



ANNUAL REPORT

2019-20

LETTER TO THE MINISTER

The Honourable Michael Gunner MLA
Minister for Major Projects and Territory Economic Reconstruction
Parliament House
DARWIN NT 0800

Dear Minister,

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

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

Yours Sincerely



Tony Stubbin
Chief Executive Officer

10 November 2020

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DARWIN INTERNATIONAL AIRPORT

WISHART ESTATE

HOLTZE INDUSTRIAL ESTATE

DARWIN BUSINESS PARK

TRUCK CENTRAL

MARINE INDUSTRY PARK

PALMERSTON CBD

HARDSTAND

ZUCCOLI VILLAGE

DARWIN PORT

BARGE RAMP

SHIP LIFT

INPEX ICHTHYS LNG PLANT

SPITFIRE ESTATE

KITTYHAWK ESTATE

MIDDLE ARM INDUSTRIAL PRECINCT

KITTYHAWK ESTATE STAGE 1

WEDDELL POWER STATION

CHIEF EXECUTIVE OFFICER'S REPORT 2019-20



TONY STUBBIN
CHIEF EXECUTIVE OFFICER

The Land Development Corporation (LDC) is the Northern Territory Government's strategic land development agency. Our goal is to develop residential and industrial land to meet the strategic needs of Northern Territory residents and business.

Established by the *Land Development Corporation Act 2003* and structured as a Government Business Division, LDC is required to act in a commercial manner, paying taxes and dividends on profits, to ensure a level playing field.

LDC works with private partners to deliver our projects. These partners include local consultants, local construction contractors and local development partners.

The year saw all lots in Kilgariff Estate Stage 1 selling out prompting LDC to secure funding support from the Territory Government to enable the 87 lot Stage 2 to proceed. LDC also worked with a team of local consultants to progress the planning and design of the estate, ready for development application, tendering and construction activity during 2020-21.

LDC's other residential project, Zuccoli Village in Palmerston, had another strong year with 31 lots settled. As a consequence LDC, in collaboration with our development partner Urbex, commenced construction of Phase 3.4, providing a further 46 lots to the market. Early sales and interest in these lots was high, reflecting both the limited availability of serviced land in Darwin and the incentive provided by the new HomeBuilder Grant. These sales will flow through to settlements in 2020-21 when lots are completed and titled.

Activity in the Darwin Business Park, at East Arm, was subdued during 2019-20. The sale of two lots to the Landbridge Corporation were settled during the year. Further LDC entered into a contract of sale to iOR for the development of an unmanned fuel facility. Settlement on this contract and construction of the facility is expected in 2020-21.

Planning for the establishment of an additional bulk liquids facility at East Arm was progressed during the year to serve a range of needs, especially fuel storage. In this regard, LDC entered into an initial agreement with a fuel storage proponent.

The Marine Industry Park at East Arm saw further progress with the Territory Government confirming plans to build the largest ship lift in Northern Australia. The ship lift, which will be operational by 2024, will be a catalyst for the emerging marine maintenance industry in Darwin. During the year LDC further developed its concept for serviced lots to support the ship lift and entered into an interim agreement with a local marine maintenance company to establish a facility.

The Truck Central development within Wishart Estate, saw the completion and opening of the Vehicle Inspection Facility. This is a key component of the Truck Central concept which allows for the inspection of fully configured road trains. Elsewhere in Wishart Estate, LDC developed site plans for commercial scale data centres to be subject to a Northern Territory Government Expression of Interest process in 2020-21.

The Middle Arm Industrial Precinct in Darwin Harbour is the home to two world class LNG processing facilities. As owner of 600 hectares of developable land and an extensive network of product corridors, LDC continued to work with Government and industry to further develop this Precinct for downstream oil and gas processing, chemical manufacturing, minerals processing and energy industries. During the year LDC secured funding, finalised design and engaged a contractor to construct Stage 1 of the Kittyhawk Estate. Stage 1 will comprise 3 lots over 32.5 hectares and is set to be delivered in 2020-21.

The emergence of COVID-19 during the year did not significantly disrupt LDC's operations due to the prompt development and implementation of a COVID-19 Management Plan, comprising work health and safety as well as business continuity components. The Management Plan allowed LDC to continue to function in an efficient and effective manner, while minimising the health risks to staff and customers.

In 2019-20, LDC reviewed and updated its land sales policy and incorporated these changes to its accounts to better align with the new Australian Accounting Standards Board Revenue standard (AASB15). This primarily impacted the timing of recognition of revenue. The financial outcome for the year was a deficit of \$0.5 million. This included a land and property asset impairment loss of \$5.7 million resulting in an underlying surplus of \$5.2 million.

LDC continued to undertake promotional efforts such as organising and participating in conferences, forums and events, including a range of online activities. The aim of these efforts was to sell and lease land and property, as well as to facilitate and encourage private investment in the Northern Territory.



TONY STUBBIN

LAND DEVELOPMENT CORPORATION
CHIEF EXECUTIVE OFFICER

WHAT WE DO

The Land Development Corporation is a Government Business Division. To operate as a successful business, we sell and lease land to create revenue that supports our operations and funds future projects. To operate commercially in our activities and as a successful business, we undertake development of land for sale and lease to create revenue. The following principles underpin our approach to the delivery of our land assets:

PLAN

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

BUILD

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

DELIVER

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

ABOUT THE CORPORATION



“The Land Development Corporation is strategically planning for the future by developing industrial, commercial and residential land for private and Government investment. Our projects will move the Northern Territory into the future and work to build a better place for all Territorians.”

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

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

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

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

OUR STRATEGIC DIRECTION

LDC STRATEGIC PLAN 2019 - 24

Our vision

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

Our mission

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

Our strategic directions

- Partnership
- Leadership
- Optimisation
- Opportunity

Partnership

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

Objectives

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

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

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

Our values

Respect: we respect and support

Alliances: we develop positive

Innovation: we seek continuous

Sustainability: we deliver responsible

Expertise: we act professionally

Leadership

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

Optimisation

We optimise the efficiency and effectiveness of our assets and operations

Opportunity

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

Objectives

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

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

Objectives

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

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

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

Objectives

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

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

Support each other, working together as a team

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

Pursue continuous improvement by challenging conventional thinking

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

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

MEET THE MANAGEMENT TEAM



TONY STUBBIN

Chief Executive Officer

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

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



HANNAH BARRAZA

Business Director

With over 16 years experience in the property industry, Hannah has previously worked in management positions in government as well as in property, commercial and securities law in the legal sector.

Hannah's expertise includes strategic planning and implementation, corporate governance and risk management via due diligence processes, business cases and feasibilities, complex stakeholder negotiations, budget and resource planning and mentoring and coaching.

Hannah has experience in the property market, locally and nationally, including established properties, land development and off-the-plan projects.

Hannah holds an Advanced Diploma of Government, Diploma of Leadership and Management and Diploma of Property and is currently studying a Masters of Business Administration (MBA).



CARLY BEH

Financial Controller

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

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

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

**DANIEL CAMERON**

Project Director

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

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

Daniel commenced with LDC in the role of Technical Director and transitioned to a project role in late 2019. Daniel is currently serving as a Project Director, leading a team to deliver new projects in the, industrial, energy and residential sectors.

Daniel holds a Bachelor of Engineering in Civil Engineering.

**KASSI PICKEN**

Project Director

Kassi is an executive leader with over 14 years experience working in the public service primarily in property and project focused roles. Her expertise lies in stakeholder engagement, contract management, budget forecasting, business case development, and private sector negotiation and engagement.

Kassi has successfully led, facilitated, implemented and managed various major projects in the residential, industrial, defence, agriculture and tourism sectors from project inception through to project completion.

Kassi's experience extends to commercial feasibility assessments and private sector engagement through rigorous negotiation and consultation. Kassi has primarily worked on residential greenfield developments, infill developments and affordable housing projects, however is also highly versed in managing strategic industrial and agricultural land release projects including pre-feasibility analysis and construction management. Kassi holds a Bachelor of Business (Majors: Management and Marketing) and Graduate Diploma in Project Management.

**PAUL SCHNEIDER**

Project Director

Paul has held a variety of positions within the Commonwealth, Northern Territory and Western Australia Governments in valuation, commercial leasing, land administration and land development roles.

As a Project Director, Paul oversees the strategic industrial development of the Marine Industry Park, Darwin Business Park and Wishart Estate. In addition, the Team is progressing the planning and design for Stage 2 of the Kilgariff Estate, south of The Gap in Alice Springs.

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

**THOMAS NOONE**

Technical Director

Thomas has worked in a variety of roles within the public and private sectors in the Northern Territory and the Republic of Ireland.

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

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

**RHIAN SPINKS**

Executive Officer

Rhian has been working in the NT Public Service for over 8 years.

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

Rhian commenced as the Executive Officer with LDC in March 2018 and coordinates a small team to provide Corporate Support to all staff at the Land Development Corporation.

Rhian has a Certificate IV in Business Administration.

OUR PEOPLE

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

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

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



OUR PORTFOLIO AT A GLANCE

The Land Development Corporation seek to invest in the future of the Territory by undertaking development of land for new opportunities for industry and for desirable, sustainable and innovative housing solutions for Territorians.

While the property market has been subdued over the past year, the residential market has achieved reasonable results in Zuccoli Village and Kilgariff Estate.

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

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



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



RESIDENTIAL DEVELOPMENTS

- Zuccoli Village
- Kilgariff Estate
- Waratah Crescent



INDUSTRIAL DEVELOPMENTS

- Middle Arm Industrial Precinct
- Marine Industry Park
- Darwin Business Park
- Wishart Estate
- Holtze Industrial Estate



INVESTMENT OPPORTUNITIES

- Tiwi Islands



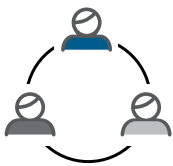
Kilgariff Estate

Stage 2 coming soon!

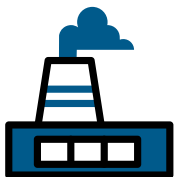
Lots in Stage 1 of Kilgariff Estate, SOLD OUT in May 2020. The high demand for these lots saw the development process begin on Stage 2 of Kilgariff Estate to continue providing the Alice Springs community with access to affordable land.

\$31.3M

In industrial land sales



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



Middle Arm Industrial Precinct

STAGE 1 KITTYHAWK ESTATE

LDC commenced construction of Stage 1 of the Kittyhawk Estate subdivision in mid-2020. This first stage is intended to facilitate initial access to land on the Kittyhawk peninsula via an intersection off Channel Island Road, immediately west of the Weddell Power Station.

Construction of Stage 1 Kittyhawk Estate is set to be completed in early 2021.



Zuccoli Village

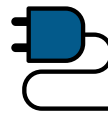
Residential Land Sales

The ever growing suburb of Zuccoli, saw Zuccoli Village sell a total of 31 lots in the 2019 - 20 financial year.



18 Highly qualified professionals

LDC are a team of 18 professionals across the fields of accounting, economics, law, planning, procurement, project management, engineering, business, sales, marketing and administration, dedicated to delivering strategic projects across the Northern Territory.



2020

WISHART ESTATE

The Land Development Corporation has successfully delivered Truck Central as the first stage of Wishart Estate. The NT Government will release an EOI for investors to develop Data Centres identifying Wishart Estate for this development.



2 sales

Darwin Business Park

Darwin Business Park saw the sale of 2 lots in 2019-20. 25 lots remain for sale with a large amount of active enquiries.

\$9.3M

In residential land sales

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

LDC HIGHLIGHTS 2019 - 20

RESIDENTIAL DEVELOPMENTS

\$9,261,062
IN REVENUE
2019 - 20

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



RUFFINO PARK
KILGARIFF ESTATE, ALICE SPRINGS



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



Duffino Pa

ZUCCOLI VILLAGE

PALMERSTON



@zuccolivillage



“Zuccoli Village is a great neighbourhood to be part of with a unique feel and growing community”

OVERVIEW

Zuccoli Village – The Village Life.

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

OUR ROLE

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



CURRENT STATUS

The project is now into its third release phase having delivered 540 lots since its humble beginnings back in 2011. With over 200 lots left to be delivered and a myriad of playgrounds, nature walks, bicycle tracks and more, the project is set to supplement market supply for the next 3 to 4 years.

FEATURES

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

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

Residents are able to enjoy a lifestyle with a focus on larger lot sizes and high quality housing constructed in accordance with our design guidelines. Boardwalks and cycling trails make their way through playing fields, landscaped gardens and extensive natural bushland. Nature and neighbourhood come together when you call Zuccoli home.

KILGARIFF ESTATE

ALICE SPRINGS



@kilgariffestate



Kilgariff Estate has been well received by the Alice Springs community, with Stage 1 lots selling out in early 2020. Planning and design for the release of Stage 2 is well progressed to provide a further 87 residential lots.

OVERVIEW

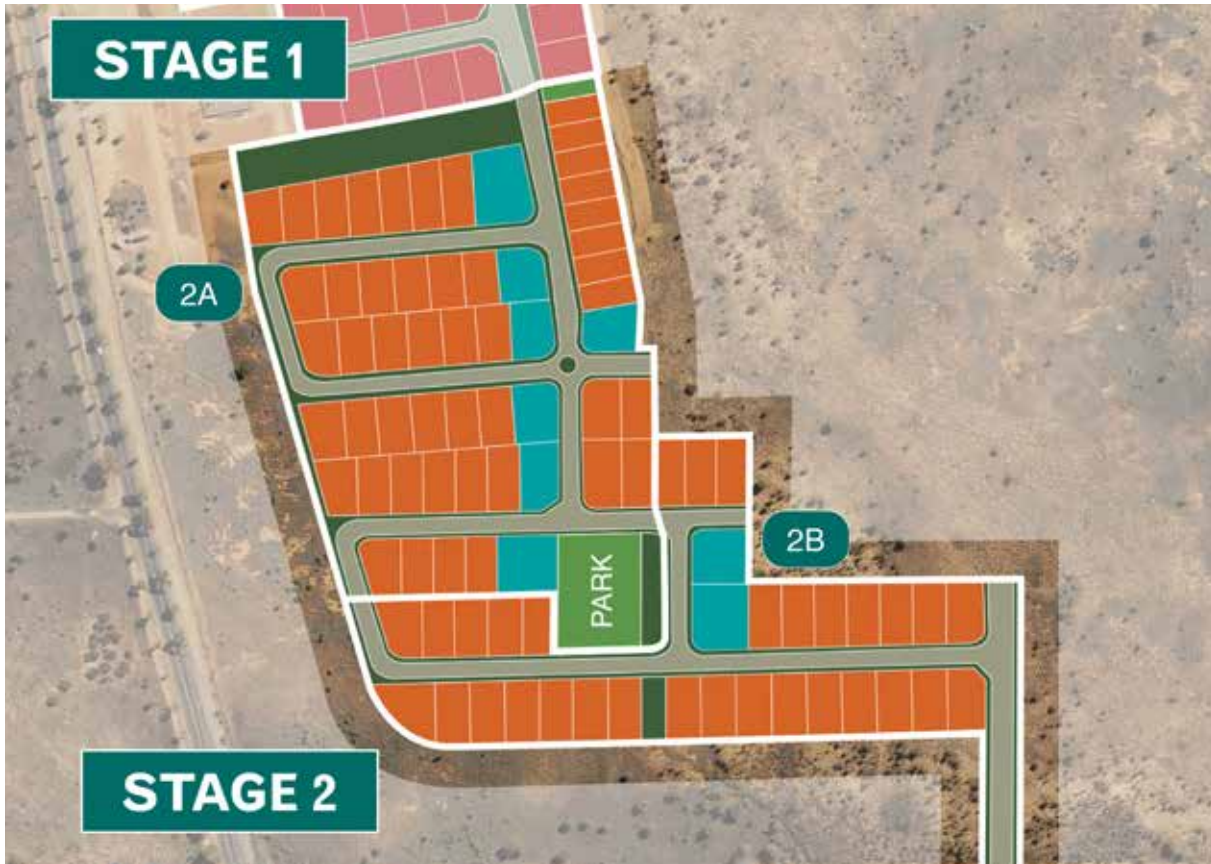
Kilgariff Estate – Quiet estate living.

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

OUR ROLE

As developer of Kilgariff Estate, the Land Development Corporation aims to build upon the strong sense of community established in Stage 1.

Land Development Corporation has appointed a first class team of Territorian consultants to progress planning and design of Kilgariff Stage 2 in accordance with the Kilgariff Area Plan vision. This team is enhanced by Alice Springs based surveyors, architects and landscapers ensuring local expertise goes into this important planning and design phase.



CURRENT STATUS

A subdivision application for the 87 lots within Stage 2 is planned to be lodged and exhibited in late July 2020.

Upcoming milestones for Stage 2 include:

- Planning approval expected in late September 2020.
- Tender for construction to be released in late 2020.
- Subdivision construction commencing early 2021.
- Titles and Land available late 2021.

FEATURES

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

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

Key features include:

- A mix of affordable and attractive lot options appropriate for the Alice Springs market, and in line with the intent of local planning policy. Lots will respond to the emerging needs of the community.
- Promotion of sustainability through maximising climatically appropriate development.

Development of a safe and connected community. Promotion of walking and cycling through an intuitive pathway network integrating local streets with conveniently located open space to create a cohesive network of natural areas for connectedness, recreation and amenity.

INDUSTRIAL DEVELOPMENTS

\$31,292,223

IN SALES

2019 - 20



STAGE 1, KITTYHAWK ESTATE
MIDDLE ARM INDUSTRIAL PRECINCT, DARWIN



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

MIDDLE ARM INDUSTRIAL PRECINCT

NORTHERN TERRITORY



Middle Arm Industrial Precinct is currently home to the Santos Darwin LNG Plant and INPEX Ichthy's Onshore LNG Processing Facility.

OVERVIEW

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

OUR ROLE

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

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



CURRENT STATUS

LDC commenced construction of Stage 1 of the Kittyhawk Estate subdivision in mid-2020. This first stage is intended to facilitate initial access to land on the Kittyhawk peninsular via an intersection off Channel Island Road, immediately west of the Weddell Power Station.

LDC continue to be a key stakeholder in the site investigations and key infrastructure planning being undertaken by the Department of Infrastructure, Planning & Logistics' Land Development Unit. These studies include investigations into potential water access points for export and module offload facilities as well as identifying relevant product corridor planning strategies.

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

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

After several years of industry consultation, feasibility assessment, concept development and detailed design, LDC pulled the trigger on construction of Stage 1 of the Kittyhawk Estate. The work, being delivered by local contractor BMD, represents a significant investment by LDC to achieve access to land holdings at Middle Arm.

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

Stage 1 will comprise 3 lots over 32.5 hectares of developable land, with tiles expected by Q2 2021.

FEATURES

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

MARINE INDUSTRY PARK

EAST ARM



Indicative image only

The Marine Industry Park is strategically located on premium waterfront land within the East Arm Logistics Precinct.

OVERVIEW

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

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

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

CURRENT STATUS

During 2019-20, the Northern Territory Government confirmed the commitment to deliver the largest Ship Lift in Northern Australia, adjacent to LDC's existing marine service facilities at East Arm. Construction works are scheduled to commence from 2021 with operation set to commence in 2024. Funding of \$300 million is being provided from the Northern Australia Infrastructure Facility (NAIF), with the Northern Territory Government committing the remaining \$100 million.



Existing Facilities

The Marine Industry Park currently has a 9 hectare hardstand and all-tide Barge Ramp available for short or long term usage.



Existing Hardstand and Barge Ramp

To support the Darwin Ship Lift project, LDC has a development permit to construct the new serviced lots over two stages providing industrial lots for marine related businesses to establish vessel repair workshops and supporting services close to the Ship Lift.

Stage 1 includes a 9 hectare industrial subdivision providing 5 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.

LDC is working closely with the Northern Territory Government to provide a seamless design and integration of the Darwin Ship Lift, existing facilities and the serviced lot area. Functionality of the Marine Industry Park was further enhanced in November 2019, with biosecurity First Point of Entry authorisation being issued for commercial vessels and goods for the Port of Darwin.

FEATURES

Marine serviced lots

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

Hardstand

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

Barge Ramp

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

WISHART ESTATE

WISHART



Indicative image only

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

OVERVIEW

Mid-way between the cities of Darwin and Palmerston, Wishart Estate is central to the Top End's population centres being Darwin and Palmerston and close to road, rail, sea and air transport.

Truck Central

Stage 1 of Wishart Estate is Truck Central, being the Northern Territory's one-stop transport hub. This 16 hectare, heavy transport estate, improves 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.

Data Centre Potential

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

OUR ROLE

The Land Development Corporation owns the majority of land within Wishart Estate. The design and delivery of Truck Central demonstrates a collaborative development with the Ostoic Group as delivery partner, the NT Road Transport Association, the Department of Infrastructure, Planning and Logistics; and the Australian Government.

In February 2020, the Northern Territory Government announced 'Terabit Territory' with \$7.9 million being invested to upgrade fibre-optic cables across the Territory and improve interstate connectivity. Terabit Territory provides enabling infrastructure to attract subsea connections with South East Asia and major data centre investment. To support this initiative, LDC has been working with other Northern Territory Government agencies to progress preliminary engineering investigations into a number of potential data centre sites within Wishart Estate.

CURRENT STATUS

The Vehicle Inspection Facility, operated by the Motor Vehicle Registry opened in April 2020 and is a key component of Truck Central. Complementing the existing heavy transport facilities, it allows for the inspection of fully-configured triple road trains. This facility has been well received by the road transport industry, providing increased safety and productivity. To date, over \$52 million has been invested in the Truck Central project.

LDC and stakeholders have produced a video fly-through to demonstrate *the vision* for Truck Central. The fly-through was released at a transport industry event showcasing the Vehicle Inspection Facility in late June 2020. Numerous other industry inspections and briefings have occurred during 2019-20 to demonstrate the safety and productivity benefits Truck Central provides.

LDC has undertaken initial planning and engineering investigations for the delivery of three potential sites ranging from 3.2 to 17 hectares for potential large scale data centres. These sites are proposed for inclusion in a Northern Territory Government EOI process to be released during 2020-21.

The EOI will detail upcoming infrastructure to improve the Territory's connection with Australian and international capitals and seeks to attract large scale data centre development to Darwin. LDC continues to engage with adjoining land owners to consolidate developable areas at Wishart Estate to achieve an efficient and cost effective subdivision for data centre and other future 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, and possibly the world, it 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 Potential: Energy is the major input for any data centre development and proximity to the Hudson Creek Switching Station makes Wishart an ideal location to establish a major data centre park in the Northern Territory.

DARWIN BUSINESS PARK

EAST ARM



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

OVERVIEW

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

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

OUR ROLE

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



Darwin Business Park

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



CURRENT STATUS

Late in 2019, LDC entered into a contract of sale with fuel retailer iOR, for the development of an unmanned fuel facility in the newest release of Darwin Business Park. Construction of the facility is expected to commence in late 2020 - early 2021.

In January 2020, Landbridge secured two lots within the Darwin Business Park. Development of these lots is anticipated to compliment the broader East Arm Logistics Precinct infrastructure, facilities and amenity.

The Australian and United States Governments, entered negotiations in early 2020 to deliver bulk fuel storage facilities in the Northern Territory to support US Defence. In September 2020, the Australian Government announced a \$200 million program to increase domestic fuel storage supplies by 780 megalitres. LDC has received interest in an 8.8 hectare site in Darwin Business Park for both potential end uses and has granted a right of first refusal to one party. LDC is undertaking advance planning and design work to make this site development ready for further bulk liquid facilities. There are opportunities to turn-off additional sites nearby should there be further demand for bulk fuel storage uses.

FEATURES

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

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

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

OTHER PROJECTS



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



TIWI ISLANDS

NORTHERN TERRITORY

GUNN POINT

NORTHERN TERRITORY

WARATAH CRESCENT

FANNIE BAY

HOLTZE INDUSTRIAL ESTATE

HOLTZE

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 2019-20, 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.

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 has considered future stages and varying lot sizes from smaller (1 hectare) to larger lots (3.2 hectares).

Further activity will be driven by industry demand for new lot development. During the year, LDC commenced discussions with a new future occupant of Holtze Industrial Estate, with activity on a new premises expected in the coming year.



WARATAH CRESCENT

FANNIE BAY

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

This prominent and highly desirable Fannie Bay location is proposed to showcase property development initiatives that deliver long term sustainable outcomes.

LDC spent considerable time during the year undertaking investigations on usage of the site to yield optimal community outcomes. Those investigations continue into design concepts with the aim of understanding feasibility and commerciality before proceeding with development activities.

GUNN POINT NORTHERN TERRITORY

The Land Development Corporation was engaged by the Northern Territory Land Corporation (NTLC) in 2018-19 to undertake site investigations and pre-feasibility studies to help inform future management strategies for the western beaches area of Gunn Point, which have historically been utilized for unrestricted/uncontrolled public recreation and camping.

At that time, the NTLC identified the need for increased management of the area in response to increased public accessibility to the location following the sealing of Gunn Point Road. LDC's initial work included investigations into the physical, economic, legal and social constraints of the site, in order to gauge the potential for future development and management of the area.

Following this initial body of work, LDC was engaged to undertake cost estimates for an initial "minimum" level of establishment as identified in the initial pre-feasibility report. This included a caretaker's building, ablution building and un-powered caravan sites.



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.



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

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

KEY EVENTS

2019-20



DARWIN PORT CHARITY GOLF DAY

DARWIN | AUGUST 2019

Every year the Land Development Corporation supports the Seafarers Mission by sponsoring the Darwin Port Corporation's Golf Day.

This year the goal was to raise funds to assist in the funding for the Seafarers Centre. A great day was had by all and the LDC team were happy to work together to raise money for a fantastic cause.



NT RESOURCES WEEK

DARWIN | 4 - 5 SEPTEMBER 2019

NT Resources Week combines three of the NT's foremost resource and construction industry events; South East Asia Australia Offshore and Onshore Conference (SEAAOC), Mining the Territory and Environmental Management and Logistics Forum along with an extensive combined exhibition.

LDC hosted a stand at the event to attract national and international investment to a range of our projects and developments.



PACIFIC 2019

SYDNEY | 8 - 10 OCTOBER 2019

As the only comprehensive exhibition of its kind in the Indo-Asia-Pacific region, PACIFIC 2019 showcases commercial, maritime and naval defence industries to promote their capabilities to decision-makers from around the world.

LDC Project Director, Paul Schneider attended the Pacific 2019 conference in Sydney with a delegation of other Northern Territory Government officials.



KIDS FEST | KILGARIFF ESATE

ALICE SPRINGS | 12 OCTOBER 2019

On a sunny Saturday morning, LDC hosted a free event for the Alice Springs community at Kilgariff Estate.

The event was home to reptiles, pony rides, a jumping castle, face painting, popcorn, snowcones and coffee for the adults. A great time was had by all!



UDIA AWARDS NIGHT

DARWIN | 18 OCTOBER 2019

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

We are proud to be a part of the Urban Development Institute of Australia and this year sponsored the Affordable Development Award, won by Costojic Pty Ltd for Zuccoli Aspire.

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



NORTHERN AUSTRALIA DEFENCE SUMMIT

DARWIN | 23 - 24 OCTOBER 2019

The Annual Northern Australia Defence Summit is a high level policy-driven summit with a theme and focus on 'Mobilising defence capability and force posture in Northern Australia'.

LDC held a stand at the event to capture the interest of local and national stakeholders in the Marine Industry Park and its capabilities for the Australian Defence Force and its suppliers and services.



REACHING SOUTH

SHENZHEN | 23 - 27 OCTOBER 2019

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

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



AUSTRALASIAN OIL & GAS CONFERENCE

PERTH | 11 - 13 MARCH 2020

The Land Development Corporation joined a delegation of NT businesses and Government agencies to attend the 2020 Australation Oil and Gas exhibition and conference in Perth.

The conference allowed the Land Development Corporation to showcase its projects highlighting the Middle Arm Industrial Precinct.



VEHICLE INSPECTION FACILITY SHOWCASE

DARWIN | 29 JUNE 2020

On Monday 29 June, the Department of Infrastructure, Planning and Logistics and the Land Development Corporation hosted an industry event at Truck Central's Vehicle Inspection Facility.

The Minister for Infrastructure, Planning and Logistics, the Hon. Eva Lawler MLA attended the event and highlighted the benefits of Truck Central to Northern Australia.

OUR FINANCIAL REPORT





INDEPENDANT AUDITORS REPORT

FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS



Auditor-General
Independent Auditor's Report
to the Minister for Major Projects and Territory Economic Reconstruction
Land Development Corporation
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Opinion

I have audited the accompanying financial report of Land Development Corporation (the Corporation), which comprises the balance sheet as at 30 June 2020, 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 2020, 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, as reported in Note 4a, and unearned contract revenue, 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	Audit scope response to the Key Audit Matter
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Valuation of land inventory

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

My procedures included but were not limited to:

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

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

Other Information

The Chief Executive is responsible for the other information. The other information comprises the information included in the Corporation's financial statement overview for the year ended 30 June 2020, 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.

A handwritten signature in cursive script, appearing to read 'Julie Crisp'.

Julie Crisp
Auditor-General for the Northern Territory

Darwin, Northern Territory

2 October 2020

FINANCIAL STATEMENT OVERVIEW

FOR THE YEAR ENDED 30 JUNE 2020

The year ended 30 June 2020, represents the ninth year that the Land Development Corporation (LDC) has operated as a Government Business Division (GBD).

FINANCIAL PERFORMANCE

LDC's total income of \$12.67 million comprises overall revenue of \$43.16 million less the cost of land sold being \$30.49 million. The land sales represent sales from both industrial and residential developments. This year's land sales revenue of \$40.55 million is higher than the previous financial year of \$22.55 million.

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

LDC's main operating expenditure during the year relates to residential and industrial land development being the cost of land sold of \$30.49 million. LDC's employee expenses for the year were \$2.79 million and LDC employed 20 full time equivalent employees as at 30 June 2020. LDC purchases services from other agencies (\$0.32 million).

FINANCIAL POSITION

Overall LDC maintains a strong financial position with \$121.25 million in net assets at 30 June 2020 compared to \$126.72 million in the previous year.

LDC has a secure liquidity position with \$27.87 million in cash. LDC also has a healthy portfolio of land with \$39.20 million in current land inventory and \$75.51 million in non-current land inventory.

CERTIFICATION OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

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

We further state that the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and notes to and forming part of the financial statements, presents fairly the financial performance and cash flows for the year ended 30 June 2020 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

2 October 2020



CARLY BEH

LAND DEVELOPMENT CORPORATION
FINANCIAL CONTROLLER

2 October 2020

COMPREHENSIVE OPERATING STATEMENT

For the year ended 30 June 2020

	Note	2020 \$000	Restated 2019 \$000
INCOME			
Revenue from land sales	4a	40 553	22 555
Cost of land sold		(30 490)	(20 802)
<i>Gross Profit</i>		10 063	1 753
Grants and subsidies	4b	182	-
Sales of goods and services		-	269
Interest revenue		200	357
Royalties, rents and dividends	4c	1 547	1 627
Other income	4d	682	892
TOTAL INCOME	3	12 674	4 898
EXPENSES			
Employee expenses		2 792	2 935
Administrative expenses			
Purchases of goods and services	6	2 263	2 681
Repairs and maintenance		566	486
Depreciation and amortisation	13,15	752	511
Other administrative expenses		173	978
Impairment losses	11,13	5 746	567
Interest expenses	7	898	899
TOTAL EXPENSES	3	13 190	9 057
NET DEFICIT BEFORE INCOME TAX		(516)	(4 159)
Income tax expense	5	-	-
NET DEFICIT		(516)	(4 159)
OTHER COMPREHENSIVE INCOME			
<i>Items that will not be reclassified to net deficit</i>			
Increase/(Decrease) in asset revaluation reserve	22	(591)	222
Transfer from reserves		445	-
TOTAL OTHER COMPREHENSIVE INCOME		(146)	222
COMPREHENSIVE RESULT		(662)	(3 937)

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

BALANCE SHEET
As at 30 June 2020

	Note	2020 \$000	Restated 2019 \$000
ASSETS			
Current Assets			
Cash and deposits	9	27 865	30 965
Receivables	10	312	263
Inventories	11	39 200	50 684
Prepayments		25	-
Other Assets	12	5	-
Total Current Assets		67 407	81 912
Non-Current Assets			
Inventories	11	75 512	96 833
Property, plant and equipment	13,14	14 690	15 205
Heritage and cultural assets	15	65	66
Other Assets	12	285	-
Total Non-Current Assets		90 552	112 104
TOTAL ASSETS		157 959	194 016
LIABILITIES			
Current Liabilities			
Payables	16	864	7 853
Borrowings and advances	17	5 290	-
Provisions	18	320	276
Other liabilities	19	14 037	25 569
Deposits held	20	168	168
Income tax payable	5	-	-
Total Current Liabilities		20 679	33 866

BALANCE SHEET (Continued)**As at 30 June 2020**

	Note	2020 \$000	Restated 2019 \$000
Non-Current Liabilities			
Borrowings and advances	17	16 031	20 000
Other liabilities	19	-	13 431
Total Non-Current Liabilities		16 031	33 431
TOTAL LIABILITIES		36 710	67 297
NET ASSETS		121 249	126 719
EQUITY			
Capital		54 339	54 339
Reserves	22	-	591
Accumulated funds		66 910	71 789
TOTAL EQUITY		121 249	126 719

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 2020

	Note	Equity at 1 July \$000	Comprehensive result \$000	Transactions with owners \$000	Equity at 30 June \$000
2019-2020					
Accumulated Funds		71 789	-	-	71 789
Adjustment on adoption of AASB 15 & AASB 1058	2b	(4 808)	-	-	(4 808)
Deficit for the period		-	(516)	-	(516)
Transfers from reserves		-	445	-	445
		66 981	(71)	-	66 910
Reserves	22	591	(591)	-	-
Capital – Transactions with Owners		54 339	-	-	54 339
Total Equity at End of Financial Year		121 911	(662)	-	121 249
2018-2019					
Accumulated Funds - Restated		85 217	-	-	85 217
Restatement	31	(9 269)	(181)	-	(9 450)
Deficit for the period		-	(3 978)	-	(3 978)
		75 948	(4 159)	-	71 789
Reserves	22	369	222	-	591
Capital – Transactions with Owners		54 339	-	-	54 339
Total Equity at End of Financial Year - Restated		130 656	(3 937)	-	126 719

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 2020

	Note	2020 \$000	Restated 2019 \$000
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating Receipts			
Capital grants		182	-
Receipts from sales of goods and services		21 110	22 773
Interest received		219	368
Total Operating Receipts		21 511	23 141
Operating Payments			
Payments to employees		(2 728)	(2 970)
Payments for goods and services		(20 759)	(14 859)
Income tax paid		-	(635)
Interest paid		(894)	(904)
Total Operating Payments		(24 381)	(19 368)
Net Cash (Used in)/From Operating Activities	23	(2 870)	3 773
CASH FLOWS FROM INVESTING ACTIVITIES			
Investing Receipts			
Finance lease received		5	-
Total Investing Receipts		5	-
Net Cash From Investing Activities		5	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Financing Payments			
Repayment of deposits received		-	(150)
Dividends paid		-	(741)
Lease liabilities payments		(235)	-
Total Financing Payments		(235)	(891)
Net Cash Used in Financing Activities		(235)	(891)

CASH FLOW STATEMENT (Continued)**For the year ended 30 June 2020**

	Note	2020 \$000	Restated 2019 \$000
Net increase/(decrease) in cash held		(3 100)	2 882
Cash at beginning of financial year		30 965	28 083
CASH AT END OF FINANCIAL YEAR	9	27 865	30 965

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

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- INCOME**
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1. OBJECTIVES AND FUNDING

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

LDC's objective is to:

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

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

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

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

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

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

a) Statement of Compliance

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

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

b) Basis of Accounting

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

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

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

Standards and interpretations effective from 2019-20

AASB 15 Revenue from contracts with a customer / AASB 1058 Income for not-for-profit entities

AASB 15 Revenue from contracts with customers (AASB 15) supersedes AASB 111 Construction contracts, AASB 118 Revenue and related interpretations and applies, with limited exceptions, to all revenue arising from contracts with customers. Under AASB15, revenue from agreements that are enforceable, have sufficiently specific performance obligations and transfer goods or services to the customer or third party beneficiary will be recognised when or as performance obligations are satisfied. AASB 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when assessing contracts with their customers.

AASB 1058 Income for not-for-profit entities (AASB 1058) clarifies and simplifies income-recognition requirements that apply to not-for-profit entities and replaces most of the not-for-profit provisions under AASB 1004 Contributions. AASB 1058 applies to transactions where the consideration to acquire an asset is significantly less than fair value principally to enable the entity to further its objectives, and where volunteer services are received.

In contrast with previous standards such as AASB 1004, AASB 1058 allows deferral of income from capital grants where there is an enforceable contract with sufficiently specific performance obligations and the agreement does not require LDC to transfer the asset to other parties. For

such capital grants, the funding received is initially deferred in an unearned revenue liability and subsequently recognised as revenue as or when LDC satisfies obligations under the agreement.

In accordance with transition provisions, LDC has applied the modified retrospective approach on transition to AASB 15 and AASB 1058, with the cumulative effect of applying both accounting standards recognised in accumulated funds or appropriate equity code at 1 July 2019. Accordingly, the comparative information presented for 2018-19 has not been restated and is presented as previously reported. LDC applied the accounting standards retrospectively to all contracts, including completed contracts, at 1 July 2019. Completed contracts include contracts where LDC had recognised all revenue in prior periods under AASB 1004 Contributions.

LDC has applied the following practical expedients permitted by AASB 15 and AASB 1058 on transition:

- Application of hindsight on determining the transaction price and allocating the transaction price to the satisfied and unsatisfied performance obligations
- contract modifications that occurred prior to the date of initial application accounted for on an aggregated basis when identifying the satisfied and unsatisfied performance obligations
- assets previously acquired for significantly less than fair value not remeasured but recorded at cost.

The following tables summarise the transitional impact of adoption of AASB 15 and AASB 1058.

Impact on balances affected by adopting AASB 15 and AASB 1058 as at 1 July 2019:

	<u>\$000</u>
ASSETS	
Inventories	1 744
TOTAL ASSETS	<u>1 744</u>
LIABILITIES	
Other Liabilities	
Unearned contract revenue	6 552
TOTAL LIABILITIES	<u>6 552</u>
NET ASSETS	<u>(4 808)</u>

The table below summarises the impacts of adopting AASB 15 and AASB 1058 in the 2019-20 financial statements. It compares actual amounts reported to amounts that would have been reported if previous revenue standards (AASB 1004, AASB 118, AASB 111 and related interpretations) had been applied in the current financial year.

Impact on balances affected by adopting AASB 15 and AASB 1058 as at 30 June 2020:

Comprehensive operating statement

	Note	30 June 2020 without AASB 15/1058 \$000	Impact of AASB 15/1058 \$000	30 June 2020 with AASB 15/1058 \$000
INCOME				
Revenue from land sales		37 553	3 000	40 553
Cost of land sold		(29 608)	(882)	(30 490)
<i>Gross profit</i>		7 945	2 118	10 063
TOTAL INCOME		10 556	2 118	12 674
TOTAL EXPENSES		13 190	-	13 190
NET DEFICIT		(2 634)	2 118	(516)
TOTAL OTHER COMPREHENSIVE INCOME		(146)	-	(146)
COMPREHENSIVE RESULT		(2 780)	2 118	(662)

Balance sheet

	Note	30 June 2020 without AASB 15/1058 \$000	Impact of AASB 15/1058 \$000	30 June 2020 with AASB 15/1058 \$000
ASSET				
Current Assets				
Inventories		38 339	861	39 200
Total current assets		66 546	861	67 407
Non-current assets				
Inventories		75 511	1	75 512
Total non-current assets		90 551	1	90 552
TOTAL ASSETS		157 097	862	157 959
LIABILITIES				
Current liabilities				
Other liabilities		10 485	3 552	14 037
Total current liabilities		17 127	3 552	20 679
Total non-current assets		16 031	-	16 031
TOTAL LIABILITIES		33 158	3 552	36 710

Balance sheet (Continued)

	30 June 2020 without AASB	Impact of AASB	30 June 2020 with AASB
Note	15/1058	15/1058	15/1058
	\$000	\$000	\$000
NET ASSETS	123 939	(2 690)	121 249
EQUITY	123 939	(2 690)	121 249

AASB 16 Leases

AASB 16 Leases (AASB 16) supersedes AASB 117 Leases and relevant interpretations and introduces significant changes to lessee accounting by removing the distinction between operating and finance leases. For lessees with operating leases, a right-of-use asset has now been recognised on the balance sheet together with a lease liability at the lease commencement, for all leases except for leases with a term of less than 12 months or where the underlying assets are of low value. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged and has not had a significant impact for leases where LDC is the lessor.

In accordance with transition provisions, LDC has applied the modified retrospective approach on transition to AASB 16, with the cumulative effect of initial application of the standard as an adjustment to the balance sheet as at 1 July 2019. Accordingly, the comparative information presented for 2018-19 has not been restated and is presented as previously reported.

Lease liabilities recognised at 1 July 2019 have been measured at the present value of the remaining lease payments discounted using the Northern Territory Treasury Corporation's institutional bond rate as the incremental borrowing rate at the date of initial application. The weighted average incremental borrowing rate applied to the lease liabilities as at 1 July 2019 was 1.93%.

The corresponding right-of-use asset has been recorded on transition at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 1 July 2019.

LDC has applied the following practical expedients permitted by AASB 16 on transition:

- lease classification has been grandfathered. Where a contract did not contain a lease at 1 July 2019 under AASB 117 and Interpretation 4, these have not been reassessed
- application of a single discount rate to a portfolio of leases with reasonably similar characteristics
- application of onerous contract assessment before transition, in place of performing an impairment review
- leases with a remaining term of less than 12 months as at 1 July 2019 were expensed rather than recognised on the balance sheet
- exclusion of initial direct costs from the measurement of the right-of-use asset as at 1 July 2019

- application of hindsight in determining the lease term where the contract contained options to extend or terminate the lease

On adoption of AASB 16, LDC recognised additional right-of-use assets and lease liabilities for office building, land and vehicles which had previously been classified as operating leases.

Impact on affected balances of adopting AASB 16 as at 1 July 2019 is as follows:

Balance sheet	\$000
ASSETS	
Property, plant and equipment	181
TOTAL ASSETS	181
LIABILITIES	
Borrowings and advances ¹	181
TOTAL LIABILITIES	181
NET ASSETS	-

The lease liabilities as at 1 July 2019 can be reconciled to the operating lease commitments as of 30 June 2019, as follows:

	\$000
Minimum operating lease commitments as at 30 June 2019	298
Less: commitments relating to short-term leases	(276)
Less: commitments relating to leases of low-value assets	-
Add: lease payments relating to renewal periods not included in operating lease commitments and other adjustments	225
Undiscounted lease payments	247
Less: effect of discounting using the incremental borrowing rate	(66)
Additional lease liabilities recognised at 1 July 2019	181
Add: commitments relating to leases previously classified as finance leases	-
Adjusted lease liabilities as at 1 July 2019	181

AASB 2016-8 Amendments to Australian accounting standards – Australian implementation guidance for not-for-profit entities (AASB 9 Financial instruments)

AASB 2016-8 is effective for the first time in 2019-20 and will require non-contractual receivables arising from statutory requirements to apply the initial recognition and measurement requirements of AASB 9. The requirements of AASB 2016-8 are largely consistent with existing recognition and measurement practices of LDC and the standard is therefore not expected to have a material impact.

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

Standards and interpretations issued but not yet effective

No Australian accounting standards have been early adopted for 2019-20.

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

c) Reporting Entity

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

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

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

d) Corporation and Territory Items

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

Central Holding Authority

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

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

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

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

e) Comparatives

Where necessary, comparative information for the 2018-19 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 2019-20 as a result of management decisions. Changes in policies relating to COVID-19 are disclosed in Note 1. k) below.

h) Accounting Judgments and Estimates

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

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

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

i) Goods and Services Tax

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

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

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

j) Contributions by and Distributions to Government

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

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

k) Impact of COVID-19

LDC developed and distributed a policy to support tenants experiencing difficulties through waiver or postponement of rent due to COVID-19. The policy was consistent with the National Cabinet Mandatory Code of Conduct SME Commercial Leasing Principles.

LDC Management assessed that COVID-19 has had minimal impact on LDC business and 2019-20 financial statements with no impact on residential land sales at Zuccoli Village or Kilgariff Estate. Scheduled commercial transactions have also proceeded and have not been held up to a great extent by COVID-19.

3. COMPREHENSIVE OPERATING STATEMENT BY OUTPUT GROUP

	Note	Residential		Industrial		Total	
		2020	Restated 2019	2020	Restated 2019	2020	Restated 2019
		\$000	\$000	\$000	\$000	\$000	\$000
INCOME							
Revenue from land sales	4a	9 261	8 191	31 292	14 364	40 553	22 555
Cost of land sold		(8 587)	(7 804)	(21 903)	(12 998)	(30 490)	(20 802)
<i>Gross Profit</i>		674	387	9 389	1 366	10 063	1 753
Grants and subsidies	4b	58	-	124	-	182	-
Sales of goods and services		-	-	-	269	-	269
Interest revenue		39	71	161	286	200	357
Royalties, rents and dividends	4c	-	-	1 547	1 627	1 547	1 627
Other income	4d	166	145	516	747	682	892
TOTAL INCOME		937	603	11 737	4 295	12 674	4 898
EXPENSES							
Employee expenses		558	587	2 234	2 348	2 792	2 935
Administrative expenses							
Purchases of goods and services	6	453	515	1 810	2 058	2 263	2 573
Repairs and maintenance		113	97	453	389	566	486
Depreciation and amortisation	13,15	48	-	704	511	752	511
Other administrative expenses ⁽¹⁾		35	509	138	577	173	1 086
Impairment losses ⁽²⁾	11	1 526	5	4 220	562	5 746	567
Interest expenses		179	180	719	719	898	899
TOTAL EXPENSES		2 912	1 893	10 278	7 164	13 190	9 057
NET DEFICIT BEFORE INCOME TAX		(1 975)	(1 290)	1 459	(2 869)	(516)	(4 159)
Income tax expense	5	-	-	-	-	-	-
NET DEFICIT		(1 975)	(1 290)	1 459	(2 869)	(516)	(4 159)

3. COMPREHENSIVE OPERATING STATEMENT BY OUTPUT GROUP (Continued)

	Note	Residential		Industrial		Total	
		2020	Restated 2019	2020	Restated 2019	2020	Restated 2019
		\$000	\$000	\$000	\$000	\$000	\$000
OTHER COMPREHENSIVE INCOME							
<i>Items that will not be reclassified to net deficit</i>							
(Decrease)/Increase in asset revaluation reserve		-	-	(590)	222	(590)	222
Transfers from reserves		-	-	445	-	445	-
TOTAL OTHER COMPREHENSIVE INCOME				(145)	222	(145)	222
COMPREHENSIVE RESULT		(1 975)	(1 290)	1 314	(2 647)	(661)	(3 937)

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

⁽¹⁾ In 2018-19, \$0.259 million relates to the asset revaluation movement of infrastructure assets from a valuation undertaken.

⁽²⁾ \$3.19 million impairment of inventory from a net realisable value assessment of land at East Arm, \$1.53 million impairment from an inventory valuation at Fannie Bay and \$1.03 million relating to property, plant and equipment impairments from valuations undertaken in 2019-20. In 2018-19, there was an impairment of inventory costs of \$0.517 million from a net realisable value assessment and impairment of inventory costs relating to a part contribution to construction of a drain at Wishart of \$0.050 million.

Income Recognition

Income encompasses both revenue and gains.

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

Interest Revenue

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

4. REVENUE

a) Revenue from land sales

	2020		Restated 2019
	\$000	\$000	\$000
	Revenue from contracts with customers	Other	Total
Revenue from land sales	40 553	-	40 553
Total Land Sales Revenue	40 553	-	40 553

Until 30 June 2019, revenue from sales of land is recognised as revenue when LDC transfers significant risks and rewards of ownership of the goods to the buyer. From 1 July 2019, revenue from sales of land is recognised when the 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.

Sale of Land agreements that satisfy recognition requirements under AASB 15 are disaggregated below.

	2020
	\$000
Type of good and service:	
Sales of land inventory	40 553
Total revenue from contracts with customers by good or service	40 553
Type of customer:	
Non-government entities	40 553
Total revenue from contracts with customers by type of customer	40 553
Timing of transfer of goods and services:	
Point in time	40 553
Total revenue from contracts with customers by timing of transfer	40 553

b) Grants and Subsidies

	2020		Restated 2019
	\$000	\$000	\$000
	Revenue from contracts with customers	Other	Total
Capital grants	124	58	182
Total grants and subsidies revenue	124	58	182

Grants revenue is recognised at fair value exclusive of the amount of GST. Until 30 June 2019, grant revenue and other non-reciprocal contributions were recognised as revenue when LDC obtains control over the asset comprising the contribution, which was normally obtained on receipt.

From 1 July 2019, 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 2019-20 reporting period, there were no adjustments for the effects of a significant financing component.

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

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

Revenue from contracts with customers for the 2019-20 financial year 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.

	2020
	\$000
Type of good and service:	
Construction services	124
Total revenue from contracts with customers by good or service	124
Type of customer:	
State and Territory Government	124
Total revenue from contracts with customers by type of customer	124
Timing of transfer of goods and services:	
Overtime	124
Total revenue from contracts with customers by timing of transfer	124

c) Royalties, rents and dividends

	2020		Restated 2019	
	\$000	\$000	\$000	\$000
	Revenue from contracts with customers	Other	Total	
Revenue from licence fees	130	-	130	136
Rent income	-	1 417	1 417	1 491
Total rent revenue	130	1 417	1 547	1 627

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

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

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

	2020 \$000
Type of good and service:	
Licence of land	130
Total revenue from contracts with customers by good or service	130
Type of customer:	
State and Territory Government	4
Non-government entities	126
Total revenue from contracts with customers by type of customer	130
Timing of transfer of goods and services:	
Overtime	
Point in time	130
Total revenue from contracts with customers by timing of transfer	130

d) Other Income

	2020		Restated 2019	
	\$000	\$000	\$000	\$000
	Revenue from contracts with customers	Other	Total	
Other income	259	423	682	892
Total other income	259	423	682	892

Rendering of services

Until 30 June 2019, revenue from rendering services was recognised by reference to the stage of completion of the contract. From 1 July 2019, revenue from rendering of services is recognised when the LDC satisfies the performance obligation by transferring the promised services. The nature of the services LDC typically promises to transfer is employee and consultancy services to other NT Government agencies, studies and survey information. LDC typically satisfies its performance obligations at a point in time when employee and consultancy services, studies and surveys in relation to land are provided to the customer.

On charging of costs incurred

Outgoings in connection with LDC land where LDC have 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 is reimbursing LDC for the following types of outgoings: rates, water and sewerage, body corporate fees and repairs and maintenance on LDC land. Under AASB 1058, income is recognised at the time the invoice is issued.

Revenue from contracts with customers for the 2019-20 financial year 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.

	2020
	<u>\$000</u>
Type of good and service:	
Service delivery	259
	<u>259</u>
Total revenue from contracts with customers by good or service	259
Type of customer:	
State and Territory Government	211
Non-government entities	48
	<u>259</u>
Total revenue from contracts with customers by type of customer	259
Timing of transfer of goods and services:	
Point in time	259
	<u>259</u>
Total revenue from contracts with customers by timing of transfer	259

	2020	Restated 2019
	\$000	\$000
5. INCOME TAX RECONCILIATION		
The income tax for the year can be reconciled to the accounting profit as follows:		
Net deficit before tax for the year	(516)	(4 159)
<i>Less: Non-deductible – current year</i>		
Expense – unrealised loss ⁽¹⁾	(5 666)	(1 706)
<i>Add: Non-deductible – prior year</i>		
Expense – impairment expense relating to assets sold ⁽²⁾	(117)	(312)
Prior year loss applied	(5 033)	-
Taxable Surplus/(Loss)	-	(2 765)
Income tax at 30%	-	-
⁽¹⁾ Various inventory assets were impaired in 2019-20 (\$4.72 million) from a net realisable assessment and valuation undertaken and building assets were impaired (\$1.029 million) from a revaluation undertaken.		
⁽²⁾ Various inventory assets impaired in previous years from a net realisable assessment were sold during 2019-20 (\$0.117 million).		
Income tax payable		
Opening Balance as at 1 July	-	635
Income tax paid	-	635
	-	-
Current taxable surplus	-	-
Prior year loss applied	-	-
Closing Balance as at 30 June	-	-

	2020	Restated 2019
	\$000	\$000
6. PURCHASES OF GOODS AND SERVICES		
The net deficit has been arrived at after charging the following expenses:		
Goods and services expenses:		
Property management	1 492	1 499
Consultants	70	64
Marketing and promotion ⁽¹⁾	112	149
Document production	7	-
Legal expenses ⁽²⁾	46	97
Recruitment ⁽³⁾	-	5
Training and study	47	41
Official duty fares	15	16
Travelling allowance	3	3
Agency service arrangements	365	371
Information technology charges and communications	106	108
Other	-	328
Total Purchases of Goods and Services	2 263	2 681

⁽¹⁾ Includes advertising for marketing and promotion.

⁽²⁾ Includes legal fees, claim and settlement costs.

⁽³⁾ Includes recruitment related airfares and accommodation.

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 Expense

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 EXPENSE

	2020	Restated 2019
	\$000	\$000
Interest from lease liabilities	19	-
Interest from loans and advances	879	899
Total	898	899

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

	2020	No. of Trans.	Restated 2019	No. of Trans.
	\$000		\$000	
Write-offs, Postponements and Waivers Under the <i>Financial Management Act 1995</i>	3	2	-	-
Represented by: <i>Amounts written off, postponed and waived by delegates</i>				
Waiver or postponement of right to receive or recover money or property ⁽¹⁾	3	2	-	-
Total Written Off, Postponed and Waived by Delegates	3	2	-	-
Gifts Authorised Under Other Legislation ⁽²⁾	-	1	403	1

⁽¹⁾ Waiver and postponement of rent for a LDC tenant experiencing difficulties due to COVID-19.

⁽²⁾ Under the Land Development Corporation Act, LDC gifted at nil value 16 concrete pipes of varying diameters and length to the Territory Wildlife Park at on 20 February 2020. The Ruffino Park in the Alice Springs suburb of Kilgariff was gifted to Alice Springs Town Council on 17 December 2018.

9. CASH AND DEPOSITS

	2020	Restated 2019
	\$000	\$000
Cash at bank	27 865	30 965
Total Cash and Deposits	27 865	30 965

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 29.

	2020	Restated 2019
	\$000	\$000
10. RECEIVABLES		
Current		
Accounts receivable	51	282
Contract receivables	92	-
Interest receivables	6	25
GST receivables/(payables)	148	(48)
Other receivables	15	4
Total Receivables	312	263

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.

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, 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. There are no expected credit losses for receivables as LDC maintains strong debt management practices with its tenants.

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

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

Loss Allowance for Receivables

	2020				Restated 2019			
	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	34	-	-	34	25	-	-	25
Overdue for less than 30 days	-	-	-	-	-	-	-	-
Overdue for 30 to 60 days	-	-	-	-	-	-	-	-
Overdue for more than 60 days	-	-	-	-	-	-	-	-
Total internal receivables	34	-	-	34	25	-	-	25
External receivables^(a)								
Not overdue	90	-	-	90	258	-	-	258
Overdue for less than 30 days	2	-	-	2	14	-	-	14
Overdue for 30 to 60 days	38	-	-	38	10	-	-	10
Overdue for more than 60 days	-	-	-	-	4	-	-	4
Total external receivables	130	-	-	130	286	-	-	286

(a) Total amounts disclosed exclude statutory amounts and include contract receivables, interest receivables and other receivables.

Prepayments

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

	2020	Restated 2019
	\$000	\$000
11. INVENTORIES		
Current – Under Development and Developed Land		
At cost	39 200	49 713
At net realisable value	-	971
Total Current Inventories	39 200	50 684
Non-Current – Undeveloped Land		
At cost	65 469	84 667
At net realisable value	10 043	12 166
Total Non-Current Inventories	75 512	96 833
Total Inventories	114 712	147 517
Land Inventories Comprises:		
Cost of acquisition	83 643	94 348
Development costs	31 069	53 169
Total Inventories	114 712	147 517

Inventories – Land Held for Sale

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

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

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

During the 2019-20 year inventory costs amounting to \$4.72 million (2018-19: \$0.57 million) was impaired due to a net realisable value assessment undertaken at East Arm (\$3.19 million) and an external valuation undertaken at Fannie Bay (\$1.53 million).

	2020	Restated 2019
	\$000	\$000
12. OTHER ASSETS		
Current		
Lease receivables	5	-
	5	-
Non-Current		
Lease receivables	285	-
	285	-
Total Other Assets	290	-

a. Agency as a lessor

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

From 1 July 2019, 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, the entity 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 with the Tiwi Aboriginal Land Trust to lease 3.66 hectares of land at Wurrumiyanga on the Tiwi Islands. LDC entered into a 40-year sublease arrangement with Indigenous Essential Services for the same portion of land at Wurrumiyanga on the Tiwi Islands. The arrangement was assessed as a finance sublease arrangement.

Future minimum rentals receivable (undiscounted) under non-cancellable finance lease as at 30 June 2020 are as follows:

	<u>2020</u>
	\$000
Not later than one year	11
Later than one year and not later than five years	44
Later than five years	<u>366</u>
Total	<u>421</u>

Reconciliation of net investment in leases are as follows:

	<u>2020</u>
	\$000
Future undiscounted rentals receivable	421
Unguaranteed residual amounts – undiscounted	-
Less: Unearned finance income	<u>(131)</u>
Net investment in finance leases	<u>290</u>

Operating leases

An operating lease is a lease other than a finance lease. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of comprehensive income due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the underlying asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

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

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

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

	<u>2020</u>
	\$000
Not later than one year	1 288
Later than one year and not later than five years	2 546
Later than five years	-
Total	<u>3 834</u>

	2020	Restated 2019
	\$000	\$000
13. PROPERTY, PLANT AND EQUIPMENT		
Land		
At fair value	117	117
Less: Impairment losses	(117)	-
	<u>-</u>	<u>117</u>
Buildings		
At fair value	4 679	4 430
Less: Accumulated depreciation	(1 468)	(1 081)
	<u>3 211</u>	<u>3 349</u>
Infrastructure		
At fair value	12 433	12 433
Less: Accumulated depreciation	(1 035)	(694)
	<u>11 398</u>	<u>11 739</u>
Transport Equipment		
At fair value	104	-
Less: Accumulated depreciation	(23)	-
	<u>81</u>	<u>-</u>
Total Property, Plant and Equipment	<u>14 690</u>	<u>15 205</u>

2020 Property, Plant and Equipment Reconciliations

From 1 July 2019, property, plant and equipment includes right-of-use assets under AASB 16 Leases, effective from that date. 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 of 2019-20 is set out below:

	Land \$000	Buildings \$000	Infrastructure \$000	Plant and equipment \$000	Total \$000
Carrying Amount as at 1 July 2019	117	3 349	11 739	-	15 205
Recognition of right-of-use assets on initial adoption of AASB 16	146	-	-	35	181
Adjusted carrying amount as at 1 July 2019	263	3 349	11 739	35	15 386
Additions of right-of-use assets	-	1 307	-	69	1 376
Depreciation expense – asset owned	-	(170)	(341)	-	(511)
Amortisation expense – right-of-use asset	-	(218)	-	(23)	(241)
Additions/disposals from asset transfers	(146)	-	-	-	(146)
Revaluation increments/decrements	-	(1 057)	-	-	(1 057)
Impairment losses ^(a)	(117)	-	-	-	(117)
Carrying Amount as at 30 June 2020	-	3 211	11 398	81	14 690

^(a) For use where impairment losses are recognised in 'Expenses'. 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.

Restated 2019 Property, Plant and Equipment Reconciliations

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

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

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 at the beginning and end of 2019-20 is set out below:

	Land \$000	Buildings \$000	Infrastructure \$000	Plant and equipment \$000	Total \$000
Balance at 1 July					
Gross carrying amount	117	47	12 433	-	12 597
Accumulated depreciation/amortisation	-	(16)	(694)	-	(710)
Carrying Amount as at 1 July 2019	117	31	11 739	-	11 887
Recognition of right-of-use assets on initial adoption of AASB 16	-	-	-	35	35
Adjusted carrying amount as at 1 July 2019	117	31	11 739	35	11 922
Additions of right-of-use assets	-	1 306	-	69	1 375
Depreciation expense – asset owned	-	(16)	(341)	-	(357)
Amortisation expense – right-of-use asset	-	(218)	-	(23)	(241)
Additions/disposals from asset transfers	-	-	-	-	-
Revaluation increments/decrements	-	-	-	-	-
Impairment losses ^(a)	(117)	-	-	-	(117)
Carrying Amount as at 30 June 2020	-	1 103	11 398	81	12 582

^(a) For use where impairment losses are recognised in 'Expenses', 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.

Property, plant and equipment where entity is lessor under operating leases

A reconciliation of the carrying amount of property, plant and equipment where LDC is lessor under operating leases at the beginning and end of 2019-20 is set out below:

	Land \$000	Buildings \$000	Infrastructure \$000	Plant and equipment \$000	Total \$000
Balance at 1 July					
Gross carrying amount	-	4 383	-	-	4 383
Accumulated depreciation/amortisation	-	(1 064)	-	-	(1 064)
Carrying Amount as at 1 July 2019	-	3 319	-	-	3 319
Recognition of right-of-use assets on initial adoption of AASB 16	146	-	-	-	146
Adjusted carrying amount as at 1 July 2019	146	3 319	-	-	3 465
Depreciation expense – asset owned	-	(154)	-	-	(154)
Additions/disposals from asset transfers/subleased	(146)	-	-	-	(146)
Revaluation increments/decrements	-	(1 057)	-	-	(1 057)
Impairment losses ^(a)	-	-	-	-	-
Carrying Amount as at 30 June 2020	-	2 108	-	-	2 108

^(a) For use where impairment losses are recognised in 'Expenses'. 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.

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 that the carrying amount of these assets does not differ materially from their fair value at reporting date:

- land;
- buildings;
- infrastructure assets; and
- heritage and cultural assets.

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

The latest revaluations of LDC's building assets were independently conducted during the 2019-20 year. The valuer was Herron Todd White. 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 and intangible LDC assets are assessed for indicators of impairment on an annual basis or whenever there is indication of impairment. If an indicator of impairment exists, LDC determines the asset's recoverable amount. The asset's recoverable amount is determined as the higher of the asset's current replacement cost and fair value less costs to sell. Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

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

In certain situations, an impairment loss may subsequently be reversed. Where an impairment loss is subsequently reversed, the carrying amount of the asset is increased to the revised estimate of its recoverable amount. A reversal of an impairment loss is recognised in the comprehensive operating statement as income, unless the asset is carried at a revalued amount, in which case the impairment reversal results in an increase in the asset revaluation reserve. Note 22 provides additional information in relation to the asset revaluation reserve.

LDC's property, plant and equipment assets were assessed for impairment as at 30 June 2020. As a result of this review \$1.028M of impairment losses were recognised against the land and building asset class. \$0.109 million of impairment losses were charged to the asset revaluation surplus.

No other impairment adjustments were required as a result of this review.

Depreciation and Amortisation Expense

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

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

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

	2020	2019
Land	Infinite – not depreciated	Infinite – not depreciated
Buildings	10-50 years	10-50 years
Infrastructure Assets	8-50 years	8-50 years
Right-of-use-assets ¹	5-40 years	-
Heritage and Cultural Assets	100 years	100 years

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

¹ Further information on right-of-use assets is disclosed in 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 \$1.356 million have not been included in the lease liability because it is not reasonably certain the lease will be extended.

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

Right-of-use asset

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

	Land	Buildings	Infrastructure	Plant and equipment	Total
	\$000	\$000	\$000	\$000	\$000
Balance as at 1 July 2019	146	-	-	35	181
Additions	-	1 306	-	69	1 375
Amortisation expense	-	(218)	-	(23)	(241)
Transfers in/(Out)	(147)	-	-	-	(147)
Revaluation increments/decrements including remeasurement	1	-	-	-	1
Carrying amount as at 30 June 2020	-	1 088	-	81	1 169

The following amounts were recognised in comprehensive operating statement for the year ending 30 June 2020 in respect of leases where LDC is the lessee:

Amortisation expense of right-of-use assets	\$000
	(241)
Interest expense on lease liabilities	(19)
Expense relating to short-term leases	(63)
Income from subleasing right-of-use assets	11
Gains or losses arising from initial recognition of sublease and reversal of right-of-use asset	148
Total amount recognised in the comprehensive operating statement	(164)

Recognition and measurement (under AASB 16 from 1 July 2019)

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

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

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

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

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

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

Recognition and measurement (under AASB 117 until 30 June 2019)

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

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

Repayments of principal reduce lease liabilities. The interest components of the lease payments are expensed.

Operating lease payments are recognised as an operating expense in the comprehensive operating statement on a straight-line basis over the lease term.

	2020	Restated 2019
	\$000	\$000
15. HERITAGE AND CULTURAL ASSETS		
Carrying Amount as at 1 July		
At valuation	74	74
Less: Accumulated depreciation	(9)	(8)
Written down value – 30 June	65	66
Reconciliation of Movements		
Carrying amount as at 1 July	66	67
Depreciation	(1)	(1)
Carrying Amount as at 30 June	65	66

Heritage and Cultural Assets Valuation

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

Impairment of Heritage and Cultural Assets

LDC's heritage and cultural assets were assessed for impairment as at 30 June 2020. No impairment adjustments were required as a result of this review.

	2020	Restated 2019
	\$000	\$000
16. PAYABLES		
Accounts payable	666	7 752
Accrued expenses	198	101
Total Payables	864	7 853

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

	2020	Restated 2019
	\$000	\$000
17. BORROWINGS AND ADVANCES		
Current		
Loans and advances	5 000	-
Lease liabilities	290	-
	5 290	-
Non-Current		
Loans and advances	15 000	20 000
Lease liabilities	1 031	-
	16 031	20 000
Total Borrowings and Advances	21 321	20 000

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

Lease liabilities

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

- fixed payments (including in substance fixed payments) less any lease incentives receivable
- variable lease payments that depend on an index or a rate
- amounts expected to be paid under residual value guarantees
- exercise price of purchase options reasonably certain to be exercised by the entity
- payments of penalties for terminating the lease, if the lease term reflects the entity 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, which is generally the case for the LDC's leases, 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 for 2019-20.

	\$000
Balance at 1 July 2019	-
Recognition of lease liabilities on initial adoption of AASB 16	181
Adjusted balance at 1 July 2019	181
Additions/Remeasurements	1,375
Interest expenses	19
Payments	(254)
Balance at 30 June 2020	1,321

LDC had total cash outflows for leases of \$0.235 million in 2019-20.

Future minimum lease payments under non-cancellable leases not recorded as liability are as follows:

	2020		2019	
	Internal	External	Internal	External
Within one year	-	-	292	6
Later than one year and not later than five years	-	-	-	-
Later than five years	-	-	-	-
	-	-	292	6

	2020	Restated 2019
	\$000	\$000
18. PROVISIONS		
Current		
<i>Employee benefits</i>		
Recreation leave	242	210
Leave loading	28	25
Other employee benefits	-	-
<i>Other current provisions</i>		
Provision for dividend	-	-
Other provisions	50	41
Total Current Provisions	320	276

The Agency employed 20 employees as at 30 June 2020 (19 employees as at 30 June 2019).

Employee Benefits

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

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

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

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

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

	2020	Restated 2019
	\$000	\$000
19. OTHER LIABILITIES		
Current		
Unearned contract revenue	6 928	-
Unearned capital grants	5 042	-
Deferred revenue - other	-	25 536
Financial guarantee liability	-	33
Other liabilities	2 067	-
	<u>14 037</u>	<u>25 569</u>
Non-current		
Deferred revenue - other	-	13 431
Total Other Liabilities	<u>14 037</u>	<u>39 000</u>

Unearned contract revenue

Unearned contract revenue relates to consideration received in advance from customers in respect of Industrial land sales. Unearned contract revenue balances as at 30 June 2020 is \$6.93 million (balance at 1 July 2019 was \$10.05 million which includes \$6.55 million of transition adjustments).

Of the amount included in the unearned contract revenue balance as at 1 July 2019, \$3.12 million has been recognised as revenue in 2019-20.

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:

	2020
	\$000
Not later than one year	6 928
Later than one year and not later than five years	-
Later than five years	-
Total	<u>6 928</u>

Unearned capital grants

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

	2020
	\$000
Unearned capital grants on initial application of AASB 1058	5 100
Add: Receipt of cash during the financial year	-
Less: Income recognised during the financial year	58
Total unearned capital grants	5 042

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

Of the amount included in the unearned capital grant revenue balance as at 30 June 2019 from the Department of Infrastructure, Planning and Logistics for the Middle Arm Intersection and Kilgariff Stage 2 development, \$0.058 million of capital grants revenue was recognised in 2019-20.

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:

	2020
	\$000
Not later than one year	2 442
Later than one year and not later than five years	2 600
Later than five years	-
Total	5 042

Financial guarantee contracts

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

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

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

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

- the expected payments to reimburse the holder for a credit loss that it incurs
- 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 2020, LDC does not have a financial guarantee liability as Urbex has not drawn down on their loan yet.

Superannuation

Employees' superannuation entitlements are provided through the:

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

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

	2020	Restated 2019
	\$000	\$000
20. DEPOSITS HELD		
Accountable officer's trust account	18	18
Other deposits held	150	150
Total Deposits Held	168	168

21. COMMITMENTS

Commitments are those contracted as at 30 June 2020 where the amount of the future commitment can be reliably measured. Following the adoption of AASB 16 Leases, operating lease commitments as reported in 2019, satisfying eligibility criteria, have now been recognised as a lease liability on the balance sheet and in Note 17.

Disclosures in relation to capital commitments are detailed below.

	2020		Restated 2019	
	Internal ^(a)	External ^(a)	Internal	External
	\$000	\$000	\$000	\$000
(i) Capital Expenditure Commitments				
Capital expenditure commitments relate to the Corporation's approved 2019-20 capital works program but not recognised as liabilities are payable as follows:				
Within one year	8 609	-	-	-
Later than one year and not later than five years	16 306	-	18 412	-
	24 915	-	18 412	-

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

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.

	Land		Buildings		Infrastructure		Total	
	2020	Restated 2019	2020	Restated 2019	2020	Restated 2019	2020	Restated 2019
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<i>(ii) Movements in the asset revaluation surplus</i>								
Balance as at 1 July	-	37	591	591	-	(259)	591	369
Changes in accounting policies	-	-	-	-	-	-	-	-
Correction of prior period errors	-	-	-	-	-	-	-	-
Increment/decrement	-	(37)	(109)	-	-	259	(109)	222
Impairment (losses)/reversals	(37)	-	-	-	-	-	(37)	-
Transfers to accumulated funds	37	-	(482)	-	-	-	(445)	-
Balance as at 30 June	-	-	-	591	-	-	-	591

	2020	Restated 2019
	\$000	\$000

23. NOTES TO THE CASH FLOW STATEMENT

a) Reconciliation of Cash

The total of LDC 'cash and deposits' of \$27.87 million recorded in the balance sheet is consistent with that recorded as 'cash' in the cash flow statement.

Reconciliation of Net Deficit to Net Cash from Operating Activities

Net Deficit	(516)	(4 159)
<i>Non-cash items:</i>		
Depreciation and amortisation	752	511
Impairment	5 746	567
Asset revaluations	-	259
Asset donations/gifts	-	403
Repairs and maintenance	-	8
<i>Changes in assets and liabilities:</i>		
(Increase)/Decrease in receivables	(50)	299
Decrease/(Increase) inventories	35 342	(4 870)
Increase in prepayments	(25)	-
(Decrease)/Increase in trade and other payables	(6 990)	3 103
Increase/(Decrease) in provision for employee benefits	36	(27)
(Increase)/Decrease in other provisions	8	(8)
Decrease in tax liabilities	-	(635)
Decrease/(Increase) in other liabilities	(37 173)	8 322
Net Cash (Used in)/from Operating Activities	(2 870)	3 773

b) Reconciliation of liabilities arising from financing activities

2019-20

	Cash Flows					Non-Cash				
	1 July	Recognised on AASB 16 adoption	Adjusted 1 July	Deposits Received	Dividends Paid	Finance Lease Payments	Total cash flows	Dividends Declared	Lease Acquisitions and other movements	30 June
Deposits held	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Dividends	168	-	168	-	-	-	-	-	-	168
Finance Leases	-	-	-	-	-	-	-	-	-	-
Total	168	181	349	-	-	(235)	(235)	-	1 375	1 489

2018-19

	Cash Flows					Non-Cash		
	1 July	Deposits Received	Dividends Paid	Finance lease	Total cash flows	Dividends Declared	Lease Acquisitions and other movements	30 June
Deposits held	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Dividends	318	(150)	-	-	(150)	-	-	168
Leases	741	-	(741)	-	(741)	-	-	-
Total	1 059	(150)	(741)	-	(891)	-	-	168

c) Non-cash financing and investing activities

Lease transactions

During the financial year, LDC recorded right-of-use assets for the lease of land, buildings and plant and equipment with an aggregate value of \$1.38 million (2019:\$0)

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

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

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

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

Level 3 – inputs are unobservable.

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

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

a) Fair Value Hierarchy

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	
	2019-20	Restated 2018-19	2019-20	Restated 2018-19	2019-20	Restated 2018-19	2019-20	Restated 2018-19	2019-20	Restated 2018-19
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Assets¹										
Land (Note 13)	-	-	-	-	117	-	117	-	-	117
Buildings (Note 13)	-	-	-	3 211	3 349	3 211	3 349	3 211	3 211	3 349
Infrastructure (Note 13)	-	-	-	11 398	11 739	11 398	11 739	11 398	11 398	11 739
Plant and Equipment (Note 13)	-	-	-	81	-	81	-	81	81	-
Heritage and Cultural Assets (Note 15)	-	-	-	65	66	65	66	65	65	66
Total assets	-	-	-	14 755	15 271	14 755	15 271	14 755	14 755	15 271

¹ From 1 July 2019, property, plant and equipment includes right-of-use assets under AASB 16 Leases.

b) Valuation techniques and inputs

Valuation techniques used to measure fair value in 2019-20 are:

Asset Classes	Level 1		Level 2		Level 3	
	Techniques	Techniques	Techniques	Techniques	Techniques	Techniques
Land	-	-	-	-	-	Cost Approach
Buildings	-	-	-	-	-	Market/Cost Approach
Infrastructure	-	-	-	-	-	Market Approach
Plant and Equipment	-	-	-	-	-	Cost Approach
Heritage and Cultural assets	-	-	-	-	-	Cost Approach

There were no changes in valuation techniques from 2018-19 to 2019-20.

Level 3 fair values of specialised land were determined by computing their costs because an active market does not exist for such land. 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

	Land \$000	Buildings \$000	Infrastructure \$000	Plant and Equipment \$000	Cultural Asset \$000
2019-20					
Fair value as at 1 July 2019	117	3 349	11 739	-	66
Recognition of right-of-use asset on initial application of AASB 16	-	-	-	35	-
Adjusted fair value as at 1 July 2019	117	3 349	11 739	35	66
Additions of right-of-use assets	-	1 307	-	69	-
Depreciation	-	(170)	(341)	-	(1)
Amortisation expense of right-of-use asset	-	(218)	-	(23)	-
Losses recognised in net deficit ^(a)	(117)	(1 057)	-	-	-
Fair value as at 30 June 2020	-	3 211	11 398	81	65
2018-19					
Fair value as at 1 July 2018	107	3 519	12 079	-	67
Additions	10	-	-	-	-
Depreciation	-	(170)	(340)	-	(1)
Losses recognised in net deficit ^(a)	-	-	-	-	-
Fair value as at 30 June 2019	117	3 349	11 739	-	66

^(a) Includes revaluations and impairment.

(ii) Sensitivity analysis

Land, 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 and advances. LDC has limited exposure to financial risks as discussed below.

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

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

a) Categories of Financial Instruments

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

Categories of Financial Instruments

	2019-20	2018-19
	Amortised Cost	Amortised Cost
	\$000	\$000
Cash and Deposits	27 865	30 965
Receivables ⁽¹⁾	164	311
Other Assets – Lease Receivables	290	-
Total Financial Assets	28 319	31 276
Deposits held ⁽¹⁾	150	150
Payables	864	7 853
Loans	20 000	20 000
Lease Liabilities	1 321	-
Financial Guarantee Liability	-	33
Total Financial Liabilities	22 335	28 036

⁽¹⁾ Total amounts disclosed here exclude statutory amounts

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
- FVTPL.

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

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 leases 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 measured at amortised cost using the effective interest rate method. LDC's financial liabilities categorised at amortised cost include all accounts payable, deposits held, borrowings, lease liabilities and financial guarantees.

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

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 that it will always have sufficient funds to meet its liabilities when they fall due. This is achieved by ensuring that minimum levels of cash are held in 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.

2020 Maturity Analysis for Financial Liabilities

	Carrying amount \$000	Less than one year \$000	1 to 5 years \$000	More than 5 years \$000	Total \$000
Liabilities					
Deposits held	150	150	-	-	150
Payables	864	864	-	-	864
Loans	20 000	5 775	15 997	-	21 772
Lease Liabilities	1 321	309	932	178	1 419
Financial Guarantee Liability	-	-	-	-	-
Total financial liabilities	22 335	7 098	16 929	178	24 205

2019 Maturity Analysis for Financial Liabilities

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

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

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

2020 Interest Rate Risk for Financial Assets and Liabilities

	Interest bearing		Non-interest bearing	Total	Weighted average
	Variable	Fixed			
	\$000	\$000	\$000	\$000	%
Assets					
Cash and deposits	27 865	-	-	27 865	0.66
Receivables	-	-	164	164	
Other Assets – Lease Receivables	-	290	-	290	2.09
Total financial assets	27 865	290	164	28 319	
Liabilities					
Deposits held	-	-	150	150	
Payables	-	-	864	864	
Loans	-	20 000	-	20 000	4.39
Lease Liabilities	-	1 321	-	1 321	1.51
Financial Guarantee Liability	-	-	-	-	
Total financial liabilities	-	21 321	1 014	22 335	

2019 Interest Rate Risk for Financial Assets and Liabilities

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

Sensitivity Analysis

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

	Profit or Loss and Equity	
	100 basis points increase	100 basis points decrease
	\$000	\$000
30 June 2020		
Financial assets – cash at bank	279	(279)
Net Sensitivity	279	(279)
30 June 2019		
Financial assets – cash at bank	310	(310)
Net Sensitivity	310	(310)

(ii) Price Risk

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

(iii) Currency Risk

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

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 the LDC include:

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

ii) Key Management Personnel (KMP)

Key management personnel of the LDC are those persons having authority and responsibility for planning, directing and controlling the activities of LDC. In the 2019-20 year, this included the Chief Executive Officer, and 5 members of the LDC management team. In the 2018-19 year, this included the Chief Executive Officer and the General Manager of LDC.

iii) Remuneration of Portfolio Minister

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

iv) Remuneration of Key Management Personnel

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

	2020	2019
	\$000	\$000
Short-term benefits	986	409
Post-employment benefits	101	46
Total	1 087	455

v) 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.

2020

Related Party	Revenue from Related Parties \$000	Payments to Related Parties \$000	Amounts owed by Related Parties \$000	Amounts owed to Related Parties \$000
All NTG Government departments	525	2 596	24	28 554

2019

Related Party	Revenue from Related Parties \$000	Payments to Related Parties \$000	Amounts owed by Related Parties \$000	Amounts owed to Related Parties \$000
All NTG Government departments	6 461	2 565	25	30 157

LDC recognised \$0.182 million in Capital Grants Revenue from the Department of Infrastructure, Planning and Logistics (DIPL) and the Central Holding Authority passed on \$0.194 million in interest revenue during 2019-20. LDC paid \$0.802 to the former Department of Local

Government, Housing and Community Development for land rates, \$0.879 million to the Northern Territory Treasury Corporation (NTTC) for interest on loans and \$0.272 million to the former Department of Corporate and Information Services (DCIS) for office rent. LDC has four loans with the NTTC of \$5 million each and capital grant funding of \$8.42 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 for construction of assets.

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

27. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

(a) Contingent Liabilities

LDC had no contingent liabilities as at 30 June 2020 or 30 June 2019.

(b) Contingent Assets

LDC had no contingent assets as at 30 June 2020 or 30 June 2019.

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. ACCOUNTABLE OFFICER'S TRUST ACCOUNT

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

Nature of Trust Money	Opening Balance 1 July 2019	Receipts	Payments	Closing Balance 30 June 2020
	\$000	\$000	\$000	\$000
Security deposit	18	-	-	18

Deposits Held

Deposits held include deposits held by LDC and the Accountable Officer's Trust Account (AOTA), which consist of receipts held pending the successful completion of land improvements by land purchasers and other financial obligations payable within the next twelve months. The AOTA is

for the receipt of monies, such as rental bonds and securities held in trust in accordance with Section 7 of the *Financial Management Act 1995*.

30. 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.

31. RESTATED COMPARATIVE FINANCIAL STATEMENTS

The following tables report the 2018-19 financial statements restated on a line item basis in this report, comparing them from those published in the audited 2018-19 Annual Financial Statements. The column headed 'restatements total' relates to corrections of errors and restatements that have been adjusted to the 2018-19 comparatives.

Corrections and Restatements

During 2019-20, it was identified that a complex land sale arrangement for LDC was not treated correctly since the original contract was terminated and a new contract entered into in 2018-19. The effect of the termination was such that all parties were released from all actions, costs and liabilities in connection with the original sale and the new contract entered into was for different land lots. The termination of the contract should have resulted in reversal of land sales recognised in 2017-18 and recognition of unearned revenue.

It was also identified that rental income recognised in 2018-19 from a long-term agreement to lease land was not treated correctly since a land sale agreement for that land was entered into in 2018-19. No rental revenue should have been recognised in 2018-19.

The change to the income and expenses, asset values, unearned revenue liabilities and lease rent have been corrected and restated in the 2018-19 comparatives in accordance with AASB 101 - Presentation of Financial Statements.

COMPREHENSIVE OPERATING STATEMENT

The impact on the operating statement for the year ended 30 June 2019 has been an increase in the net deficit of \$0.18 million from \$3.98 million in the previously published financial statements to \$4.16 million. This is primarily reflected in a decrease in rent (\$1.11 million) and a decrease in impairment expense (\$0.93 million) relating to incorrect recognition of rent income and incorrect impairment of land inventory.

	Previously reported for 2018-19 \$000	Restatements Total \$000	2018-19 Comparative reported in 2019-20 \$000
INCOME			
Revenue from land sales	22 555	-	22 555
Cost of land sold	(20 802)	-	(20 802)
<i>Gross Profit</i>	1 753	-	1 753
Grants and subsidies	-	-	-
Sales of goods and services	269	-	269
Interest revenue	357	-	357
Royalties, rents and dividends	2 738	(1 111)	1 627
Miscellaneous income	892	-	892
TOTAL INCOME	6 009	(1 111)	4 898
EXPENSES			
Employee expenses	2 935	-	2 935
Administrative expenses			
Purchases of goods and services	2 573	-	2 573
Repairs and maintenance	486	-	486
Depreciation and amortisation	511	-	511
Other administrative expenses	1 086	-	1 086
Impairment	1 497	(930)	567
Interest expenses	899	-	899
TOTAL EXPENSES	9 987	(930)	9 057
NET SURPLUS BEFORE INCOME TAX	(3 978)	(181)	(4 159)
Income tax expense	-	-	-
NET DEFICIT	(3 978)	(181)	(4 159)
OTHER COMPREHENSIVE INCOME			
<i>Items that will not be reclassified to net surplus</i>			
Increase in asset revaluation reserve	222	-	222
TOTAL OTHER COMPREHENSIVE INCOME	222	-	222
COMPREHENSIVE RESULT	(3 756)	(181)	(3 937)

BALANCE SHEET

The impact on the Balance Sheet for the year ended 30 June 2019 has been a decrease in net assets of \$9.45 million from \$136.17 million in the previously published financial statements to \$126.72 million. This is primarily reflected in a decrease in inventories (\$0.85 million), an increase in current other liabilities (\$7.49 million) and an increase in non-current other liabilities (\$1.11 million).

	Previously reported for 2018-19 \$000	Restatements Total \$000	2018-19 Comparative reported in 2019-20 \$000
ASSETS			
Current Assets			
Cash and deposits	30 965	-	30 965
Receivables	263	-	263
Inventories	51 533	(849)	50 684
Total Current Assets	82 761	(849)	81 912
Non-Current Assets			
Inventories	96 833	-	96 833
Property, plant and equipment	15 205	-	15 205
Heritage and cultural assets	66	-	66
Total Non-Current Assets	112 104	-	112 104
TOTAL ASSETS	194 865	(849)	194 016

BALANCE SHEET (Continued)

	Previously reported for 2018-19 \$000	Restatements Total \$000	2018-19 Comparative reported in 2019-20 \$000
LIABILITIES			
Current Liabilities			
Payables	7 853	-	7 853
Borrowings and advances	-	-	-
Provisions	276	-	276
Other liabilities	18 079	7 490	25 569
Deposits held	168	-	168
Income tax liability	-	-	-
Total Current Liabilities	26 376	7 490	33 866
Non-Current Liabilities			
Borrowings and advances	20 000	-	20 000
Other liabilities	12 320	1 111	13 431
Total Non-Current Liabilities	32 320	1 111	33 431
TOTAL LIABILITIES	58 696	8 601	67 297
NET ASSETS	136 169	(9 450)	126 719
EQUITY			
Capital	54 339	-	54 339
Reserves	591	-	591
Accumulated funds	81 239	(9 450)	71 789
TOTAL EQUITY	136 169	(9 450)	126 719

BALANCE SHEET**1 JULY 2018 COMPARATIVE YEAR OPENING BALANCES**

	1 July 2018	Restatements Total	Restated 1 July 2018
	\$000	\$000	\$000
ASSETS			
Current Assets			
Cash and deposits	28 083	-	28 083
Receivables	562	-	562
Inventories	28 376	3 731	32 107
Total Current Assets	57 021	3 731	60 752
Non-Current Assets			
Inventories	111 565	-	111 565
Property, plant and equipment	15 705	-	15 705
Heritage and cultural assets	67	-	67
Total Non-Current Assets	127 337	-	127 337
TOTAL ASSETS	184 358	3 731	188 089
LIABILITIES			
Current Liabilities			
Payables	4 750	-	4 750
Borrowings and advances	5 000	-	5 000
Provisions	1 052	-	1 052
Other liabilities	3 474	13 000	16 474
Deposits held	318	-	318
Income tax liability	635	-	635
Total Current Liabilities	15 229	13 000	28 229

BALANCE SHEET (Continued)**1 JULY 2018 COMPARATIVE YEAR OPENING BALANCES**

	1 July 2018	Restatements Total	Restated 1 July 2018
	\$000	\$000	\$000
Non-Current Liabilities			
Borrowings and advances	15 000	-	15 000
Other liabilities	14 204	-	14 204
Total Non-Current Liabilities	29 204	-	29 204
TOTAL LIABILITIES	44 433	13 000	57 433
NET ASSETS	139 925	(9 269)	130 656
EQUITY			
Capital	54 339	-	54 339
Reserves	369	-	369
Accumulated funds	85 217	(9 269)	75 948
TOTAL EQUITY	139 925	(9 269)	130 656



Land Development Corporation

Level 2, 37 Woods Street
Darwin NT 0800

GPO Box 353, Darwin NT 0801

Phone: +61 08 8944 0900

Email: enquiries@landdevcorp.com.au