30 November 2004

The Hon Chris Burns MLA
Minister for Lands and Planning
Parliament House
DARWIN NT 0800

Dear Minister

I have pleasure in presenting you with this first Annual Report of the Land Development Corporation. The report describes the activities and operations of the Corporation for the year ending 30 June 2004 in accordance with section 28 of the Public Sector Employment and Management Act and section 32 of the Land Development Corporation Act.

In doing so I advise that, to the best of my knowledge and belief, the system of internal control provides reasonable assurance that:

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

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

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

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

e) the financial statements included in the Report have been prepared from proper accounts and records and are in accordance with Treasurer’s Directions where appropriate; and

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

Yours sincerely

SARAH BUTTERWORTH
Chief Executive Officer
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WHO, WHAT, WHY AND WHERE

The Land Development Corporation was established on 1 July 2003 as the developer and manager of Northern Territory government-owned land identified for industry development. It is a commercially-driven Statutory Authority created to generate economic growth through the key element provision of access to land.

The Land Development Corporation administers the rapidly-developing Darwin Business Park and other nearby sites at East Arm Port. It is establishing and examining the potential for other business park environments at Wickham Point and Middle Arm, at Glyde Point, both associated with major gas industry investments, and at the Brewer Industrial Estate in Alice Springs.

The Corporation supports businesses seeking to capitalise on major developments and projects including:

- AustralAsia Railway
- East Arm Port and container terminal
- development of Timor Sea oil and gas
- gas-based manufacturing and processing

It operates under the *Land Development Corporation Act 2003* and through an Advisory Board, and reports to the Minister responsible for the Corporation, Dr Chris Burns MLA.

Street Address: Section 11 Export Drive
Darwin Business Park
East Arm, Northern Territory

Postal Address: PMB 588
Berrimah NT 0828

Telephone: +61 8 8922 0633
Facsimile: +61 8 8922 0620
Email: ldc@nt.gov.au
Web: www.ldc.nt.gov.au
Chairman: Steve Margetic
Chief Executive: Sarah Butterworth
General Manager: Trevor Dalton
FUTURE STATEMENT

The Land Development Corporation achieves industrial property solutions for the economic growth of the Northern Territory. It acts as a developer and facilitator of strategic and general property to assist industry establishment and growth, particularly that associated with major transport and gas hub projects.

Objectives

• To ensure the Northern Territory’s strategic industrial land needs are met to encourage economic development by being:
  – responsive to industry’s short and long term requirements with terms suited to market conditions;
  – resourced to initiate, undertake, facilitate and/or manage new developments;
  – business and development oriented; and
  – strongly linked with other business and development agencies to provide comprehensive project support.

• To obtain optimised returns on Corporation property assets.

• To be ethical, open and accountable to the people of the Northern Territory.

Functions

• To complete the development of the Darwin Business Park by firstly securing key investment commitment to the East Arm Freight Logistics Precinct.

• To continue the development of the Wickham Industrial Estate at Middle Arm.

• To plan for the development of Glyde Point.

• To undertake the development of any other appropriate industrial estates within the Northern Territory.

• To determine appropriate land and infrastructure delivery and ownership models.

• To develop strong relationships or alliances with relevant businesses, industry associations and development agencies.

• To establish the brand and profile of the Land Development Corporation, Darwin Business Park, Middle Arm and Glyde Point.

• To review the strategic direction of the Corporation on an annual basis.
ENABLING LEGISLATION

Land Development Corporation Act 2003

An Act to establish a statutory corporation to develop and manage land for use by new and existing industries in the Territory and associated activities, and for related purposes

The Act came into operation on 1 July 2003.

Functions of the Corporation

The functions of the Corporation are:

• to develop the land of the Corporation for use by industrial businesses;
• to promote the land of the Corporation for use by industrial businesses;
• to provide services, facilities and general assistance to facilitate the establishment and conduct of industry on the land of the Corporation; and
• to carry out or facilitate other activities associated with the management of the Corporation’s land and its use by industrial businesses, including commercial and recreational activities and activities relating to heritage and environmental conservation.

Powers of the Corporation

The Corporation has power to:

• negotiate and enter into contracts, agreements, schemes and arrangements;
• purchase, lease or otherwise acquire and hold real or personal property;
• sell, grant leases of or otherwise dispose of real or personal property;
• acquire, hold and dispose of rights, privileges, permits, licences and authorities;
• occupy, use, control and manage land or a building;
• erect buildings and construct wharves, roads, railways, pipelines, bridges or other facilities;
• purchase, lease or hire plant, machinery, equipment or other things for the purpose of conducting its functions;
• impose and collect fees and charges for or in respect of use of its land or a facility on that land;
• accept, hold and enforce undertakings, indemnities, bonds or securities protecting it against loss;
• regulate and prohibit the conduct of persons on its land and set the conditions on which persons may enter or be excluded from a part or parts of its land;
• regulate and prohibit the presence, use and removal of vehicles and animals on its land or a part of its land;
• employ or engage staff, engage consultants and appoint agents and attorneys;
• charge for work, services, goods and information done, supplied or published by the Corporation and for admission on to its land; and
• perform any other functions imposed on it under this Act.

Corporation to take commercial approach

• Subject to this Act, the Corporation must act in a commercial manner.
• The Minister may direct the Corporation under section 8 to act in a manner other than a commercial manner.
• If the Minister directs the Corporation to act in a manner that is not commercial, the Minister must specify in the direction the manner in which the Corporation must act.
The Land Development Corporation was established on 1 July 2003 to ensure that the present and future industrial land needs of the Northern Territory are able to be met.

In our first year, we focused our attention on Darwin’s East Arm peninsula to meet the establishment and growth requirements of the new Adelaide to Darwin railway and the expanding East Arm Port. We considered the strategic nature of the location and the suitability of various types of development in this region on a precinct-by-precinct basis, and we examined alternative delivery models.

As a Board, we considered our relationships with both the government and private sectors, and we developed a strategic plan to determine our direction and to identify how we can meet the government’s needs and expectations.

The Land Development Corporation has been commissioned to complement the Northern Territory’s economic development strategies, and its energies are therefore focused on working with various agencies to create an attractive investment environment for local, interstate and international developers and investors.

In its first operational year, specifically this has meant the Corporation has been working to develop infrastructure to support the AustralAsia Trade Route, and offer new supply chain options for importers and exporters in conjunction with the operators and customers of Darwin Port Corporation and railway operator, FreightLink.

I believe exciting times are ahead of us, with the development of Timor Sea gas reserves for liquefied natural gas manufacture onshore at Wickham Point, onshore power generation, downstream gas-based manufacturing (possibly linking into the national grid), the provision of new and long-term support services for Australian Defence Force platforms in the Territory, and a significant broadening of the Territory’s industrial base.

Our aim is to provide suitable land to allow business to capitalise on all these excellent opportunities.

The Land Development Corporation intends to be creative and innovative in these exercises, and to work harmoniously with the private sector in realising the enormous potential involved.

There are a number of major projects on the horizon for the Northern Territory, and East Arm in particular, and I look forward to the challenging times ahead.

Steve Margetic
CHIEF EXECUTIVE OFFICER’S REPORT

In its first year, the Land Development Corporation has met its initial challenge of bridging the gap between the government and private sectors in the development of land for industrial use.

Significant among those developments were:

• finalisation of a 99-year lease to Toll Holdings for the largest parcel within the Freight and Logistics Precinct, and the subsequent opening in May 2004 of a state-of-the-art consolidation/distribution facility. This is part of an $18 million investment by Toll.

• agreement between major fuel distributors and Vopak Terminals Australia, the leading global provider of oil storage and logistics, and the subsequent execution of a 22-year lease to Vopak for an 8.7 hectare site at East Arm. This will allow the demolition of the existing and outdated tank farm at Stuart Park, adjacent to the Darwin CBD. The lease includes an option over an adjacent parcel for future expansion.

• construction of the Darwin Passenger Terminal on Land Development Corporation land, contributing to a successful first year by Great Southern Railways in its operation of The Ghan passenger train.

• advanced negotiations for the sale or lease of several significant sites for use as freight and logistics centres, mineral resources stockpiles, value-adding warehouses and other associated uses.

• transitioning of Trade Development Zone Authority (TDZA) infrastructure to Land Development Corporation requirements, and recruitment of staff. This has meant the Corporation is well placed to undertake its tasks.

• integration of former TDZA’s holdings of land and buildings into the Darwin Business Park (DBP). It is proposed to develop and implement a comprehensive marketing strategy to profile the DBP, increase awareness of the opportunities available, and increase market penetration.

I look forward to a second year of delivering increased and successful outcomes for the Northern Territory Government and for the benefit of Territorians.

The retirement on 30 June 2004 of Barry Chambers as chief executive officer of the Department of Infrastructure, Planning and Environment and the Land Development Corporation deserves special note. His work on the establishment of the LDC was inspirational and invaluable.

I greatly appreciate the support of the team and the leadership of the Board, whose members bring high-level experience, skills and commitment to the tasks.

Sarah Butterworth
OPERATIONS IN 2003-04: THE FIRST YEAR

The Corporation's principal focus in its first year of operation was to develop and manage Darwin Business Park, a purpose-built industrial estate at East Arm.

Future operations include the development of estates at Wickham Point/Middle Arm, Glyde Point and Brewer Industrial Estate in Alice Springs. Land in other parts of the Territory will be examined for development as the need arises.

The Land Development Corporation has offered strong support to business seeking to capitalise on major developments and projects including:

- The AustralAsia Railway
- The East Arm Port and container terminal
- The development of Timor Sea oil and gas
- Gas-based manufacturing and processing
Darwin Business Park

The completion of the AustralAsia Railway in 2004, linking Darwin’s East Arm Port with Adelaide, has created the AustralAsia Trade Route – a new alternative for importers and exporters.

To support this, East Arm is being developed as a base for regional supply, service and distribution with the creation of the Darwin Business Park. The Stage One 100 hectare park provides a direct road/rail transfer capability for domestic distribution and value-adding opportunities.

Darwin is perfectly positioned to offer many opportunities capitalising on the new trade route and is becoming a significant base for the consolidation, distribution and processing of international and domestic freight.

Darwin Business Park offers:
- Direct road/rail transfers
- Value-adding opportunities
- International shipping connections
- Reduced transit times
- Connections to the national highway network for road freight
- Efficient access to the intermodal facility at the East Arm Port, providing direct transfer to international shipping
- Access to Darwin International Airport just 10 minutes drive away.
Land Availability and Opportunities

The Northern Territory Government has committed $11 million to the development of Stage One of the Darwin Business Park.

Fully serviced land offers a full suite of connecting roads, power, water and sewerage services. Land parcels are generally offered on a secure long term lease with attractive commercial terms.

Toll Holdings, one of Australia’s leading domestic transport and logistics providers, was the first customer to secure rail frontage land at the Darwin Business Park. Toll is investing $18 million over four years in the development and operation of a state-of-the-art consolidation and distribution centre, and the first stage was completed in April 2004.

Vopak, the leading global provider of independent tank storage and related logistics for the oil and chemical industries, is constructing the $55 million Darwin Industry Fuel Terminal. The 113 million litre fully automated facility, with state-of-the-art safety and environmental controls, is due to commence operations in August 2005.

Darwin Business Park provides a rare opportunity for owner-occupiers and tenants looking to establish consolidation and distribution operations and other value-adding services at the northern terminus of the region’s newest trade route.

With direct links to berth, rail and road services, the Darwin Business Park is ideally located for investment in:

- Cold storage facilities
- Food processing and packaging
- Pre-retail preparation facilities
- Light assembly and manufacturing
- Pick and pack distribution
Australia’s Asian Gateway

Trade with Asia continues to grow in importance to Australia, with Asia now accounting for almost 50 per cent of Australia’s total merchandise trade.

Darwin, Australia’s closest capital city to Asia, is strategically positioned to service this important region. Expanding trade routes into Asia is a key focus of the Territory’s International Trade Strategy.

The Territory, and Darwin in particular, is poised to become a major supply, service and distribution centre of regional significance, creating new employment and business opportunities.

The AustralAsia Railway

This $1.3 billion project has linked the north and south of the Australian continent by rail for the first time. The AustralAsia Railway project comprised the construction of 1,420 kilometres of rail between Darwin and Alice Springs. Rail operations began in January 2004.
East Arm Wharf

A key component of the AustralAsia Trade Route is Darwin’s $200 million East Arm Wharf. Stage One of the new wharf opened in 2000. Stage Two, allowing the new railway to terminate at the facility, was completed at the end of 2003. Together, these two major infrastructure projects establish Darwin as a key conduit on a newly-formed landbridge between Australia’s southern centres and the Asia Pacific region.

Latest port infrastructure included a 4.5 hectare intermodal container terminal and 3.5 kilometres of bund wall, including a 2.5 kilometre railway embankment from the Darwin Business Park to the port. Further development at the port includes a 254 metre wharf extension, to 750 metres which includes a 156 metre bulk liquids berth.

Future Opportunities

Darwin’s East Arm is the initial focus of the Land Development Corporation. Estates will also be developed at Middle Arm Peninsula and Glyde Point on the Gunn Point Peninsula.

Middle Arm Estate will provide an area for the flow over of port and rail related industries. It is anticipated that a future rail spur onto the peninsula will provide larger tracts of land for large-scale industrial activities including container storage.

Glyde Point Estate will be a large-scale gas-based industrial precinct with rail links, product transport corridors and a planned port facility.

Other industrial areas will be developed throughout the Northern Territory as needs are identified.
MINISTER FOR LANDS AND PLANNING

Mr Barry Chambers
Chief Executive Officer
Land Development Corporation
PMB 588
Berrimah NT 0828

Dear Mr Chambers

Pursuant to Section 9 of the Land Development Corporation Act, I direct the Land Development Corporation to lease Section 5763, Hundred of Bagot to the Northern Territory of Australia at a nil rental for a period of 10 years for the purposes a rail passenger terminal.

This Direction must be tabled in the Northern Territory Legislative Assembly within six sitting days of the Direction and also be reported in the Land Development Corporation’s Annual Report for 2003-2004.

Yours sincerely

CHRIS BURNS
30 MARCH 2004
ADVISORY BOARD

In accordance with the Land Development Corporation Act 2003, an Advisory Board was established to bring outside expertise to the Corporation, to provide advice on its activities and the manner in which it carries out those activities and, in particular, to act in a commercial manner.

Four private sector Members were appointed by the Minister responsible for the Land Development Corporation for a period of three (3) years commencing on 8 January 2004.

Mr Barry Chambers, CEO of the Department of Infrastructure, Planning and Environment (DIPE), was appointed as CEO of the Corporation from 1 July 2003 and as the fifth Member of the Advisory Board. Following his retirement from the NT Government, Ms Sarah Butterworth was appointed CEO and Board Member from 1 July 2004.

Steve Margetic, Chairman

Steve Margetic is Managing Director of the Territory’s largest privately owned building contractor, Sitzler Bros, and the Immediate Past President of the Territory Construction Association.

He is a Fellow of the Australian Institute of Company Directors and has been a director of Master Builders Australia Inc and Chairman of MBA Inc National Contracts Committee.

Mr Margetic has 20 years experience in property development in the Territory and over that period has been instrumental in the development of a number of large retail shopping centres along with a broad range of commercial and industrial developments.

Margaret Michaels, Deputy Chairman

Margaret Michaels is a Partner at Clayton Utz in Darwin. Her practice spans both the corporate and litigation areas. She has a long history of acting in large commercial disputes, requiring case management expertise and the ability to manage and deal with a large number of documents and witnesses.

She also handles banking recovery work, corporate and personal insolvency, trade practices and equitable relief.

Ms Michaels has experience in advising the Northern Territory Government in commercial, litigious, administrative and public law areas. Her expertise includes construction, energy & resources, litigation & dispute resolution, major projects, power & utilities, transport & logistics, and government services.

Philip Duval, Member

Philip Duval is the Managing Director of Realty Solutions Australia Pty Ltd, an Adelaide-based specialist independent property consulting firm he formed after some 21 years (10 as Managing Director) with CB Richard Ellis (SA) Pty Ltd. He holds valuation and town planning qualifications and has extensive experience in major industrial projects. He has undertaken recent assignments for the SA Government’s Land Management Corporation, Adelaide Airport Ltd, and Origin Energy Ltd.
Marek Petrovs, Member

Marek Petrovs is a Melbourne-based property consultant providing advice to both the public and private sectors within Australia and overseas. He was Chairman of the former Urban and Regional Land Corporation of Victoria which has now been merged with the Docklands Authority to become VicUrban and has facilitated national forums of the Victorian, SA, NSW, ACT and WA land corporations. He is a non-executive director of developer Austcorp Group Limited and Chairman of Ceramic Funds Management Ltd, a funds management company with investments in social infrastructure projects.

Sarah Butterworth, Member/CEO

Sarah Butterworth has broad public sector management experience gained over 30 years in various government roles and was CEO of the Department of Corporate and Information Services prior to her appointment as CEO of the Department of Infrastructure, Planning and Environment (DIPE) from 1 July 2004. She has a Graduate Diploma in Public Sector Executive Management and is a member of the Institute of Company Directors.

Ms Butterworth was appointed Chief Executive of the Land Development Corporation following the retirement of Barry Chambers, and has this role concurrently with the position of CEO of DIPE.

Barry Chambers, Member/CEO (retired)

Barry Chambers was appointed to lead the new Department of Infrastructure, Planning and Environment (DIPE) in November 2001, after more than 30 years of working in broad-ranging engineering, corporate management and company director roles. He is a former Chief Executive Officer of the Power and Water Authority and Secretary of the Department of Lands, Planning and Environment.

He has also previously held concurrent roles as the Darwin Port Authority’s Chief Executive Officer and Deputy Secretary of the Department of Transport and Works. He has civil engineering qualifications and is a Fellow of the Institution of Engineers, Australia, the Chartered Institute of Logistics and Transport, and the Australian Institute of Company Directors.

Barry was appointed Chief Executive of the Land Development Corporation on its establishment in July 2003 and held this role concurrently with the position of CEO of DIPE until his retirement on 30 June 2004.
FINANCIAL STATEMENT OVERVIEW

For the Year Ended 30 June 2004

In accordance with section 26 of the Land Development Corporation Act (LDC Act), all assets, liabilities, interests and rights of the Trade Development Zone Authority were taken over by the Land Development Corporation (the Corporation), effective from 1 July 2003. (In accordance with the provisions of the Trade Development Zone Act Repeal Act, the Trade Development Zone Act ceased to have effect from 1 July 2003, and the Trade Development Zone Authority ceased trading as at 30 June 2003.)

The Corporation is a commercially-oriented land developer. Key responsibilities of the Corporation include:

• Acquisition, development, marketing, management and disposal of industrial land;
• Provision of business and development-orientated information on strategic industrial land;
• Release of land in ways responsive to industry’s short and long-term requirements with tenure terms reflective of market conditions;
• Negotiation of a wide variety of tenure options; and
• Development of strong linkages with other business and development agencies to provide comprehensive project support.

In its formative year, a key achievement has been the establishment of a five member Advisory Board. The LDC Act enables the advisory board to independently and objectively provide advice on the commercial framework and commercial operations of the Corporation.

The major financial transaction for the year has been an equity injection by the Northern Territory Government, transferring 22 parcels of land with a carrying value of $36M to the Corporation to establish the Darwin Business Park. This transfer has resulted in a significant increase in the Corporation’s net assets.

Operating results for the year have resulted in a net operating loss of $273,000, which is attributed to the sale of land at less than carrying value. It is anticipated that in the short term land sales may incur some small losses until the anticipated market demand for serviced industrial land at the Darwin Business Park is realised and a more reliable basis for determining market values in this location is established.
CERTIFICATION OF FINANCIAL STATEMENTS

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

We further state that the information set out in the Statement of Financial Performance, Statement of Financial Position, Statement of Cash Flows and notes to and forming part of the financial statements, presents fairly the financial performance for the year ended 30 June 2004 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.

Sarah Butterworth
Chief Executive Officer
9 September 2004

Ken Tinkham
Chief Financial Officer
2 September 2004
STATEMENT OF FINANCIAL PERFORMANCE

For the year ended 30 June 2004

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**OPERATING REVENUE**

*Sales of goods and services*

- Output revenue 1,080
- Other Corporation revenue 150
- Miscellaneous revenue 244
- Services received free of charge 12
- Loss on disposal of assets 3

**TOTAL OPERATING REVENUE** 1,024

**OPERATING EXPENSES**

- Employee expenses 600

**Administrative expenses**

- Purchases of goods and services 4
- Repairs and maintenance 34
- Depreciation and amortisation 7
- Other administrative expenses 6

**TOTAL OPERATING EXPENSES** 1,297

**NET OPERATING (DEFICIT)**

10 (273)

The statement of financial performance is to be read in conjunction with the notes to the financial statements.
## STATEMENT OF FINANCIAL POSITION

As at 30 June 2004

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### ASSETS

**Current assets**

- Cash and deposits  5  5,890
- Receivables       6  287
- Advances and investments 223

**Total current assets**  6,400

**Non-current assets**

- Property, plant and equipment 7  37,997

**Total non-current assets**  37,997

**TOTAL ASSETS**  44,397

### LIABILITIES

**Current liabilities**

- Deposits held         43
- Payables              8  20
- Provisions            9  66

**Total current liabilities**  129

**TOTAL LIABILITIES**  129

**NET ASSETS**  44,268

### EQUITY

- Capital               10  44,375
- Accumulated funds     10 (107)

**TOTAL EQUITY**  44,268

The statement of financial position is to be read in conjunction with the notes to the financial statements.
STATEMENT OF CASH FLOWS

For the year ended 30 June 2004

NOTE 2004

$'000

(Outflows)/Inflows

CASH FLOWS FROM OPERATING ACTIVITIES

Operating receipts

Receipts from sales of goods and services
Output revenue received 1,080
Other Corporation receipts (146)
Total operating receipts 934

Operating payments
Payments to employees (593)
Payments for goods and services (286)
Total operating payments (879)

Net cash from operating activities 11 55

CASH FLOWS FROM INVESTING ACTIVITIES

Investing receipts

Proceeds from asset sales 3,708
Repayment of advances 339
Total investing receipts 4,047

Net cash from investing activities 4,047

CASH FLOWS FROM FINANCING ACTIVITIES

Financing receipts
Deposits received (21)
Total financing receipts (21)

Net cash used in financing activities (21)
Net increase in cash held 4,081
Cash at beginning of financial year 1,809

CASH AT END OF FINANCIAL YEAR 5 5,890

The statement of cash flows is to be read in conjunction with the notes to the financial statements.
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2004

I  STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a)  Objectives and funding

The Land Development Corporation (the Corporation), established on 1 July 2003 is a commercially-orientated land developer. The Corporation's role is to position the Northern Territory and its industries to take advantage of any major industrial projects. Its main focus initially is to develop and manage the industrial estate at East Arm referred to as the Darwin Business Park, followed by the development of estates at Middle Arm and Glyde Point. It will work to provide quick access to appropriately developed land, allowing business to focus on their core activities.

The Corporation is predominantly funded by parliamentary appropriations and some revenue from commercial rent.

In the process of reporting on the Corporation as a single entity, all intra Corporation transactions and balances have been eliminated.

(b)  Central Holding Authority

The Central Holding Authority (CHA) is the 'parent body' that represents the Government’s ownership interest in Government controlled entities.

The CHA also records all territory items. Territory items are revenues, expenses, assets and liabilities controlled by the government and managed by agencies on behalf of the government. The main territory item is territory revenue, which includes taxation and royalty revenue, commonwealth general purpose funding (such as GST revenue), fines, and statutory fees and charges.

The CHA also holds certain territory assets not assigned to agencies as well as certain territory liabilities, such as long service leave, that are not practical or effective to assign to individual agencies.

Territory items

The CHA recognises all territory items, therefore those items managed by the Corporation on behalf of government are not included in the Corporation's financial statements. The Corporation did not manage any territory items on behalf of government for the year ended 30 June 2004.

(c)  Basis of accounting

The financial statements have been prepared in accordance with the requirements of the Financial Management Act and Treasurer’s Directions.

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

These financial statements do not comply with International Accounting Standards, as Australia is not adopting these requirements until reporting periods commencing on or after 1 January 2005. However the potential impact on accounting policies that will arise from the transition to AASB equivalents of IASB pronouncements is disclosed in note 18.
The following is a summary of the material accounting policies, which have been adopted in the preparation of financial statements.

(d) Revenue recognition

Revenue is recognised at the fair value of the consideration received net of the amount of goods and services tax (GST). Exchanges of goods or services of the same nature and value without any cash consideration are not recognised as revenues.

Output revenue

Output revenue represents government funding for Corporation operations and is calculated as the net cost of Corporation outputs after taking into account funding from Corporation revenue. The net cost of Corporation outputs for output appropriation purposes does not include any allowance for major non-cash costs such as depreciation.

Revenue in respect of this funding is recognised in the period in which the Corporation gains control of the funds.

Grants and other contributions

Grants, donations, gifts and other non-reciprocal contributions are recognised as revenue when the Corporation obtains control over the assets comprising the contributions. Control normally passes upon receipt.

Contributions are recognised at their fair value. Contributions of services are only recognised when a fair value can be reliably determined and the services would be purchased if not donated.

Sale of goods

Revenue from the sale of goods is recognised (net of returns, discounts and allowances) when control of the goods passes to the customer.

Rendering of services

Revenue from rendering services is recognised in proportion to the stage of completion of the contract.

Interest revenue

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

Sale of non-current assets

The profit or loss on disposal of non-current asset sales is included as revenue at the date control of the asset passes to the buyer, usually when an unconditional contract of sale is signed.

The profit or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal.
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2004

Contribution of assets

Contributions of assets and contributions to assist in the acquisition of assets, being non-reciprocal transfers, are recognised, unless otherwise determined by government, as revenue at the fair value of the asset received when the Corporation gains control of the asset or contribution.

(e) Goods and services tax

Revenues, 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 an item 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 Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis. The GST components of cash flows arising from investing and financing activities which is 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 from, or payable to, the ATO.

(f) Interest expenses

Interest expenses include interest and finance lease charges and are expensed as incurred.

(g) Cash and cash equivalents

For the purpose of the Statement of Financial Position and the Statement of Cash Flows, cash includes cash on hand, cash at bank and cash equivalent assets controlled by the Corporation. Cash equivalents are highly liquid short-term investments that are readily convertible to cash. Bank overdrafts are carried at the principal amount.

(h) Receivables

The collectibility of debtors or receivables is assessed at balance date and specific provision is made for any doubtful accounts.

(i) Property, plant and equipment

Acquisitions

All items of property, plant and equipment with a cost, or other value, equal to or greater than $5,000 are recognised in the year of acquisition and depreciated as outlined below. Property, plant and equipment below the $5,000 threshold are expensed in the year of acquisition.

The cost of property, plant and equipment constructed by the Corporation includes the cost of materials and direct labour, and an appropriate proportion of fixed and variable overheads.
Complex assets

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

Subsequent additional costs

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

Construction work in progress

As part of Stage 1 of Working for Outcomes, Department of Infrastructure, Planning and Environment is responsible for managing general government capital works projects on a whole of government basis. Therefore appropriation for most capital works is provided directly to this department and the cost of construction work in progress is recognised as an asset of that department. Once completed, capital works assets are transferred to the Corporation.

Revaluations

Assets belonging to the following classes of non-current assets are progressively revalued on a rolling basis with sufficient regularity to ensure that an asset’s carrying amount does not differ materially from its fair value at reporting date:

• Land;
• Buildings;
• Infrastructure assets

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

Other classes of non-current assets are not subject to revaluation and are measured on a cost basis.

The unique nature of some of the heritage and cultural assets may preclude reliable measurement. Such assets have not been recognised in the financial statements.

Depreciation and amortisation

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.

Assets are depreciated or amortised from the date of acquisition or, in respect of internally constructed assets, from the time an asset is completed and held ready for use.
The estimated useful lives for each class of asset, for the current year, are in accordance with the Treasurer’s Directions and are provided as follows:

<table>
<thead>
<tr>
<th>Asset Type</th>
<th>Useful Life</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buildings</td>
<td>20-50 years</td>
</tr>
<tr>
<td>Infrastructure assets</td>
<td>8-50 years</td>
</tr>
<tr>
<td>Plant and equipment</td>
<td>4-15 years</td>
</tr>
<tr>
<td>Leased plant and equipment</td>
<td>Over term of lease</td>
</tr>
<tr>
<td>Cultural assets</td>
<td>100 years</td>
</tr>
</tbody>
</table>

(j) **Leased assets**

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

**Finance leases**

Finance leases are capitalised. A leased asset and a lease liability equal to the present value of the minimum lease payments are recorded at the inception of the lease. Lease payments are allocated between the principal component of the lease liability and the interest expense.

**Operating leases**

Operating lease payments made at regular intervals throughout the term are expensed when the payments are due, except where an alternative basis is more representative of the pattern of benefits to be derived from the lease property.

(k) **Payables**

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

(l) **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 annual leave. Liabilities arising in respect of wages and salaries and annual leave expected to be settled within twelve months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled.

No provision is made for sick leave, which is non-vesting, as the anticipated pattern of future sick leave to be taken indicates that accumulated sick leave is unlikely to be paid.

Employee benefits expenses are recognised in respect of the following categories:

- wages and salaries, non-monetary benefits, annual leave, sick leave and other leave entitlements; and
- other types of employee benefits are recognised against profits on a net basis in their respective categories.
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2004

As part of the introduction of Working for Outcomes, the CHA assumed the long service leave liabilities of government agencies, including that of the Corporation.

(m) Superannuation

Employees’ Superannuation entitlements are provided through the NT Government and Public Authorities Superannuation Scheme (NTGPASS), Commonwealth Superannuation Scheme (CSS) and non-government employee nominated schemes for those employees commencing on or after 10 August 1999.

The Corporation makes superannuation contributions on behalf of its employees to the CHA or the non-government employee nominated schemes. Any liability for government superannuation is met directly by the CHA and the Corporation has and will continue to have no direct superannuation liability.

(n) Rounding of amounts

Amounts in the financial statements and notes to the financial statements have been rounded to the nearest thousand dollars.

(o) Comparatives

No comparatives are reported due to this being the first year of operation by the Corporation.

2 STATEMENT OF FINANCIAL PERFORMANCE BY OUTPUT GROUPS

The Corporation does not have multiple output groups and as such there are no individual group dissections.

<table>
<thead>
<tr>
<th></th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$'000</td>
</tr>
<tr>
<td>Profit/loss on disposal of non-current assets</td>
<td>3,708</td>
</tr>
<tr>
<td>Less: Written down value of non-current assets disposed</td>
<td>(4,200)</td>
</tr>
<tr>
<td>Loss on the disposal of non-current assets</td>
<td>(492)</td>
</tr>
</tbody>
</table>
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2004

4 OPERATING EXPENSES

The recording of the following specific expenses satisfy the general requirement to disclose this type of expenditure that forms part of the general expense category of Purchase of Goods and Services.

Consultants (i) 21
Advertising (ii) 9
Marketing and Promotion (iii) 47
Legal Fees 23
Recruitment (iv) 22
Training and Study 26
Official Duty Fares 1

(i) Includes marketing and promotion consultants. (ii) Does not include recruitment advertising or marketing and promotion advertising. (iii) Includes advertising for marketing and promotion but excludes marketing and promotion consultants’ expenses that are incorporated in the consultants’ category. (iv) Includes recruitment related advertising costs.

5 CASH AND DEPOSITS

Cash on hand 1
Cash at bank 5,889
5,890

6 RECEIVABLES

Current
Trade debtors 311
Less: Provision for doubtful trade debtors -
Other receivables (24)
Total receivables 287
### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2004

<table>
<thead>
<tr>
<th>2004</th>
<th>$'000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>7 PROPERTY, PLANT AND EQUIPMENT</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Land</strong></td>
<td></td>
</tr>
<tr>
<td>At fair value</td>
<td>36,640</td>
</tr>
<tr>
<td><strong>Buildings</strong></td>
<td></td>
</tr>
<tr>
<td>At fair value</td>
<td>2,102</td>
</tr>
<tr>
<td>Accumulated depreciation</td>
<td>(780)</td>
</tr>
<tr>
<td><strong>Capital works in progress</strong></td>
<td></td>
</tr>
<tr>
<td>At capitalised cost</td>
<td>35</td>
</tr>
<tr>
<td><strong>Plant and equipment</strong></td>
<td></td>
</tr>
<tr>
<td>At cost</td>
<td>63</td>
</tr>
<tr>
<td>Accumulated depreciation</td>
<td>(63)</td>
</tr>
<tr>
<td><strong>Total property, plant and equipment</strong></td>
<td>37,997</td>
</tr>
</tbody>
</table>

*A valuation of the land assets was undertaken by the Australian Valuation Office during the year prior to the transfer from DIPE to LDC. The valuation was based on the land’s Unimproved Capital Value (UCV) as at 01 July 2002. In the absence of reliable market values being available, the UCVs were adopted by the Corporation as fair values as at 30 June 2004 upon transfer.*
Reconciliations of the carrying amounts of property, plant and equipment at the beginning and end of the current financial year are set out below:

<table>
<thead>
<tr>
<th>30 June 2004</th>
<th>Land</th>
<th>Buildings</th>
<th>Capital Works in Progress</th>
<th>Plant &amp; Equipment</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cost/Valuation</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance at the beginning of the year</td>
<td>3,820</td>
<td>2,102</td>
<td>-</td>
<td>63</td>
<td>5,985</td>
</tr>
<tr>
<td>Additions</td>
<td>37,020</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>37,020</td>
</tr>
<tr>
<td>Disposals</td>
<td>(4,200)</td>
<td>-</td>
<td>-</td>
<td>(63)</td>
<td>(4,263)</td>
</tr>
<tr>
<td>Transfers (net)</td>
<td>-</td>
<td>-</td>
<td>35</td>
<td>-</td>
<td>35</td>
</tr>
<tr>
<td>Balance at the end of the year</td>
<td>36,640</td>
<td>2,102</td>
<td>35</td>
<td>0</td>
<td>38,777</td>
</tr>
</tbody>
</table>

**Accumulated depreciation**

<table>
<thead>
<tr>
<th></th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at the beginning of the year</td>
<td>-</td>
</tr>
<tr>
<td>Depreciation and amortisation</td>
<td>-</td>
</tr>
<tr>
<td>Disposals</td>
<td>-</td>
</tr>
</tbody>
</table>

**Written down value**

<table>
<thead>
<tr>
<th></th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at the beginning of the year</td>
<td>3,820</td>
</tr>
<tr>
<td>Balance at the end of the year</td>
<td>36,640</td>
</tr>
</tbody>
</table>

---

### 8 PAYABLES

Trade creditors

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>20</td>
</tr>
<tr>
<td></td>
<td>20</td>
</tr>
</tbody>
</table>
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2004

9 PROVISIONS

Current
Employee benefits
Annual leave 53
Leave loading 2
Other current provisions
Other provisions 11
Total provisions 66

a) Reconciliations
Employee Benefits
Balance as at 30 June 2003 50
Reductions arising from payments/other sacrifices of future economic benefits -
Additional provisions recognised 5
Balance as at 30 June 2004 55
Other current Provisions
Balance as at 30 June 2003 -
Reductions arising from payments/other sacrifices of future economic benefits -
Additional provisions recognised 11
Balance as at 30 June 2004 11

The Corporation employed 6 staff as at 30 June 2004.

10 EQUITY
(a) Capital
Balance at the beginning of year 7,296
Equity injections 37,079
Balance at the end of year 44,375
(b) Accumulated funds
Balance at the beginning of year 166
Current year operating (deficit) (273)
Balance at the end of year (107)
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2004

11 NOTES TO THE STATEMENT OF CASHFLOWS

Reconciliation of net operating surplus / (deficit) to net cash used in operating activities.

Net operating (deficit)  (273)

Non-cash items
Depreciation  37
Amortisation  6
Repairs and Maintenance - minor new works noncash  25
Loss on disposal of non-current assets  492

Changes in Assets and Liabilities
(Increase) in receivables  (238)
(Decrease) in accounts payable  (11)
Increase in provision for employee benefits  6
Increase in other provisions  11

Net cash flows from operating activities  55

12 SERVICES RECEIVED FREE OF CHARGE

In accordance with government administrative arrangements, DCIS provided the following services to this Corporation. The notional costs of these services are as calculated by DCIS

Accounts payable  13
Financial system  9
IT and other corporate services  20

13 FINANCIAL INSTRUMENTS

A financial instrument is any contract resulting in a financial asset of one entity and a financial liability of another entity.

(a) Interest Rate Risk

The Corporation is not exposed to interest rate risks on its liabilities and does not earn interest on its cash assets.

(b) Credit risk

In respect of any dealings with organisations external to government, the Corporation has adopted the 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.
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2004

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

(c) Net fair value

The carrying amount of financial assets and financial liabilities recorded in the financial statements represents their respective net fair values.

<table>
<thead>
<tr>
<th>2004</th>
<th>$'000</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

14 COMMITMENTS

(i) Non-cancellable operating lease expense commitments

Future operating lease commitments not provided for in the financial statements and payable:

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Within one year</td>
<td>4</td>
</tr>
<tr>
<td>One year and no later than five years</td>
<td>10</td>
</tr>
<tr>
<td>Greater than five years</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Commitments</strong></td>
<td><strong>14</strong></td>
</tr>
</tbody>
</table>

15 CONTINGENT LIABILITIES

The Corporation maintains a register of contingent liabilities for any indemnity agreements. This information is reviewed, updated annually and reported to Treasury for inclusion in whole of government financial reports. Contingent liabilities are not reported in the Corporation’s annual financial statements as they are not quantifiable and are considered immaterial.

16 ACCOUNTABLE OFFICER’S TRUST ACCOUNT

<table>
<thead>
<tr>
<th>Nature of Trust Money</th>
<th>Opening Balance</th>
<th>Receipts</th>
<th>Payments</th>
<th>Closing Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bond money</td>
<td>7</td>
<td>1</td>
<td>-</td>
<td>8</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>7</strong></td>
<td><strong>1</strong></td>
<td><strong>-</strong></td>
<td><strong>8</strong></td>
</tr>
</tbody>
</table>
17 WRITE OFFS, POSTPONEMENTS AND WAIVERS

<table>
<thead>
<tr>
<th>2004</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>$'000 of trans.</td>
<td></td>
</tr>
</tbody>
</table>

Write offs, waivers and postponements under the Financial Management Act
Nil

Amounts written off, waived and postponed by the Treasurer
Irrecoverable amounts payable to the Territory or the Corporation 32 1
Total 32 1

Write offs, postponements and waivers authorised under other legislation 32 1

18 DISCLOSING THE IMPACT OF ADOPTING AASB EQUIVALENTS TO IASB PRONOUNCEMENTS

At this point in time the Corporation is managing the transition through attendance at seminars and workshops. Treasury, through its accounting policy branch, will identify and communicate changes required to Treasurer’s Directions and future reporting requirements. At this stage the likely key differences in accounting policy are anticipated to be:

Impairment Testing
Under the Australian equivalent of IAS 36 Impairment of Assets the recoverable amount of an asset is determined as the higher of net selling price and value in use. This will result in a change in the Corporation’s current accounting policy as currently under AAS10 the recoverable amounts test does not apply to not for profit entities.

Revenue
Rules governing grants provided to entities will be altered from a reciprocal/non-reciprocal approach to encompass in substance agreements whereby income in certain circumstances can be matched over the period the service is provided rather than treated as revenue in the year of receipt.

The future financial effects of the above changes in accounting policy cannot be reliably estimated at this stage.
LAND FOR INDUSTRIAL PROJECTS IN AUSTRALIA’S NORTHERN TERRITORY

For further information contact:

Land Development Corporation
11 Export Drive
Darwin Business Park
East Arm

PMB 588
Berrimah NT Australia 0828

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F: +61 8 8922 0620
E: ldc@nt.gov.au
www: ldc.nt.gov.au