs, postponements and waivers under the <i>Financial Management Act 1995</i>	-	-	12	1
Represented by:				
<i>Amounts written off, postponed and waived by delegates</i>				
Waiver or postponement of right to receive or recover money or property	-	-	-	-
Total written off, postponed and waived by delegates	-	-	-	-
<i>Amounts written off, postponed and waived by the Treasurer</i>				
Irrecoverable amounts payable to the Territory or an agency written off ⁽¹⁾	-	-	12	1
Total written off, postponed and waived by the Treasurer	-	-	12	1

⁽¹⁾ In 2021-22 an irrecoverable amount was written off relating to property repairs from a lease break of an LDC tenant.

Write-off

Write-offs reflect the removal from accounting records the value of public money or public property owing to, or loss sustained by the Territory or LDC. It refers to circumstance where the Territory or LDC has made all attempts to pursue the debt, however, is deemed irrecoverable due to reasons beyond the Territory or LDC's control. Write-offs result in no cash outlay and are accounted for under 'Other administrative expenses' in the Comprehensive Operating Statement.

Waiver

Waivers reflect the election to forego a legal right to recover public money or receive public property. Once agreed with and communicated to the debtor, it will have the effect of extinguishing the debt and renouncing the right to any future claim on that public money or public property. Waivers result in no cash outlay, and are accounted for under 'Current grants and subsidies expense' in the Comprehensive Operating Statement.

Postponement

A postponement is a deferral of a right to recover public money or receipt of public property from its due date. This has no effect on revenues or expenses recognised but may affect cash inflows or assets in use.

Gifts

A gift is an asset or property, deemed surplus to government's requirements, transferred to a suitable recipient, without receiving any consideration or compensation, and where there is no constructive or legal obligation for the transfer. Gifted property is accounted under 'Other administrative expenses' in the Comprehensive Operating Statement.

Ex gratia

Ex gratia payments or act-of-grace payments are gratuitous payments where no legal obligation exists. All ex gratia payments are approved by the Treasurer. Ex gratia payments result in cash outlay and are accounted for under 'Purchases of goods and services' in the Comprehensive Operating Statement.

9. CASH AND DEPOSITS

	2023	2022
	\$000	\$000
Cash at bank	25 138	14 829
Total cash at bank	25 138	14 829

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 20a.

10. RECEIVABLES

	2023	2022
	\$000	\$000
Current		
Accounts receivable	39	300
Less: Loss allowance	-	-
	39	300
Contract receivables	24	78
Interest receivables	86	9
GST receivables	410	(33)
Prepayments	1 747	508
Other receivables	26	24
Total receivables	2 332	886

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.

Prepayments

Prepayments represent payments made in advance of receipt of goods and services. Prepayments are recognised on an accrual basis and amortised over the period in which the economic benefits from these assets are received.

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 2022-23 and 2021-22 financial year there was no expected credit loss for receivables.

In accordance with the provisions of the *Financial Management Act 1995*, receivables are written-off when based on demonstrated actions to collect, there is no reasonable expectation of recovery for reasons beyond LDC's control.

The loss allowance for receivables at reporting date represents the amount of receivables LDC estimates is likely to be uncollectable and is considered doubtful. Aging analysis and reconciliation of loss allowance for receivables as at the reporting date is disclosed below.

Internal receivables reflect amounts owing from entities controlled by the Northern Territory Government such as other agencies, other government business divisions and government owned corporations. External receivables reflect amounts owing from third parties which are external to the Northern Territory Government.

Aging analysis

	2023				2022			
	Gross receivables \$000	Loss rate %	Expected credit losses \$000	Net receivables \$000	Gross receivables \$000	Loss rate %	Expected credit losses \$000	Net receivables \$000
Internal receivables^(a)								
Not overdue	92	0%	-	92	35	0%	-	35
Overdue for less than 30 days	-	0%	-	-	-	0%	-	-
Overdue for 30 to 60 days	-	0%	-	-	-	0%	-	-
Overdue for more than 60 days	-	0%	-	-	-	0%	-	-
Total internal receivables	92		-	92	35		-	35
External receivables^(a)								
Not overdue	37	0%	-	37	375	0%	-	375
Overdue for less than 30 days	41	0%	-	41	1	0%	-	1
Overdue for 30 to 60 days	4	0%	-	4	-	0%	-	-
Overdue for more than 60 days	1	0%	-	1	-	0%	-	-
Total external receivables	83		-	83	376		-	376

^(a) Total amounts disclosed exclude statutory amounts and prepayments as these do not meet the definition of a financial instrument and therefore will not reconcile to the receivables note.

Reconciliation of loss allowance for receivables

Internal receivables^(a)	2023	2022
	\$000	\$000
Opening balance	-	-
Written off during the year	-	-
Recovered during the year	-	-
Increase/decrease in allowance recognised in profit or loss	-	-
Total internal receivables	-	-
External receivables^(a)		
Opening balance	-	(12)
Written off during the year	-	12
Recovered during the year	-	-
Increase/decrease in allowance recognised in profit or loss	-	-
Total external receivables	-	-

^(a) Internal receivables relate to 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.

11. INVENTORIES

	2023	2022
	\$000	\$000
Current – under development and developed land		
General inventories		
At cost	48 169	32 220
At net realisable value	338	-
	48 507	32 220
Inventories held for distribution		
At cost	1 866	-
At current replacement value	-	-
	1 866	-
Total current inventories	50 373	32 220
Non-current – undeveloped land		
General inventories		
At cost	78 471	87 969
At net realisable value	5 000	-
Total non-current inventories	83 471	87 969
Total inventories	133 844	120 189
Land inventories comprises:		
Cost of acquisition	92 500	88 618
Development costs	41 344	31 571
Total inventories	133 844	120 189

Inventories include assets held either for development and sale (general inventories) or distribution at no or nominal consideration in the ordinary course of business operations.

General inventories are valued at the lower of cost and net realisable value, while those held for distribution are carried at the lower of cost and current replacement cost. Cost of inventories includes all costs 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.

During 2022-23 inventory costs amounting to \$0.048 million was written down due to a net realisable value assessment undertaken and land remediation at the Hidden Valley facility. In 2021-22 there were no impairments of inventory from a net realisable value assessment of land.

12. OTHER ASSETS

	2023	2022
	\$000	\$000
Current		
Lease receivables	6	6
	6	6
Non-current		
Lease receivables	303	289
	303	289
Total other assets	309	295

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 at 30 June are as follows:

	2023	2022
	\$000	\$000
Not later than one year	13	12
Later than one year and not later than five years	50	47
Later than five years	375	364
Total	438	423

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

Future undiscounted rentals receivable	438	423
Less: Unearned finance income	(129)	(128)
Net investment in finance leases	309	295

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 these subleases have a month to month lease term, it is classified as operating subleases.

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

	2023	2022
	\$000	\$000
Not later than one year	3 069	2 360
Later than one year and not later than five years	10 221	7 056
Later than five years	38 154	34 486
Total	51 444	43 902

The 2021-22 comparative future minimum rental receivable amounts within the table on the previous page have been adjusted by a total of \$10.01 million due to an error in the calculation of the lease term of one lease. The future rental receivable of the lease was calculated on a 20 year lease term but should have been calculated on a 25 year lease term.

13. PROPERTY, PLANT AND EQUIPMENT

a) Total property, plant and equipment

	2023	2022
	\$000	\$000
Buildings		
At fair value	4 764	4 727
Less: Accumulated depreciation	(2 554)	(2 192)
	2 210	2 535
Infrastructure		
At fair value	14 065	12 515
Less: Accumulated depreciation	(2 054)	(1 712)
	12 011	10 803
Transport equipment		
At fair value	170	170
Less: Accumulated depreciation	(106)	(80)
	64	90
Total property, plant and equipment	14 285	13 428

Reconciliation of carrying amount of property, plant and equipment

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:

2023

	Buildings	Infrastructure	Plant and equipment	Total
	\$000	\$000	\$000	\$000
Carrying amount as at 1 July	2 535	10 803	90	13 428
Additions	16	-	-	16
Depreciation/amortisation expense	(378)	(342)	(26)	(746)
Revaluation increments/decrements	37	1 550	-	1 587
Impairment losses reversed ^(a)	-	-	-	-
Carrying amount as at 30 June	2 210	12 011	64	14 285

^(a) 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.

2022

	Buildings	Infrastructure	Plant and equipment	Total
	\$000	\$000	\$000	\$000
Carrying amount as at 1 July	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 ^(a)	-	82	-	82
Carrying amount as at 30 June	2 535	10 803	90	13 428

b) Reconciliation of 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 to deliver its outputs and services to the public is set out below:

2023

	Buildings	Infrastructure	Plant and equipment	Total
	\$000	\$000	\$000	\$000
Carrying amount as at 1 July	614	10 803	90	11 507
Additions	-	-	-	-
Depreciation/amortisation expense	(292)	(342)	(26)	(660)
Revaluation increments/decrements	37	1 550	-	1 587
Impairment losses reversed ^(a)	-	-	-	-
Carrying amount as at 30 June	359	12 011	64	12 434

2022

	Buildings	Infrastructure	Plant and equipment	Total
	\$000	\$000	\$000	\$000
Carrying amount as at 1 July	842	11 057	50	11 949
Additions	-	-	83	83
Depreciation/amortisation expense	(276)	(336)	(26)	(638)
Revaluation increments/decrements	48	-	(17)	31
Impairment losses reversed ^(a)	-	82	-	82
Carrying amount as at 30 June	614	10 803	90	11 507

^(a) 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.

c) Reconciliation of property, plant and equipment where LDC is a 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. These assets are leased by public and non-government organisations for the purpose of providing services to the community.

2023

	Buildings \$000	Infrastructure \$000	Plant and equipment \$000	Total \$000
Carrying amount as at 1 July	1 921	-	-	1 921
Additions	16	-	-	16
Depreciation/amortisation expense	(86)	-	-	(86)
Revaluation increments/decrements	-	-	-	-
Impairment losses reversed ^(a)	-	-	-	-
Carrying amount as at 30 June	1 851	-	-	1 851

2022

	Buildings \$000	Infrastructure \$000	Plant and equipment \$000	Total \$000
Carrying amount as at 1 July	2 007	-	-	2 007
Additions	-	-	-	-
Depreciation/amortisation expense	(86)	-	-	(86)
Revaluation increments/decrements	-	-	-	-
Impairment losses reversed ^(a)	-	-	-	-
Carrying amount as at 30 June	1 921	-	-	1 921

^(a) 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.

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

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 depreciation, which is deemed to equate to fair value.

The latest revaluations as at 30 June 2023 were independently conducted by Herron Todd White and Territory Property Consultants. Refer to Note 24: 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 LDC assets are assessed for indicators of impairment on an annual basis. If any 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. Impairment loss may only be reversed, only if there has been a change in the assumptions used to determine the asset's recoverable amount. Where an impairment loss is subsequently reversed, the reversal is limited so that the carrying amount of the asset does not exceed the revised estimate of its recoverable amount, nor exceed the net carrying amount that would have been determined had not impairment loss been

recognised for the asset in the prior years. 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 2023. 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 using the straight-line method over their estimated useful lives.

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

	2023	2022
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 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 \$1.532 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 table on the following page presents reconciliation of right-of-use assets included in the carrying amounts of property, plant and equipment at Note 13.

2023

	Buildings \$000	Plant and equipment \$000	Total \$000
Balance as at 1 July	599	90	689
Additions	-	-	-
Depreciation expense	(292)	(26)	(318)
Revaluation increments/decrements including remeasurement	37	-	37
Carrying amount as at 30 June	344	64	408

2022

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

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

	2023 \$000	2022 \$000
Amortisation expense of right-of-use assets	(318)	(302)
Interest expense on lease liabilities	(11)	(15)
Expense relating to short-term leases	(15)	(19)
Income from subleasing right-of-use assets	13	12
Gains arising from sublease remeasurement and increase of right-of-use asset	9	9
Total amount recognised in the comprehensive operating statement	(322)	(315)

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:

	2023	2022
Land	40 years	40 years
Buildings	5 to 10 years	5 to 10 years
Plant and equipment	5 years	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

	2023	2022
	\$000	\$000
Carrying amount as at 1 July		
At valuation	74	74
Less: Accumulated depreciation	(11)	(10)
Written down value – 30 June	63	64
Reconciliation of movements		
Carrying amount as at 1 July	64	64
Depreciation	(1)	-
Carrying amount as at 30 June	63	64

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 2022-23 and 100 years in 2021-22 and are in accordance with the Treasurer's Directions.

Heritage and cultural assets are assessed for indicators of impairment on an annual basis. If any indicator of impairment exists, LDC determines the asset's recoverable amount. If the recoverable amount is less than its carrying amount, the carrying amount is reduced to recoverable amount and the reduction is recognised as an impairment loss.

LDC's heritage and cultural assets were assessed for impairment as at 30 June 2023. No impairment adjustments were required as a result of this review.

16. PAYABLES

	2023	2022
	\$000	\$000
Accounts payable	9 122	4
Accrued salaries and wages	54	50
Other accrued expenses	133	114
Accrued loans interest payable	64	55
Total payables	9 373	223

Liabilities for accounts payable and other amounts payable are carried at amortised 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.

Salaries and wages that are expected to be settled wholly within 12 months after the end of the period in which the employees render the service are recognised and measured at the amounts expected to be paid.

17. BORROWINGS AND ADVANCES

	2023	2022
	\$000	\$000
Current		
Loans and advances	5 000	5 000
Lease liabilities	333	310
	5 333	5 310
Non-current		
Loans and advances	10 000	10 000
Lease liabilities	241	542
	10 241	10 542
Total borrowings and advances	15 574	15 852

Loans and advances

Loans 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. Gains and losses are recognised in net surplus/(deficit) when the liabilities are derecognised as well as through the amortisation process.

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; and
- 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.

	2023	2022
	\$000	\$000
Balance at 1 July	852	1 031
Additions/remeasurements	48	123
Interest expenses	11	15
Payments	(337)	(317)
Balance at 30 June	574	852

LDC had total cash outflows for leases of \$0.325 million in 2022-23 (\$0.302 million in 2021-22).

There were no future minimum lease payments under non-cancellable leases not recorded as a liability in 2022-23 or 2021-22.

18. PROVISIONS

	2023	2022
	\$000	\$000
Current		
<i>Employee benefits</i>		
Recreation leave	245	289
Leave loading	20	24
<i>Other current provisions</i>		
Provision for dividends	1 291	72
Provision for superannuation	39	42
Provision for payroll tax	18	20
Total current provisions	1 613	447
Reconciliation of Provision for Dividends		
Balance as at 1 July	72	243
Additional provisions recognised	1 291	72
Reductions arising from payments	(72)	(243)
Balance as at 30 June	1 291	72

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 recreation leave and other employee benefit liabilities that fall due within 12 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 12 months of the reporting date are measured at present value of estimated future cash flows, calculated using the appropriate government bond rate and taking into consideration expected future salary and wage levels, experience of employee departures and periods of service.

All recreation leave is classified as a current liability.

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 within these financial statements.

LDC employed 16 full time equivalent employees as at 30 June 2023. (17 full time equivalent employees as at 30 June 2022).

19. OTHER LIABILITIES

	2023	2022
	\$000	\$000
Current		
Financial guarantee liability	26	65
Unearned contract revenue liability	11 847	2 160
Unearned capital grants liability	-	1 114
Other liabilities	1 651	3 186
	13 524	6 525
Non-current		
Unearned contract revenue liability	5 751	-
	5 751	-
Total other liabilities	19 275	6 525

Financial guarantee liability

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; and
- any amount that an entity expects to receive from the holder, the debtor or any other party.

LDC has provided vacant and titled land lots at Zuccoli as security 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 2023, the fair value of this financial guarantee liability is \$0.026 million.

Unearned contract revenue liability

Unearned contract revenue liability relates to consideration received in advance from customers in respect of Industrial land sales and Community Service Obligation (CSO) funding for the Marine Industry Park – Precinct 2 at East Arm. LDC also received revenue from Department of Infrastructure, Planning and Logistics as contribution to the Marine Industry Park – Precinct 1 master planning.

Unearned contract revenue liability balances as at 30 June 2023 is \$11.85 million (2021-22: \$2.16 million).

The current unearned contract liability in the 2022-23 financial year has significantly increased from the 2021-22 financial year due to revenue received from one high value industrial sale that is subject to a development lease. The non-current unearned contract liability in the 2022-23 financial year has also increased from the 2021-22 financial year due revenue received from two industrial sales that are subject to development leases.

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:

	2023	2022
	\$000	\$000
Not later than one year	11 847	2 160
Later than one year and not later than five years	5 751	-
Later than five years	-	-
Total	17 598	2 160

Unearned capital grants liability

Unearned capital grants liability relate to contributions to enable LDC to construct a non financial asset to be controlled by LDC, received in advance of LDC satisfying the performance obligation. This balance is made up of a capital grant from the Department of Infrastructure, Planning and Logistics for Kilgariff Stage 2 development.

The table below is a reconciliation of unearned capital grants liability:

	2023	2022
	\$000	\$000
Carrying amount at 1 July	1 114	3 447
Add: Receipt of cash during the financial year	-	-
Less: Income recognised during the financial year	1 114	2 333
Carrying Amount at 30 June	-	1 114

For constructed assets, performance obligations are typically satisfied over time 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.

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:

	2023	2022
	\$000	\$000
Not later than one year	-	1 114
Later than one year and not later than five years	-	-
Later than five years	-	-
Total	-	1 114

Other liabilities

Of the amount included in the other liabilities balance as at 30 June 2023, \$1.06 million relates to LDC's future profit entitlement from the Zuccoli joint arrangement project (2021-22: \$2.59 million).

Superannuation

Employees' superannuation entitlements are provided through the:

- Northern Territory Government and Public Authorities Superannuation Scheme (NTGPASS);
- Commonwealth Superannuation Scheme (CSS); or
- 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

	2023	2022
	\$000	\$000
Accountable officer's trust account	76	36
Other deposits held	819	1 205
Total deposits held	895	1 241

Deposits held mainly comprise Accountable Officer's Trust Account and deposits for purchase of residential and industrial land.

Accountable Officer's Trust Accounts hold trust monies established under legislation held by LDC on behalf of others for a specific purpose and not for use in operations of government. These include receipts from customers for the lease and licence of LDC land.

a) Accountable officer's trust account

Accountable officer's trust account balances comprise:

	2023	2022
	\$000	\$000
Security bonds	76	36
Total accountable officer's trust account	76	36

21. COMMITMENTS

Commitments represent future obligations or cash outflows that can be reliably measured and arise out of a contractual arrangement and typically binds LDC to performance conditions. Commitments are not recognised as liabilities on the balance sheet.

Commitments may extend over multiple reporting periods and may result in payment of compensation or return of funds if obligations are breached.

Internal commitments reflect commitments with entities controlled by the Northern Territory Government such as other agencies, government business divisions and government owned corporations. External commitments reflect those to third parties which are external to the Northern Territory Government.

Disclosures in relation to capital commitments are detailed below.

	2023		2022	
	Internal	External	Internal	External
	\$000	\$000	\$000	\$000

Capital expenditure commitments

Capital expenditure commitments relate to the Corporation's capital works program at 30 June and are payable as follows:

Within one year	16 534	-	13 002	-
Later than one year and not later than five years	30 858	-	12 901	-
Total commitments (exclusive of GST)	47 392	-	25 903	-
Plus: GST recoverable	4 739	-	2 590	-
Total commitments (inclusive of GST)	52 131	-	28 493	-

22. RESERVES

Asset revaluation surplus

(i) Nature and purpose of the asset revaluation surplus

The asset revaluation surplus includes the net revaluation increments and decrements arising from the revaluation of non-current assets. Impairment adjustments may also be recognised in the asset revaluation surplus.

	Buildings		Infrastructure		Total	
	2023	2022	2023	2022	2023	2022
	\$000	\$000	\$000	\$000	\$000	\$000
<i>(ii) Movements in the asset revaluation surplus</i>						
Balance as at 1 July	-	-	-	-	-	-
Increment/decrement	38	-	1 512	-	1 550	-
Balance as at 30 June	38	-	1 512	-	1 550	-

23. CASH FLOW RECONCILIATION

a) Reconciliation of cash

The total of LDC 'cash and deposits' of \$25.14 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

	2023	2022
	\$000	\$000
Net surplus	2 534	235
<i>Non-cash items:</i>		
Depreciation and amortisation	747	724
Write-down	48	-
Impairment loss reversal	-	(82)
Sublease remeasurement income	(9)	(9)
Financial guarantee (income)/expense	(40)	65
<i>Changes in assets and liabilities:</i>		
Increase in receivables	(1 446)	(291)
Increase in inventories	(13 703)	(5 316)
Increase/(decrease) in trade and other payables	9 150	(9)
(Decrease)/increase in provision for employee benefits	(48)	20
(Decrease)/increase in other provisions	(5)	5
Increase/(decrease) in tax liabilities	1 045	(146)
Increase/(decrease) in other liabilities	12 790	(2 396)
Net cash from/(used) in operating activities	11 063	(7 200)

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
2023									
Deposits held	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Dividends	1 241	(347)	-	-	-	(347)	-	-	895
Finance leases	72	-	(72)	-	-	(72)	1 291	-	1 291
Borrowings and advances	852	-	-	(325)	-	(325)	-	47	574
	15 000	-	-	-	-	-	-	-	15 000
Total	17 165	(347)	(72)	(325)	-	(744)	1 291	47	17 760
2022									
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
Total	16 496	1 018	(242)	(302)	-	474	72	123	17 165

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

Lease transactions

During the financial year, LDC recorded no right-of-use assets (2022: \$0.083 million aggregate value for the lease of plant and equipment).

24. **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	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Assets										
Buildings (Note 13)	-	-	-	-	2 210	2 535	2 210	2 535	2 210	2 535
Infrastructure (Note 13)	-	-	-	-	12 011	10 803	12 011	10 803	12 011	10 803
Plant and equipment (Note 13)	-	-	-	-	64	90	64	90	64	90
Heritage and cultural assets (Note 15)	-	-	-	-	63	64	63	64	63	64
Total assets	-	-	-	-	14 348	13 492	14 348	13 492	14 348	13 492

There were no transfers between Level 1 and Levels 2 or 3 during 2022-23 financial year.

b) Valuation techniques and inputs

Valuation techniques used to measure fair value in 2022-23 are:

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

There were no changes in valuation techniques from 2021-22 to 2022-23.

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	Total
	\$000	\$000	\$000	\$000	\$000
2023					
Fair value as at 1 July	2 535	10 803	90	64	13 492
Additions	16	-	-	-	16
Depreciation/amortisation expense	(378)	(342)	(26)	(1)	(747)
Revaluation increments/decrements	37	1 550	-	-	1 587
Impairment losses reversed ^(a)	-	-	-	-	-
Fair value as at 30 June	2 210	12 011	64	63	14 348

	Buildings	Infrastructure	Plant and equipment	Heritage and cultural assets	Total
	\$000	\$000	\$000	\$000	\$000
2022					
Fair value as at 1 July	2 849	11 057	50	64	14 020
Additions	-	-	83	-	83
Depreciation/amortisation expense	(362)	(336)	(26)	-	(724)
Revaluation increments/decrements	48	-	(17)	-	31
Impairment losses reversed ^(a)	-	82	-	-	82
Fair value as at 30 June	2 535	10 803	90	64	13 492

^(a) Unrealised gain recognised in net surplus is disclosed in the reconciliation above.

(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.

25. 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 loans 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 LDC's financial assets and liabilities by category are disclosed in the table below.

	2023 Amortised cost	2022 Amortised cost
	\$000	\$000
Cash and deposits	25 138	14 829
Receivables ⁽¹⁾	175	411
Other assets – lease receivables	309	295
Total financial assets	25 622	15 535
Deposits held ⁽¹⁾	819	1 205
Payables ⁽¹⁾	9 373	223
Loans	15 000	15 000
Financial guarantee liability	26	65
Lease liabilities	574	852
Total financial liabilities	25 792	17 345

⁽¹⁾ 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 are based 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.

Financial instruments are reclassified when and only when LDC's 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, loans, 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.

Maturity analysis for financial liabilities

2023

	Carrying amount \$000	Less than one year \$000	1 to 5 years \$000	More than 5 years \$000	Total \$000
Liabilities					
Deposits held ⁽¹⁾	819	819	-	-	819
Payables ⁽¹⁾	9 373	9 373	-	-	9 373
Loans	15 000	5 646	11 655	-	17 301
Financial guarantee liability	26	26	-	-	26
Lease liabilities	574	340	115	184	639
Total financial liabilities	25 792	16 204	11 770	184	28 158

Maturity analysis for financial liabilities

2022

	Carrying amount \$000	Less than one year \$000	1 to 5 years \$000	More than 5 years \$000	Total \$000
Liabilities					
Deposits held ⁽¹⁾	1 205	544	661	-	1 205
Payables ⁽¹⁾	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
Total financial liabilities	17 345	6 695	11 931	178	18 804

⁽¹⁾ Amounts disclosed exclude statutory amounts, such as AOTA and also exclude unearned revenue and provisions, as these do not meet the definition of financial instruments and therefore amounts will not be recognised in the balance sheet.

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.

Interest rate risk for financial assets and liabilities

2023

	Interest bearing		Non-interest bearing	Total	Weighted average
	Variable	Fixed			
	\$000	\$000	\$000	\$000	%
Assets					
Cash and deposits	25 138	-	-	25 138	2.93%
Receivables ⁽¹⁾	-	-	175	175	
Other assets – lease receivables	-	309	-	309	2.09%
Total financial assets	25 138	309	175	25 622	
Liabilities					
Deposits held ⁽¹⁾	-	-	819	819	
Payables ⁽¹⁾	-	-	9 373	9 373	
Loans	-	15 000	-	15 000	5.04%
Financial guarantee liability	-	-	26	26	
Lease liabilities	-	574	-	574	1.38%
Total financial liabilities	-	15 574	10 218	25 792	

Interest rate risk for financial assets and liabilities

2022

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

⁽¹⁾ Amounts disclosed exclude statutory amounts, such as AOTA and also exclude unearned revenue and provisions, as these do not meet the definition of financial instruments and therefore amounts will not be recognised in the balance sheet.

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
	_____ \$000
30 June 2023	
Financial assets – cash at bank	251
Net sensitivity	251
<hr/>	
30 June 2022	
Financial assets – cash at bank	148
Net sensitivity	148
<hr/>	

(ii) Price risk

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

(iii) Currency risk

Credit risk refers to the risk a counterparty will default on its contractual obligations, resulting to financial loss to LDC.

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.

26. 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:

	2023	2022
	\$000	\$000
Short-term benefits	1 132	1 122
Post-employment benefits	120	116
Total	1 252	1 238

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.

2023

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	2 311	92	18 019

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

LDC recognised \$1.12 million in Capital Grants Revenue and \$0.32 million in Community Service Obligation (CSO) revenue from the Department of Infrastructure, Planning and Logistics (DIPL) during 2022-23. \$0.74 million in interest on LDC's cash balance was also received from the Northern Territory Treasury Corporation (NTTC). LDC paid \$0.68 million to the Department of Chief Minister and Cabinet

for land rates, \$0.712 million to the NTTC for interest on loans and \$0.303 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 \$0.98 million, CSO funding of \$0.25 million and master plan funding of \$0.36 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.

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 2022-23. No guarantees have been given or received. No expense has been recognised in the current year for bad or doubtful debts in respect of the amounts owed by related parties.

27. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

LDC had no contingent liabilities and no contingent assets as at 30 June 2023 or 30 June 2022.

28. 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.

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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