



RenewalSA



Government of
South Australia

PEOPLE
PARTICIPATE
PROGRESS

Urban Renewal Authority
(trading as Renewal SA)

Annual Report 2014-15

30 September 2015

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Dear Minister

On behalf of the Urban Renewal Authority (trading as Renewal SA), I have the pleasure of submitting for your information and tabling in Parliament, the Urban Renewal Authority Annual Report 2014-15.

The Annual Report was developed in accordance with the *Department of the Premier and Cabinet Circular: PC013 – Annual Reporting Requirements*.

The annual report incorporates audited financial statements for the year ending 30 June 2015 as required by section 30 of the *Urban Renewal Act 1995*.



Hon. Bronwyn Pike
Presiding Member, Board of Management
Urban Renewal Authority

30 September 2015

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PART 1 – Our Business

Our Vision

Delivering an inspiring urban future

Renewal SA is leading the urban renewal of Adelaide on behalf of the Government of South Australia. Renewal SA's role is to attract more people to live, work, visit and invest in South Australia.

Our role is to unlock the exciting potential of existing urban areas, through partnerships and consultation with community, industry and all levels of government, which will enhance South Australia's economic and social prosperity.

By encouraging good design and quality home building, we facilitate the regeneration of neighbourhoods to meet future community needs.

Our Future Direction

Under recent reforms, Renewal SA will focus predominantly on medium to high urban infill development and areas with high concentrations of ageing social housing assets in preference to larger greenfield projects in Adelaide's outer suburbs.

Renewal SA will be guided by:

- focusing on marquee sites and creating premium places and iconic destinations
- redeveloping the Riverbank precinct is at the heart of the government's agenda for revitalising the city
- facilitating medium to high urban infill development and areas with high concentrations of ageing social housing assets
- generating opportunities for non-government partners
- facilitating the supply of strategically located commercial and industrial land to support South Australia's economic and employment growth.
- fostering urban regeneration.

Renewal SA is the key organisation encouraging more people to live in South Australia, by creating more housing opportunities with a focus within 10 kilometres of the CBD, encouraging more people to work in the city, by boosting the economy and creating jobs, encouraging more investment in South Australia, through the facilitation of development opportunities and encouraging more people to visit and spend time in the CBD and regional South Australia.

Within the City of Adelaide, the focus is two-fold: enabling more people to live in the city and supporting an environment where people want to come to the city through initiatives such as the Vibrant City economic priority. In the suburbs, we will help to drive great design by facilitating inclusive and connected urban regeneration that demonstrates and adds to the character of the existing public spaces and services.

We apply commercial rigour to our operations and drive continuing improvements in performance to protect both the long term viability of Renewal SA and the State's financial interests.

Our Strategic Alignment

The 30-Year Plan for Greater Adelaide

Renewal SA's broad portfolio of projects and activities contribute to the urban renewal and redevelopment outcomes sought through *The 30-Year Plan for Greater Adelaide*, South Australia's Strategic Plan and the government's wider social and economic strategic priorities. These include facilitating the delivery of infrastructure agreements for growth areas and delivering projects that provide commercial and industrial land opportunities to support jobs and industry growth.

Renewal SA is guided by *The 30-Year Plan for Greater Adelaide* to enable unique development opportunities for the private sector through access to government land holdings.

Renewal SA conducts detailed precinct planning through consultation with government agencies, local communities, councils and other stakeholders. Consultation is centred on how best to deliver appropriate infrastructure, human services, streetscapes and open space prior to development occurring either directly or through the private sector.

Renewal SA has an ongoing strategic role in identifying and assembling development sites.

Renewal SA engages early and often with local communities, local government, other government agencies and the private sector to facilitate quality, well designed, affordable and sustainable developments – in line with the consultative approach of the Government of South Australia.

South Australia's Strategic Plan

Through the delivery of a range projects and activities we contribute to the following *South Australian Strategic Plan* targets:

- ▼ Target 7 Affordable housing: South Australia leads the nation over the period to 2020 in the proportion of homes sold or built that are affordable by low and moderate income households.
- ▼ Target 8 Housing stress: South Australia leads the nation over the period to 2020 in the proportion of low income households not experiencing housing stress.
- ▼ Target 56: Strategic infrastructure, provide key economic and social infrastructure to accommodate population growth.
- ▼ Target 60: Energy efficiency, dwellings; increase the energy efficiency of homes by 15% by 2020.
- ▼ Target 63: Use of public transport; increase the use of public transport to 10% of metropolitan weekday passenger vehicle kilometres travelled by 2018.
- ▼ Target 75: Sustainable water use; South Australia's water resources are managed within sustainable limits by 2018.

Legislation

Renewal SA is created under the *Urban Renewal Act 1995*.

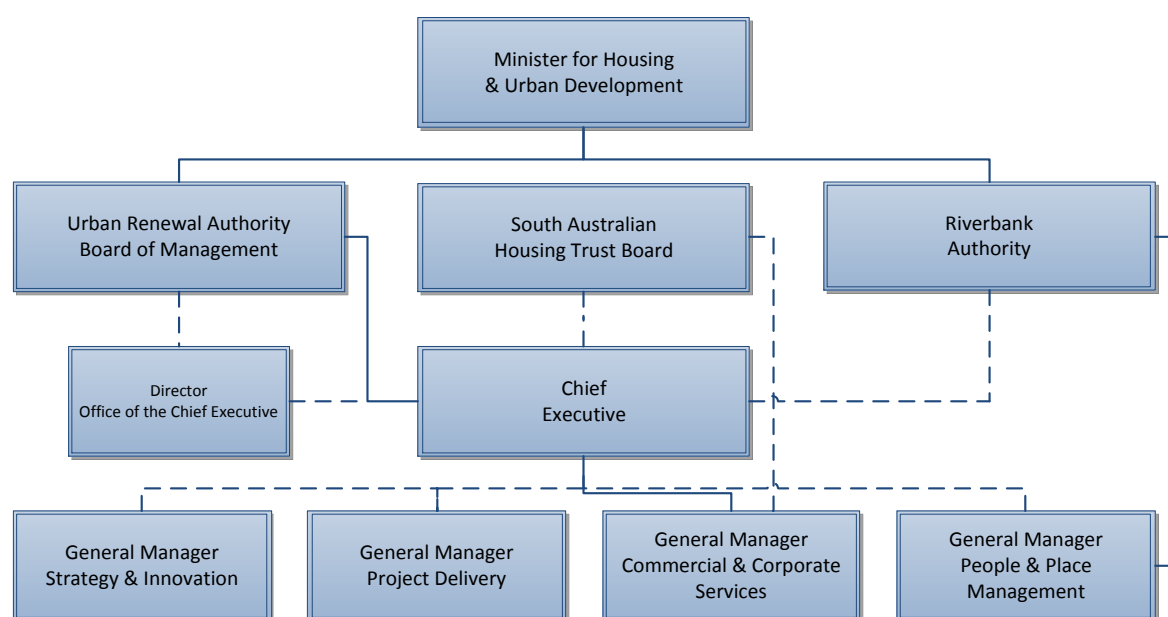
Our Governance

Renewal SA coordinates, manages and delivers activities and initiatives on behalf of three representative boards.

- **Urban Renewal Authority:** Responsible for continual improvements in performance and protecting both the long term viability of Renewal SA and the Crown's financial and other interests in Renewal SA
- **South Australian Housing Trust:** Created to help deliver more affordable homes and public housing for South Australians who are locked out of the housing market.
- **Riverbank Authority:** Appointed to oversee the coordination of events, development and promotion of Adelaide's Riverbank Precinct.

Renewal SA organisational structure

As at 30 June 2015



Board Membership

Appointed by the Governor, the Board of Management is subject to the control and direction of the Minister for Housing and Urban Development. The board is responsible to the Minister for securing continuing improvements in performance and protecting both the long term viability of Renewal SA and the Crown's financial and other interests in Renewal SA.

Members of the Board of Management responsible for Renewal SA are selected for their individual and combined expertise to provide strategic governance and direction to its operations.

As at 30 June 2015, the Board's membership comprised:



Hon Bronwyn Pike (Presiding Member) is a former Victorian Government Minister with portfolio responsibilities and experience across health, housing, and education and community services, Ms Pike brings a wealth of experience in developing and delivering public policy and programs for low income and disadvantaged communities.



Geoff Knight (Member) has had a long career in the Public Sector, serving in diverse senior policy and leadership positions over three decades. He is also the former Chief Executive of Primary Industries and Resources South Australia (PIRSA), appointed in 2006.



Phil Baker (Member) has had 45 years' experience in aviation, including being Managing Director of Adelaide Airport Ltd. He is currently Chairman of the Adelaide Convention Bureau, a non-Executive Director of Flinders Ports Holdings and Director of the Health First Network. In addition, Phil is Sole Director of his own Aviation Consultancy Company (Philbak Pty) and acts as a judge for both the Property Council of Australia and the Australian Airports Association (AAA) annual national awards.



Helen Fulcher (Member) is the former Chief Executive of the Environmental Protection Authority (EPA) and has extensive experience in the development and delivery of social housing and affordable housing in South Australia, New Zealand and Western Australia.



Bob Boorman (Member). Bob Boorman & Associates in 2008 and was appointed as a consultant to drive the Nation Building Programme for the next three years. He is a member of the Department of Further Education, Employment, Science and Technology (DFEEST) Project Board for the recently completed SIEC facility and the new Kinetica building at Tonsley, and ach for the procurement of a joint private/public care facility at Daw Park. He is a member of the board of the South Australian Housing Trust. He was a Board Member of the Smith Family for nine years.

Table 1: Board meeting attendance 2014-15

Member	Membership period 2014-15	Number of meetings		Eligible to attend
		Attended	Missed	
Hon Bronwyn Pike (Presiding Member)	1 July 2014 – 30 June 2015	12	0	12
Helen Fulcher	1 July 2014 – 30 June 2015	11	1	12
Phil Baker	1 July 2014 – 30 June 2015	11	1	12
Bob Boorman	1 July 2014 – 30 June 2015	12	0	12
Geoff Knight	31 July 2014 – 30 June 2015	10	0	10

Message from the Board

During 2014-2015 Renewal SA set out a new strategic direction based on the four Government objectives to have more people living, working, visiting and investing in South Australia.

In response to the new direction, Renewal SA is transforming into a more transactionally-focused organisation which encourages greater private and not-for-profit housing sector involvement. Through its activities, Renewal SA is establishing its position as a key economic driver for South Australia, generating jobs and investment by working across multiple markets to de-risk projects.

During the financial year, Renewal SA delivered on a variety of high quality programs to contribute to the state government's strategic objectives around urban renewal.



Providing South Australians with more affordable housing in suburbs of choice is a key driver for Renewal SA. In February 2015, the state government announced an ambitious target to renew within five years a total of 4500 outdated South Australian Housing Trust (SAHT) homes within 10km of the CBD with Renewal SA charged with this responsibility. This is part of a longer term 15-year strategy to renew up to 40 000 SAHT dwellings.

Renewal SA is a key contributor to the delivery of the State Strategic Priority, Creating a Vibrant City. As such, we invested in programs located within the core entertainment precinct in the Riverbank as well as demonstration projects in our laneways to encourage and support small to medium enterprises to grow. This investment created new businesses and venues, injecting millions of dollars of private investment into the city.

Our activation programs put people at the centre of urban planning and design by creating high quality public realm to bring people together. Wide ranging events across our flagship projects such as the Riverbank Precinct, Bowden, Playford Alive, Woodville West and Tonsley have increased interaction and created a sense of community. Successful events such as community focussed 'meet, eat and greet' style gatherings, winter ice-skating on the Riverbank and large cultural events drawing thousands of people such as the Wonderwalls Street Art Festival and the Laneway Music Festivals at Port Adelaide, attract large private investment and demonstrate the perception changes across our precincts.

Importantly, we are driving a perception change of Adelaide and this has seen growing business and industry confidence and strong interest to collaborate on our projects in key precincts. Internal media coverage is reflecting this change.

Renewal SA is building and enhancing communities through valued partnerships which plan and deliver the kind of places people want to live. Our training and employment initiatives, the Works Program, continues to generate real outcomes for locals, creating 466 accredited training places, 452 work experience placements (71 of which were generated through Renewal SA contracts) and 179 jobs (24 of which were generated through Renewal SA contracts). The program has successfully collaborated with a variety of registered training organisations and industry to secure over \$2 million in funding from partners.

From a financial perspective, the 2014-15 financial year was a challenging period for the real estate industry. As a consequence, Renewal SA's operating result for the year ended 30 June 2015 was a loss of \$26.1m compared to a loss of \$16.02m in 2013-14.

Soft real estate market conditions are continuing to have a major influence on profitability. In particular the englobo land segment of the property market continues to be subdued, reflecting the limited availability of finance for developers to undertake greenfield projects and continued low demand given the large volume of land sold to the market leading up to and just following the global financial crisis (GFC).

The industrial land market segment also continues to be challenging with limited sales of developed industrial lots.

Moving forward, Renewal SA has prepared a strategic plan for 2015-2017 with eight key objectives that underpin our strategic vision and values. Through these objectives, we will strengthen our financial position by demonstrating a focussed commercial approach and driving effective asset management.

Renewal SA's key strategic themes for the next 12 months include:

- A planned land development program capable of yielding approximately 2000 dwellings a year across Adelaide over the next five years - most within 10 kilometres of the CBD,
- Port Adelaide land release with the potential to attract over \$1 billion in private sector investment and accommodate between 4000 and 8000 new residents.
- Investigation of potential opportunities for land and sites within the Riverbank Precinct, including the Royal Adelaide site, to produce a revitalised and activated Riverbank, which is seen as vital to South Australia's future growth and success.

Renewal SA has an exciting future ahead and will work to promote economic development and harness private sector and not-for-profit investment by building strong international, national and local relationships.



Hon Bronwyn Pike

**Presiding Member, Board of Management
Urban Renewal Authority**

Message from the Chief Executive

The period 2014-15 has been a time of significant organisational change for Renewal SA as it realigns its operations to support a new focus on facilitating private and not-for-profit sector partnerships to accelerate urban renewal. This has been a positive challenge for Renewal SA and our future achievements are at the forefront of the government's priorities. There are high expectations that we as an organisation will deliver.

In preparation, Renewal SA has reorganised its services and key functions under four strategic divisions comprising People and Place Management; Project Delivery; Strategy and Innovation; and Commercial and Corporate Services. The revised functional structure included the appointment of a new Executive Leadership Team consisting of Georgina Vasilevski, Mark Devine, Fairlie Delbridge and Michael Buchan.



Despite these organisational and government changes, Renewal SA is still dedicated to developing accessible, connected places where people want to live, work and enjoy. By encouraging good design and quality home building, we will facilitate the regeneration of neighbourhoods to meet future community needs. Flourishing places begin with people and responding to what they want, and that's a core part of our decision making. We are breathing new life into South Australia through urban renewal and place making, and our achievements highlighted in this report reflect this transformation.

In September 2014, the Riverbank Authority became operational with the appointment of all Board members under chair Andrew McEvoy. Renewal SA was engaged to provide operational management of the authority's vision and objectives.

These changes now mean that Renewal SA is responsible for servicing three Boards (Urban Renewal Authority, South Australian Housing Trust and the Riverbank Authority) with a broad mandate to drive economic activity for the State through the objectives outlined in the South Australia's seven strategic priorities and 10 economic priorities.

In December 2014, the management of the South Australian Housing Trust (SAHT) assets was transferred to Renewal SA as part of the State Government's reform process. Renewal SA is engaged by the SAHT to service all aspects of the SAHT financial strategy, financial reporting, asset and maintenance strategy, development and delivery of projects that renew SAHT housing stock, management of not-for-profit community housing growth strategies and transfers.

As part of the reorganisation, 130 employees of the Department for Families and Communities joined Renewal SA in January 2015 while a further six employees transferred from the Department for Planning, Transport and Infrastructure to deliver on our Vibrant City agenda.

To manage the changes effectively, more than 200 staff worked together during the year to develop a formal set of shared values that were launched at a staff forum held in June 2015. These core values, along with our strategic plan for the next three years, will ultimately become an integral part of our working life.

In the midst of these major organisational changes, Renewal SA staff maintained a strong focus on project delivery in the second half of the reporting period:

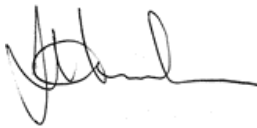
- In February 2015, we sought feedback from the community on their views for the redevelopment of the former hospital site at Glenside located just 2.6km south-east of the Adelaide CBD. The development of this site is expected to generate investment of \$300 million and approximately 130 construction-related jobs over the next ten years. The feedback will then inform the master planning process that will be undertaken once a development partner is selected via a three staged expression of interest process which commenced in March 2015.

- In April 2015, we agreed to sell to Devine a 19ha site in Glen Stuart Road, Woodforde. It is one of the largest parcels of land to be released in Adelaide's eastern suburbs and Devine plans to develop a new community of more than 300 homes while keeping one third of the site for open space.
- In April 2015, Renewal SA finalised negotiations with Walker Corporation for a major \$180 million redevelopment to transform the Adelaide Festival Centre Plaza into a world-class destination in the heart of the Riverbank Precinct. The precinct redevelopment will provide a sweeping multi-purpose plaza seamlessly linking Elder Park and the Riverbank Footbridge to the Adelaide Railway Station and North Terrace. Development will include a premium office building along a vibrant closed-to-traffic Station road, cafes, restaurants and retail outlets, and a new underground car park.
- In April 2015, more than 100 apartments, ranging from one to three bedrooms, were released for sale at Bowden. This near-city location is providing popular with investors and owner-occupiers seeking a cosmopolitan lifestyle in a medium density neighbourhood.
- In May 2015, a prospectus was issued outlining Renewal SA's pipeline of projects and investment opportunities to be progressively released over the next 12 months. This land release program will be conducted through a public sale process. These development opportunities will collectively help to build the state's economy and create jobs, while meeting the future needs of our communities.
- In May 2015, members of the Executive Leadership team joined a delegation in China as part of the Urban Development Industry Association study tour which was not only an ideal opportunity to learn from our counterparts' abroad, but to promote the opportunities in both the Riverbank Precinct and Port Adelaide. Discussions were held with a number of developers in Shanghai and Beijing who want to undertake development opportunities in Australia. The tour included a visit to Toronto, Canada, which was beneficial to see outstanding examples of waterfront redevelopment that we can apply to our own Riverbank Precinct.
- In June 2015, two sites with exciting prospects for residential development were released to market: a 7.4 hectare beach front land at Fort Largs and a 1.8 hectare site at Old Coach Road, Aldinga. Future development of the Fort Largs site must retain the heritage-listed fort, barracks and drill hall. The Aldinga site is a significant parcel of land in a fast-growing and vibrant local community.
- In June 2015, Renewal SA released a number of opportunities for developers and not-for-profit housing providers under the Renewing our Streets and Suburbs strategy. This strategy aims to replace old SAHT homes with up to 40 000 new homes in the next 15 years. The first round of activity to be completed in 2015-16 comprises the replacement of 65 existing Housing Trust properties with up to 90 new homes in addition to the creation of vacant lots, generating investment of about \$22 million and 105 jobs.
- Throughout the year, Renewal SA continued construction, sales and activation activity for long term urban projects including Bowden, Playford Alive, Port Adelaide, Woodville West and Tonsley.
- During the second half of the reporting period, Renewal SA also undertook significant preparatory work for two major land releases scheduled for July 2015: the Royal Adelaide hospital site and 40 hectares of prime waterfront land at Port Adelaide. The Royal Adelaide site is an integral part of the Riverbank Precinct which offers a once-in-a-generation opportunity to shape Adelaide's future when the current hospital site is vacated in 2016. Port Adelaide's place in our state's history is evolving into one of contemporary significance. Renewal SA is committed to having more people living, working, investing and spending time in Port Adelaide.

As part of a new strategy to partner with the not-for-profit sector, Renewal SA in June 2015 announced the awarding of contracts to two community housing providers, Unity Housing and Junction Homes, for the inaugural transfer of 1100 SAHT homes to be completed by October 2015. The community housing providers will be responsible for tenant management and dwelling maintenance of transferred stock.

It has been a year of significance at Renewal SA and we are confident we have established a strong foundation to help improve the quality of life for all South Australians by creating better places to live, work, invest and spend time. As a key economic agency for the state that is transaction based, we will apply commercial rigour to our operations and encourage private sector investment, ensuring we leverage others' abilities to deliver and that government assets are being used in the best possible way.

I would like to acknowledge the strong support that we have received from the Minister for Housing and Urban Development, the Hon John Rau MP, and the members of the Board of Management. I also want to thank the Executive team for their outstanding work during the year and all staff for their professionalism and results-focused work ethic.

A handwritten signature in black ink, appearing to read 'John Hanlon', with a long horizontal stroke extending to the right.

John Hanlon

**Chief Executive
Renewal SA**

The Year in Review

Our year in review is categorised by our key activities of:

- Renewing Our Streets and Suburbs
- Creating a Vibrant City
- Activating Places
- Major Project Delivery
- Engaging with Our Communities

Renewing Our Streets and Suburbs

Through meaningful partnerships with communities, industries and organisations we create energising opportunities.

In December 2014 Cabinet changed the [governance arrangements of the South Australian Housing Trust \(SAHT\)](#) such that primary responsibility for the SAHT was transferred from the Minister for Social Housing to the Minister for Housing and Urban Development.

Renewal SA is now responsible for servicing all aspects of the SAHT financial strategy, financial reporting, asset and maintenance strategy, development and delivery of projects that renew SAHT housing stock, management of not-for-profit community housing growth strategies and transfers

The Department for Communities and Social Inclusion (DCSI) continues to provide social housing services, including property maintenance and other housing programs such as rent assistance and indigenous housing (the staff that provide these services currently reside in the 'Housing SA' division of DCSI).

The [Renewing Our Streets and Suburbs](#) strategy was announced in February 2015 and is built on three foundations of choice, quality and community. The initiative will offer a greater variety of housing choices. The strategy will replace old SAHT homes with up to 40 000 new homes in the next 15 years. We'll work closely with each tenant to make sure that the transition provides good outcomes for all concerned.

We're renewing our streets and suburbs by replacing old homes with new homes, creating better quality social housing, increasing housing choices and affordability and enhancing the liveability of South Australia.

Renewal SA is working collaboratively with the private and not-for-profit sectors to create commercial outcomes that deliver innovative, well planned and mixed communities.

From February 2015, Renewal SA formed a [Five Year Strategy](#) that focuses on the 4500 pre-1968 dwellings located within approximately 10km of the Adelaide CBD. Over the next five years, the strategy is expected to produce approximately \$1.2 billion of investment into the building and construction industry, which would support an average of 1600 jobs each year.

Renewal SA has a strong ambition to encourage housing growth in existing suburbs, close to schools, hospitals and other services to create healthy, affordable and liveable neighbourhoods.

The most important part in delivering the [Renewing Our Streets and Suburbs](#) strategy is to ensure that all impacted tenants are engaged early to provide the most positive outcome.

A [Tenant Relationship and Transition Unit](#) has been established as the key contact point to assist tenants impacted by the transition process. The unit will also assist in reducing any transition concerns and enable tenants to flourish in their housing and communities.

Transferring selected SAHT dwellings to the community housing sector is another key initiative developed during 2014-15. Extensive sector consultation occurred during the year to progress a single modern [Community Housing Master Agreement](#) in accordance with *Community Housing Providers (National Law) (South Australia) Act 2013*.

Consultations to draft the new community housing agreement spanned more than 14 months and included provider workshops, working committees and calls for written feedback. The new agreement will replace all existing funding contracts previously negotiated under the superseded *SA Co-operative and Community Housing Act, 1991* (SA). Contract reform is critical to the future growth and development of the community housing sector. Successful growth of the sector will ensure the sustainable and adequate provision of social housing to the South Australian community. The standard form contract streamlines reporting requirements for providers, ensures consistent performance monitoring by government and modernises forms of security for public financial contributions.

Roll out of the new contracts is expected to begin in late 2015 following government approval.

The **Better Places, Stronger Communities** transfer project contributes to a national agreement to grow the multi-provider social housing system through transferring tenanted public housing properties to the community housing sector. Two community housing providers were selected and contracts signed in May 2015 to manage the first transfer of approximately 1100 houses. The first transfer is expected to occur later in 2015 and will include properties in Mitchell Park and Elizabeth Grove / Vale. This is the first transfer initiative of its kind for South Australia and demonstrates a successful model for future transfers.

The **Financial Viability Sales Program** achieved \$113.435 million in 2014-15. These results are less than targeted, which are influenced by three outcomes including:

1. The objectives of the Renewing Our Streets and Suburbs Program, which has captured properties that would have otherwise been sold.
2. Lower than desired/required hand overs in some regions.
3. Large number of settlements occurring in June 2014 that were thought to settle in July 2014. This resulted in a reported over delivery for the 2013-14 period.

Renewal SA also manages the **Affordable Homes Program** which ensures that affordable housing is directed to eligible South Australians wishing to buy a home of their own but who are currently being priced out of the housing market. The program includes land only, newly-constructed properties, and house-and-land packages secured through the State Government's 15 per cent affordable housing requirement in new significant developments as well as the sale of former SAHT properties. Properties listed through the Affordable Homes Program are sold under a set price point and are available for a limited time exclusively to eligible low to moderate income home buyers. Properties are listed on realestate.com.au and domain.com.au, and are identified by an orange key icon.

During 2014-2015, 189 SAHT properties were sold through the program to eligible buyers during the exclusive listing period, and 118 new construction dwellings deriving from the 15 per cent Affordable Housing Policy.

Creating a Vibrant City

Great cities are cities where residents have a sense of pride and confidence in their surroundings.

Adelaide is considered to be one of the most liveable cities on the planet. It is well known for its arts festivals, fine foods and wine. It has an advanced economy, world class universities and a flourishing multicultural heritage. Adelaide shares many qualities with the greatest cities in the world, and we are receiving recognition for the innovative ways we're bringing fresh energy and life to our city.

Renewal SA is transforming the **Riverbank Precinct** into an iconic destination and the centrepiece of a vibrant city.

The redevelopment of the Riverbank precinct is at the heart of the government's plan for revitalising the city. The runaway success of the Adelaide Oval redevelopment has excited South Australians and showcased a glimpse of the potential of our State to the world. Renewal SA will continue to build on this momentum.

Through the Riverbank Authority, Renewal SA has commenced two significant

projects for the Riverbank: the Adelaide Festival Centre redevelopment and the renewal of the Royal Adelaide hospital site.

The [Festival Centre redevelopment](#) is a once-in-a-generation opportunity to establish a world-class meeting space as well as setting the tone for future infrastructure development in this stage. Renewal SA has negotiated the development of the Festival plaza and car park with \$430m in private investment and \$180m of public contribution to create an improved public realm. Going forward, through the Riverbank Authority, Renewal SA will finalise the concept design, setting the framework for a public art strategy for the plaza and commencing site works.

The [Royal Adelaide](#) site represents one of the most rare and exciting urban renewal opportunities in Australia. Renewal SA conducted a site investigation in February 2015 to define the physical, legal, environmental and heritage constraints as well as the economic impact to the East End of relocating the hospital.

With the assistance of the Riverbank Authority, Renewal SA prepared an Expression of Interest in June 2015 to attract leading developers from around the world to outline their vision to transform the site into a unique and innovative mixed use development. The proponent/s are expected to be selected by December 2015.

Innovative demonstration projects have been delivered in some of Adelaide's iconic small streets and laneways to provide a pedestrian-friendly experience and diverse offerings whilst linking the riverbank precinct and the Adelaide Central Markets. We have worked and partnered with small to medium enterprise and council to improve the public realm, build on community-led initiatives and showcase effective place management in the CBD.

In [Bank Street](#), we completed a Public Art Lighting Project with key partners, such as traders, local artists, council, and building owners to create public safety, change perceptions and increase patronage of the street through an innovative lighting design combined with public art.

In [Peel Street](#), through our place management project, we completed Phase One of a trial temporary street closure project that provided four new venue operators with an on-street presence, through the provision of outdoor dining and greening. This led to a 30% increase in new customers for food related businesses. Phase Two has commenced with a trial of an alternate strategy with shared spaces for traffic and outdoor dining opportunities. The outcomes of Phase One and Two will inform future design options and policy provisions for shared zones.

In [Leigh Street](#), through place management, we have seen an increase in participation by local traders to deliver street activation initiatives, such as long table lunches and cellar door festivals as well as a variety of public realm upgrades. This street has now transitioned successfully into a community led and managed space.

We are transforming the CBD by assisting CBD businesses to establish and grow, providing opportunities for innovative ideas, the activation of under-used buildings, and revitalising our small streets and laneways.

Renewal SA's [case management service](#) is part of the State Government's city growth agenda aimed at making the CBD a place where more people want to live, work, invest and spend time. Renewal SA supports small venue applicants through the assessment and licensing processes and offers advice and assistance from the initial planning stage through to the opening, relocation or expansion of a venue.

Since the launch of the Small Venue Licence (SVL) category in April 2013, 68 potential small venues have been proposed for the city, 50 licenses have been issued and 48 are currently open for business.

In 2014-15, 31 projects received case management services of which 10 small venues are now in operation.

Small bars and restaurants are not the only businesses to benefit from the SVL category. The changes combined with the case management service have created opportunities for various types of creative spaces such as co-working spaces, galleries and theatres, dance studios, training and community centres and internet radio stations.

The **City Makers Grant Program** supports projects that would otherwise not be able to progress to overcome barriers relating to building compliance as well as encouraging innovative community led and managed place making initiatives. This program has allowed successful applicants to deliver quality programs, projects, events, and small venues that provide significant social and economic returns to the city and the State.

Round one of City Makers in 2014-15 saw a total of 32 applications received of which 15 received funding to the value of \$250 000.

Successful projects included the delivery of building compliance such as disabled access provisions and acoustic engineering, public art, street activation and creative activities which help the establishment of businesses, empower communities and attract investment to underutilised areas.

The **Hub Adelaide Spark Entrepreneurs Program** was developed and established by Renewal SA in partnership with Hub Adelaide to assist entrepreneurs to progress their business ideas and models from concept to commercialisation and providing opportunities for investment and exposure to various economic sectors. This has seen the delivery of three successful programs in the 2014-15 financial year, providing opportunities for 15 entrepreneurs and leading to 10 new businesses.

Activating Places

Renewal SA puts people at the centre of urban planning and design. Our projects revitalise communities by creating high quality shared open spaces and places that bring people together.

Renewal SA held two large events over March and April 2015 at Elder Park. **Sunday Vibes** was a music activation held in partnership with Music SA, which celebrated links back to the rotunda's musical heritage. **Easter Wonderland** was held in collaboration with Melba's Chocolates at the Amphitheatre, Adelaide Festival Centre. The event was designed to highlight different spaces and locations evolving along the Riverbank. The events were successful with over 1000 people drawn to the Riverbank.

We provide opportunities to demonstrate the potential of unused spaces that can be turned into venues and destinations that people enjoy.

The **Blue Hive** at the beginning of the footbridge over the Torrens is a great demonstration of activating an under-used public space. A total of 52 events have been held since its inception in December 2013. In 2014-15, activation of this space targeted AFL footy goers and other weekend activities, attracting more than 35 000 people. During the Fringe event in 2015, the Blue Hive was used for a privately-

funded Fringe event that attracted 14 500 people.

Renewal SA's place making activities also extend to business, education and industry precincts such as the Tonsley development.

The centre of **Tonsley's social activity**, which attracts workers, students and residents, is the Town Square situated in the Main Assembly Building. Once fully developed, it is anticipated that the Town Square will be a vibrant meeting place surrounded by shops, cafes, services and other facilities. The retail precinct opened in February 2015, attracting three new retail pods. Landscaping and the installation of public seating and other outdoor furniture complements the first stage retail offering and provides a solid platform for the next stages of development.

A **Tonsley Activation Program** was held between March and May 2015 to increase interactivity and create a sense of community, trialling different locations both at the Town Square and the Plaza Forest. Pop-up activations were held comprising of a table tennis tournament, small bar, food vendor, and live music. The pop-up activations attracted an average of 50 people including on-site staff, students and nearby businesses. A concept Book Exchange and Break Out Space were also

trialled to encourage networking and cross collaboration opportunities between students attending Flinders University and TAFE SA campuses.

Place making builds on a community's assets, their inspiration and participation.

The [Playford Alive Community Fun Day](#) is an annual event celebrating its 11th year. The free event, held on 15 November 2014, is a partnership between Renewal SA, DCSI (Housing SA), the City of Playford and the Playford Alive Community Reference Group. It is sponsored by Bank SA and Munno Para Shopping City. The Fun Day provided an opportunity for local residents and community organisations to come together and celebrate and attracted 5000 people in 2014 including general community and local community groups.

In delivering the community's vision in [Port Adelaide](#), Renewal SA is driving economic performance and social interaction through employment and activation programs to support strategic land sales and population growth.

The [Harts Mill precinct](#) has delivered a highly awarded and functional community and events space – including building upgrades, a new playground and a cycling and walking path – for both residents and visitors to Port Adelaide. This work responded to the communities' desire for the precinct's heritage and character to be respected and celebrated. The conversion of the [Flour Shed](#) to a unique and flexible events venue provides further opportunities to attract local, national and international visitors to the Port.

Renewal SA has continued to deliver a comprehensive range of events and activities in the Port to foster local community spirit, increase visitation, and support local businesses. The program

ranges broadly from small, local events to large international events.

Our smaller local events have included [Surprising Sundays](#) and the free [Outdoor Cinema](#). Our large international events included [Wonderwalls Street Art Festival](#) in January and the [Laneway Music Festival](#) in February, which attracted 5000 and 4500 people respectively. The variety of events occurring at the Port has resulted in tangible outcomes and a positive perception change at Port Adelaide.

In October 2014 and January 2015, nearly 100 elite cyclists in 12 teams took to the streets of Bowden in the [Bowden Elite Team Series](#). Cycling SA's premier road race series, sponsored by Bowden, had riders leaving the start line from the corner of Fifth Street and Park Terrace. People visited Bowden for spectacular views of the race while enjoying a range of family friendly activities with 300 people attending the closing event in January.

Described as a more eclectic and unusual event, the [Dapper Markets at Bowden](#) gives people the best in locally-made fashion, food, design and vintage homewares, all sound-tracked by Adelaide musicians playing live. The markets have received strong interest with 4000 people in attendance in December 2014 and 8000 people attending in April 2015.

In November 2014, Renewal SA held its inaugural [Meet, Greet and Eat](#) event at The Square Woodville West. This event brought together 300 people from the local community through the love of food and friends. During the day the community celebrated with unique food vans, entertainment and a special appearance by celebrity chef, Simon Bryant.

Major Project Delivery

Renewal SA develops connected, accessible places which enhance South Australia's distinctive lifestyle.

Bowden is leading an exciting integration of contemporary building and design innovation within an already established community that is rich in culture and heritage. The precinct is designed to be a safe, walkable urban neighbourhood with new streets designed for pedestrians and bikes and access to green open spaces and parks.

Ceres Market Shed was secured as head lease for the adaptive reuse of plant 4. Securing this high quality tenant in the heart of Bowden is a key step in the first stage of retail.

Retail sales for the year reached 115, with total project sales now in excess of 300.

As Bowden focusses on an owner-occupier model, these sales demonstrate market confidence and an increase in demand for this density living outside the CBD. This is further demonstrated through sales enquiries per month, which since March 2015 have exceeded total sales enquiries since the commencement of the project.

Construction of the key worker development was completed with Unity (a community housing provider) retaining 60% of the homes to rent to low-moderate income earners at 74.9% of market rental.

Bowden is exhibiting design and environmental excellence by requiring developers to attain a Five Star Green Star rating for their developments. Bowden is one of the few developments in South Australia wholly committed to the world's best practice rating system.

Port Adelaide's place in our state's history is evolving into one of contemporary significance. It's about recreating a community with purpose, where people engaged in enterprise, innovation and ideas will work and once again reside.

The Port Adelaide Centre Renewal (Part One) Development Plan Amendment (DPA) was finalised and came into effect in April 2015. The DPA updated the Port Adelaide Enfield Development Plan to guide and control future land uses, built form and

infrastructure in Port Adelaide in accordance with the Precinct Plan. The hike and bike loop path has provided not only an outstanding recreational path around the inner harbour, it has also resulted in improvements to on-road walking and cycling infrastructure, particularly over the Nelson and Jervois bridges.

Works were completed to the Port Adelaide train station environs comprising the installation of new landscaping and painting of the train station arches. These works have significantly improved the amenity of the station for both commuters and visitors who use the station. As with many of our other infrastructure projects, the works to the train station included an employment and training program for locals.

Renewal SA has supported the economic development of the precinct through a range of activities:

- the provision of grants to mainstreet property owners for building façade upgrades;
- appointing a developer for 6-10 McLaren Parade;
- partnership with Renew Adelaide to fill vacant shop fronts and foster new businesses including the conversion of former sales centre building at Hart's Mill to café/small shop; and
- multiple employment and training programs.

A contribution of \$60 000 in grant applications was approved to support the additional \$100 000 approximately of private investment being made by property owners.

Woodville West is a six stage project focussing on the regeneration of an area that had high concentrations of aged SAHT owned properties.

Stage Two of the project commenced with civil and landscaping works in January 2015 and will be completed in August 2015.

The first 23 dwellings from Stage Two were released to the market in October 2014. The house construction tender for these dwellings closed in February 2015. A proponent will be selected with construction scheduled to commence in August 2015.

A further 22 dwellings were released to the market in May 2015 with strong buyer interest.

The Apartment Construction Cost Demonstration project was successful in showing how a quality four-storey building can be delivered at a square metre rate of under \$2000, including all land and development costs. Construction of this exemplar is expected to occur in Woodville West in 2016.

Renewal SA facilitates unique development opportunities for the private sector through access to government land holdings.

Playford Alive is one of the largest urban renewal projects in Australia. It involves the renewal of existing suburbs and the development of approximately 500 hectares of broadacre land. Playford Alive is delivering affordable housing and new and improved community facilities in Adelaide's north, boosting access to quality health care and education and facilitating skills training and economic growth. Playford Alive is a place that brings together established suburbs and new areas under one united purpose – to enhance quality of life in a proud community.

The new \$250m Playford Alive Town Centre is the thriving heart of this bustling community, which is changing the way people live, shop, work and play. Construction on the Woolworths Marketplace, which is based on a traditional main street with high quality streetscape, commenced in October 2014 and is expected to create 300 jobs during construction and a further 300 ongoing jobs.

Playford Alive Town Park is the heart and meeting place of the new Town Centre, and is located close to community, retail and educational facilities including the new Playford Alive library service at the Stretton Centre. Playford Alive Town Park was designed collaboratively with the local community in 2013 through an award-winning community engagement process. On 14 June 2015 the community celebrated the grand opening of the Town Park.

Renewal SA collaborated with Rivergum homes to deliver an innovative affordable housing initiative in the new Town Centre. These new Town Life Living products are comprised of one- and two-storey Torrens-titled homes with apartment style living-

Priced from \$156 000, these Town Life Living homes received strong interest (46 of the 65 allotments sold as at 30 June).

Despite tough market conditions across northern Adelaide, the Playford Alive project remained relevant and maintained strong sales with 197 sales achieved during 2014-15.

Renewal SA provides opportunities for industrial and commercial development on designated employment lands to support jobs growth and influence productivity and economic development.

Tonsley is an economic development project led by the Department of State Development with Renewal SA as the master developer. The mixed use precinct will support the transformation of SA's manufacturing industry by providing a high quality, people-focussed and knowledge-driven environment.

Tonsley is a demonstration of sustainability and innovation in urban redevelopment and has achieved a Six Star Rating under the Green Building Council of Australia (GBCA) 'Green Star - Communities' rating tool.

Tonsley is the only urban redevelopment in Australia to achieve this rating, positioning the project as a global leader.

Negotiations have commenced with CIC Australia Limited, which was selected as the proposed residential developer of 11 hectares of the Tonsley site. Construction of approximately 650 homes for 1200 residents is scheduled to begin in 2016.

Tonsley's potential as an Innovation District has been ignited with the opening of Flinders at Tonsley in March 2015, bringing vital research, development and academic expertise. The former site of Mitsubishi's automotive manufacturing operation now brings together industry, training, research, the community and academia to the one location. The investment of \$120m in the Flinders at Tonsley campus has produced an impressive six-storey, 16 000 square metre structure, teaching 2000 students per year and housing the University's School of Computer Science, Engineering and Mathematics, the Medical Device Research Institute, the Centre for NanoScale Science and Technology, Flinders Partners and the New Venture Institute.

In delivering on the Premier's commitment to provide a world-class resources precinct, construction of the new \$32.2m Drill Core Reference Library at Tonsley began in 2014-15.

One of the world's largest engineering and advanced technology firms, Siemens, is the latest high-profile company to open its doors at Tonsley. Negotiations were finalised with Siemens in April 2015 for a new \$5m purpose-built, world-class maintenance and repair facility for its energy technology business. This represents a significant private investment and vote of confidence for Tonsley and achieves the advanced manufacturing objective for the Tonsley site.

Renewal SA has one of the largest asset portfolios in Australia for Industrial and Commercial land. These assets and associated projects are linked to state economic priorities. Land is held and developed over long periods to support employment targets and complement other key infrastructure and projects occurring around the state.

East Grand Trunkway provides the first recent new release of general industry land within close proximity to Port Adelaide and within the traditional 'industrial arc' of Adelaide. It is located at the western edge of the Northern Economic Corridor and has strong transport links to Outer Harbor, the Interstate Main rail Line and Adelaide's upgraded expressway system through the Port River Expressway. Works for the estate are well advanced and industrial allotments

within the new estate are expected to be released to the market toward the end of 2015.

Seaford Industry Park provides general industrial land to service the fast-growing suburbs in Adelaide's south.

Originally established to provide industrial land to support food and wine businesses with links to the McLaren Vale, Seaford Industry Park provides industrial land for small to medium enterprises in Adelaide's southern suburbs. The last stage of construction works was completed during 2014-15 and a range of industrial allotments are now available to accommodate a range of service industries which are needed to support the nearby residential population.

Technology Park Adelaide is home to over 85 high technology companies in the defence and aerospace, advanced electronics and information communication technology sectors. It is an established and thriving business hub with conference centre facilities for up to 200 people. In 2015, Renewal SA signed a new agreement with Codan Limited to occupy an upgraded building on a significant site within this precinct. Building upgrade works were tendered during the reporting period, with an expected delivery date during the 2015-16 financial year.

Engaging with our Communities

Renewal SA creates communities and builds on existing communities through valuing the contribution that people make in providing feedback and working with us to plan and deliver projects.

As part of the redevelopment of the **Glenside** site, Renewal SA is moving forward by building on the work that has been done so far to create a vibrant urban neighbourhood in this unique inner metropolitan location

Key to this redevelopment is engagement with the community. Renewal SA undertook community consultation during February and early March 2015. The first Community Consultation Day was held on Saturday, 21

February 2015 with community members invited to share their ideas about the future of Glenside.

A total of 2422 individual responses were received from 140 online surveys and 917 post-it notes and handwritten comments during the consultation period from 21 February through to 9 March 2015.

Renewal SA has established engagement, training and employment initiatives with project partners and stakeholders to deliver additional community and social inclusion benefits from residential and industrial development activities.

Renewal SA has partnered with training and funding providers to deliver 466 **Training Pathways**. These have been designed to prepare people for the opportunities available to them through local economic activity. Our success stories bring value to commercial business by helping new business with funded recruitment and retention initiatives.



Success story: Rebecca and Marli - Stepping Stone Childcare at Playford Alive

Rebecca (pictured right) started paid employment with Stepping Stone on in October 2014 after taking part in a pre-employment program and has recently moved from the Para Hills site to work at the new Munno Para site opening in the project in Curtis Road.

The fully-funded pre-employment program Rebecca took part in was delivered in partnership with Skills for Jobs and Stepping Stone Childcare Centres in the northern region. The training Rebecca received earned her a Certificate III in Early Childhood Education and Care. Of Rebecca's class, 11 of the 15 graduates were successfully employed as childcare workers at the end of the program.



Warnamali - Marli for short - took part in the same program as Rebecca. She came to Adelaide from Sri Lanka in 2010 where she had been studying for a Masters in Business Administration.

After arriving in Australia Marli struggled to find work and found herself getting bored as a stay at home mum. After seeing the Stepping Stone program advertised in her local paper, she decided to attend an information session and was selected to take part.

The rest is history - she started casual employment in August 2014 and is now working fulltime at the new Munno Para site on Curtis Road with Rebecca.

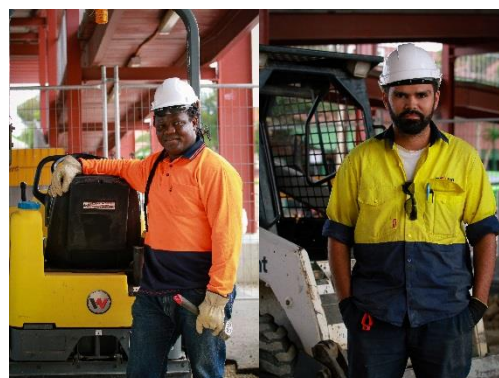
One component of the Training Pathways include **Live Training Site Programs**, which are outdoor classrooms to build new skills for local people. They are designed to produce work-ready candidates for industry.

Success story: the Port Adelaide Training Station Live Training Site

The Works Program initiative was delivered in February 2015 in partnership with Carey Training and funded by Skills for All. The railway station upgrade provided 10 participants with a 10-week program to deliver an improved train station plaza whilst delivering:

- ▶ Certificate II in Civil Construction
- ▶ White card and Excavator Plant Ticket
- ▶ Hands on experience in landscaping, jack hammering, irrigation and paving to develop new skills to improve future job opportunities.

Four of the participants were referred to T&J Construction to complete one week of work experience on-site at Woodville West. Two of the participants, Yao Agbail and Darren Wanganeen (pictured below) later successfully gained employment with T&J Construction in June 2015.



To ensure contractors provide [work experience and/or paid employment opportunities](#) for local participants, economic development commitment clauses are written into Renewal SA managed contracts. During 2014-15, 452 work experience placements were provided across our flagship projects and we facilitated 179 paid employment opportunities. For our participants, the experience and insight gained is invaluable to their understanding of the training needed to gain ongoing employment.

Success story: Warren Boxshall - driving the bus at Tonsley.



Meet Warren Boxshall – he got a job as the bus driver at Tonsley when Renewal SA tendered out the shuttle bus contract. Warren was the first person to take part in a Works Program at Tonsley.

Warren started working for Southern Cross Protection (the contractor) in February 2014.

The bus driver role he started with has since finished but Warren has continued employment as a security guard at Tonsley with the business – a great outcome.

Renewal SA has identified and facilitated a range of activities which contribute to the desired identity, character and essence of the places we build so that they promote people's health, happiness and well-being.

[Community Reference Groups](#) are established for all flagship projects and meet regularly throughout the life of a project commencing at the planning stage.

There are high expectations in the general community that Renewal will consult extensively and genuinely, and that we will engage with all affected and interested communities and stakeholders about and throughout the life of its projects.

We work in partnership with local communities and stakeholders and we are committed to being open and accountable in our operations. We recognise that stakeholders can provide critical insight into elements of projects and potential risks which will impact on Renewal SA's ability to deliver successful project outcomes.

The [Playford Alive Local Heroes Awards](#) are a state government initiative through Renewal SA and Housing SA, together with the City of Playford. The awards recognise the achievements of individuals, groups and local businesses in supporting northern suburbs' communities. The 5th Annual Awards were held on 26 November 2014 and attracted over 120 nominations. Sixteen awards were presented and a \$3000 Minister's Scholarship was presented during the evening to Laurie Partridge to enable her to further her success in training or employment.

A [Tonsley Place-Making Workshop Series](#) was conducted during February and March 2015 to inform and develop the Place Making Strategy. Stakeholders included major partners, tenants, staff and students, City of Marion representatives and other government agencies.

The [Port Adelaide Renewal Project](#) maintains strong community engagement through its popular social media platforms as well as hosting a marquee at many public events in Port Adelaide to provide the local community with opportunities to discuss the project face to face with staff members.

Our People

Note: further human resources information is available from the Commissioner for Public Sector Employment, <http://publicsector.sa.gov.au/>

Workforce Diversity

Table 2: Age and Gender Profile

Age Range	Male	Female	Total	% of Total	2014 Workforce Benchmark*
15-19	0	1	1	0.3%	5.5%
20-24	1	2	3	0.9%	9.7%
25-29	10	10	20	5.8%	11.2%
30-34	14	28	42	12.2%	10.7%
35-39	25	31	56	16.3%	9.6%
40-44	26	34	60	17.4%	11.4%
45-49	23	18	41	11.9%	11.1%
50-54	20	19	39	11.3%	11.4%
55-59	19	18	37	10.8%	9.1%
60-64	17	13	30	8.7%	6.7%
65+	13	2	15	4.4%	3.6%
TOTAL	168	176	344	100%	100.0%

Table 3: Disability – Profile on employees with disability

Male	Female	Total	% of Agency
5	2	7	0.02%

Table 4: Disability – Profile on types of disability

Disability	Male	Female	Total	% of Agency
Disability Requiring Workplace Adaptation	0	0	0	0%
Physical	2	1	3	0.01%
Intellectual	1	0	1	0%
Sensory	0	1	1	0%
Psychological/ Psychiatric	2	0	2	0.01%

Table 5: Executives by gender, classification and status

	Ongoing		Term Tenured		Term Untenured		Other (Casual)		Total				
Class	M	F	M	F	M	F	M	F	M	%	F	%	Total
Total	0	0	0	0	7	5	0	0	0	0	0	0	0

Table 6: Leave – Average days per full time equivalent employee

Leave Type	2012-13	2013-14	2014-15
Sick Leave	5.6	5.2	14.03
Family Carer's Leave	0.7	1.1	0.11
Special Leave With Pay	0.8	0.7	1.1

Partnering for Performance

Table 7: Individual Performance Reviews

Employees with ...	% Total Workforce
A review within the past 12 months	72%
A review older than 12 months	0%
No review	28%

Table 8: Leadership and Management Training Expenditure

Training and Development	Total Cost
Total training and development expenditure	\$32 805
Total leadership and management development expenditure	\$12 246

Employment Opportunity Programs

Vacancies are advertised widely to encourage all suitable applicants, including via the internet and print media.

Renewal SA supports and regularly provides work experience placements for school and university students. In financial year 2014-15, we have had one graduate opportunity through the DCSI graduate program and a further placement of a student from Carnegie Mellon University Australia in our social housing project.

Renewal SA is keen to deliver within our four guiding strategic principles - one of which is encouraging and supporting more people to work in South Australia. We are aiming to do this by providing employment opportunities and will be introducing a further graduate scheme in 2015-2016 that will focus on both work experience and university student placements.

Renewal SA is also in the process of improving processes for the employment of persons with disability and will be developing a Disability Access and Inclusion Plan for 2015-2016.

Table 9: Work Health and Safety Prosecutions, Notices and Corrective Action taken

Number of notifiable incidents pursuant to WHS Act Part 3	0*
Number of notices served pursuant to WHS Act Section 90, Section 191 and Section 195 (Provisional improvement, improvement and prohibition notices)	0
Number of prosecutions pursuant to WHS Act Part 2 Division 5	0
Number of enforceable undertakings pursuant to WHS Act Part 11	0

* Note: while Renewal SA has no notifiable incidents to report, Renewal SA has taken action on 2 instances to make additional reports of notifiable incidents of principal contractors engaged on behalf of Renewal SA.

Table 10: Agency gross workers compensation expenditure for 2014-15 compared with 2013-14

Expenditure	2014-15 (\$)	2013-14 (\$)	Variation (\$) + (-)	% Change + (-)
Income Maintenance	4 162	99 543	(95 381)	(96)
Lump Sum Settlements	140 000	Nil	140 000	100
Medicals & Hospital combined	7 097	8 285	(1 188)	(14)
Investigations	2 149	Nil	2 149	100
Other	3 338	26 791	(23 453)	(88)
Total Claim Expenditure	156 746	134 619	22 127	16

Note: The above table provides a summary of claims expenditure, excluding injury management cost.

PART 2 – Other Public Sector Reporting Requirements

Disability Action and Inclusion

Renewal SA is committed to mainstreaming disability and inclusion of minorities in the workplace. Our previous efforts have focused on the physical environment to ensure people with disabilities are able to traverse and engage in all work environments, including accessibility of facilities, services and information.

Our next focus on disability and inclusion include the following:

1. Allocating a resource to facilitate disability and inclusion matters

The WHS Business Partner has now been nominated to lead the development of a Disability and Inclusion Plan.

2. Partnering with the National Disability Recruitment Coordinator (NDRC)

We have partnered with the NDRC to:

- Develop a reasonable adjustment policy with our current flexible workplace policy.
- Raise awareness of people with disabilities in the workplace with staff, Human Resources personnel and managers.
- Review our recruitment practices to afford people with disabilities equal access to available jobs.

3. Refocus of our Employee Health and Wellness Program

Our Employee Health and Wellness Program was reviewed and aligned to business objectives. The revised program is aligned to selected national health days, has a greater focus on mental health and is designed to reach a broad range of employees, including people with disabilities and minority groups.

4. Continued support of current employees with disabilities

As part of our WHS program, we offer support to all employees, including employees with disabilities. This includes workstation assessments and adjustments and providing assistive technology or aids, in consultation with the Employment Assistance Fund.

5. White Ribbon Accreditation

Renewal SA is also in the process of obtaining White Ribbon accreditation. This initiative recognises the negative impact violence has on the health and safety of women at work, their wellbeing and productivity.

6. Jobs 4 Youth

We have also employed one candidate through the *Jobs 4 Youth* program.

Urban Design Charter

Renewal SA integrates urban design objectives into business processes in both operational practice and project outcomes.

Renewal SA applies urban design principles to all new and existing projects.

Renewal SA employ people with discipline expertise to advise on appropriate urban design principles including two organisational leadership roles that oversee all asset transactions and lead design and innovation strategies.

Renewal SA projects take into consideration the best use of public realm and several projects directly facilitate or create public space.

For major projects, Renewal SA engages appropriate professional providers, including architects, planners and landscape designers, to ensure that the best public realm design outcomes are achieved.

Sustainability

Renewal SA is committed to providing a more sustainable future for South Australians through leading and facilitating the development of our city, suburbs and regions.

Our journey towards using sustainability as a driving mechanism to foster successful development is important to us, especially as we tackle complex urban and regional planning issues such as changing demographic trends, environmental limits, economic changes, housing supply and affordability, and transport and infrastructure demands. Good design of built form across all of our residential, commercial and industrial projects is facilitating the regeneration of our communities to meet future community needs. Infill development within existing suburbs will help to create more affordable housing choices, and communities that are more pedestrian and bike friendly.

Renewal SA has a Sustainability Policy that provides a framework for a consistent understanding and approach to delivering sustainable places and communities and outcomes that reflect Renewal SA's charter and business plan as well as the policy and legislative context of the Government of South Australia.

The policy ensures that our projects and processes have embedded sustainability processes and outcomes in the design and delivery of Renewal SA's projects and business. It covers the delivery of sustainable places and communities; future-proofing our places; community access, lifestyle and liveability; and respect for local, cultural and environmental elements.

Renewal SA's focus for future sustainability is:

- Sustainable places and communities
- Future proofing our places
- Community access, lifestyle and liveability
- Local cultural and environmental respect.

Freedom of Information Statement

The following information is published pursuant to Section 9 of the *Freedom of Information Act 1991* (FOI Act).

Introduction

The FOI Act gives members of the public a legally enforceable right of access (subject to certain restrictions) to documents held by the Government of South Australia, local government authorities and South Australian universities. The purpose of the FOI Act is to make the business of government open and accountable to the public.

Renewal SA is committed to openness, transparency and accountability while at the same time recognising the right of our stakeholders to privacy. The FOI Act is applicable to Renewal SA, as are the government's Information Privacy principles.

A comprehensive introduction to freedom of information can be found on the State Records website at [State Records of South Australia - Freedom of Information](#).

Renewal SA Structure and Functions

A comprehensive description of Renewal SA's structure and functions can be found at [Renewal SA > About Renewal SA > Annual Report](#) and in other sections of this annual report.

Renewal SA's functions and members of the public

Renewal SA encourages participation and feedback at key stages of its development process. Stakeholders and community members are encouraged to assist in developing the vision, review design options and provide feedback on proposals. Comprehensive consultation results are available from Renewal SA's website.

Literature available by subscription or on free mailing list

Contact databases and social media are used regularly to keep the public informed about Renewal SA projects and activities.

Documents held by Renewal SA

Documents held by Renewal SA fall within the categories listed below. The listing of these categories does not necessarily mean all documents are accessible in full or in part under the FOI Act.

The document categories include:

- ▼ Policies and Procedures;
- ▼ Property Management records e.g. agreements, contracts, tenancy, leases and licences;
- ▼ Staff records;
- ▼ Records relating to projects conducted by Renewal SA;
- ▼ Joint Venture and other legal agreements; and
- ▼ Financial records pertaining to Renewal SA and its affairs.

Any enquiries about access to documents listed within this document, or otherwise held by Renewal SA, should be directed to the Freedom of Information Officer on (08) 8207 1300 during business hours.

Making an Application

In accordance with the FOI Act, applications for access to documents must:

- ▼ be made in writing (you may choose to write a letter or use the application form which can be found at <https://archives.sa.gov.au/finding-information/information-held-sa-government/making-freedom-information-application>)
- ▼ specify that the application is made under the FOI Act;
- ▼ specify an address in Australia to which information can be sent;
- ▼ clearly identify the documents being sought or the matter to which they pertain;
- ▼ specify whether the documents contain information of a personal nature;
- ▼ specify the desired type of access to the document, such as inspection of the document at an arranged location or having a copy made; and
- ▼ must be accompanied by the statutory fee (exemptions apply for Members of Parliament and concession card holders).

Applications under the FOI Act should be forwarded to:

Delegated FOI Officer
Renewal SA
GPO Box 698
Adelaide SA 5001

For more information please phone the Freedom of Information Officer on (08) 8207 1300.

Whistle Blowers Protection Act

Number of responsible officers designated for the purposes of the *Whistleblowers Protection Act 1993* for 2014-2015 3

Number of occasions on which public interest information was disclosed to a responsible officer during the 2014-2015 financial year 0

Public Complaints

Renewal SA places a significant emphasis on community engagement in the delivery of projects for the State. During 2014-15, Renewal SA did not have a formal data collection process to capture, analyse and record complaints from the public.

Renewal SA does collect public enquiries received via our website and telephone calls made to reception. All enquiries (which could have included complaints) made by the public are referred to the correct person and promptly responded to and resolved where possible.

Responses to enquiries can lead to resolving issues at local construction sites, liaising with community members in relation to specific projects that may impact them and informing the Minister and key partners.

Table 11: Public enquiries received 2014-15

Received between July to Dec 2014	Received between Jan to Jun 2015	Total recorded enquiries
48	93	141

Renewal SA will investigate a more formal complaint management system in 2015-16.

PART 3 – Financial Performance

Overview

Operating Result

The 2014-15 financial year has been a challenging period for the real estate industry.

Renewal SA's operating result for the year ended 30 June 2015 was loss of \$26.108m in 2014-15 compared to a loss of \$16.024m in 2013-14, an increased loss of \$10.084m on the previous corresponding period.

Soft real estate market conditions are continuing to have a major influence on profitability. In particular the englobo land segment of the property market continues to be subdued reflecting the limited availability of finance for developers to undertake greenfield projects and continued low demand given the large volume of land sold to the market leading up to and just following the global financial crisis (GFC).

The sale of englobo land is the most profitable activity of Renewal SA and there were no such sales during 2014-15 compared to sales of \$14.904m in 2013-14. This has had a significant impact on gross profit which is \$15.742m lower in 2014-15 when compared to 2013-14.

The industrial land market segment also continues to be challenging. There have been limited sales of developed industrial lots for the last few years reflecting the current difficult economic conditions.

Renewal SA's activities, consistent with the State Government's policy to reduce development on the urban fringe, have moved towards higher cost, capital intensive infill land developments. Despite the challenging market sales, projects such as Bowden, Tonsley, Woodville West and Lightview have slightly increased their sales activity from the previous corresponding period. However their lower profit margin means that the positive impact on the operating result is insufficient to compensate for the reduced englobo and industrial land sales.

With the subdued market conditions impacting profitability, management has focused on cost efficiencies which have seen operating expenditure including contractors, consultants, property expenses and other administrative costs reduced by 24% on the previous corresponding period.

Key operating result drivers:

- ▼ **A decline in gross profit** for 2014-15 that was \$15.742m lower than 2013-14 due to lower sales of \$15.572m and higher cost of sales of \$0.170m. Cost of sales increased over the past 12 months despite sales decreasing due to higher englobo land sales in 2013-14. These large land sales have a significantly lower cost of sales (resulting in a higher profit margin) when compared to capital intensive development projects. Englobo land sales typically require less expenditure on site preparation, valuations, legal fees, advertising and conveyancing.
- ▼ **Net gains on asset disposal and transfers** are down by \$6.263m with no assets transferred in 2014-15 compared to \$4.036m in 2013-14 and a loss on sale of a building of \$0.950m compared to a gain of \$1.277m.
- ▼ **Higher borrowing costs** with \$1.253m more paid in 2014-15 compared to 2013-14 due to increased borrowings.

This was offset by:

- ▼ **A decrease in operating expenditure** with \$16.520m less incurred in 2014-15 compared to 2013-14. Contractors and consultants were \$10.097m lower, property expenses were \$3.663m lower and administration and other operating expenses were \$2.485m lower.

Comprehensive Result

The comprehensive result includes the operating result plus the net movement in asset values. The comprehensive result for 2014-15 was a loss of \$115.320m compared to a loss of \$39.207m for 2013-14.

The decline in financial performance between 2014-15 and 2013-14 is primarily driven by a significant increase in valuation losses being \$89.212m in 2014-15 compared to \$23.183m in 2013-14. Due to the sustained deterioration in the market and economic conditions generally, the carrying value of the industrial portfolio was independently reassessed and has been substantially reduced in value, being \$71.371m of the total valuation loss.

Financial Position

As at 30 June 2015, Renewal SA's net assets were \$54.810m, a decrease of \$115.320m since 30 June 2014. Significant balance sheet movements over the past 12 months include:

- ▼ Inventories decreased by \$26.073m over the reporting period due to a combination of asset valuation losses of \$65.210m and cost of sales of \$33.726m. This was partly offset by net development expenditure totalling \$72.864m.
- ▼ Investment properties decreased by \$33.821m due to a combination of net valuation falls of \$24.002m and the \$9.950m sale of a building at Technology Park, Mawson Lakes.
- ▼ Increased borrowings of \$57.611m with these additional funds used primarily to fund the operations of Renewal SA, including the development of inventory assets.

Outlook

Renewal SA's exposure to non-core assets has been reassessed with a divestment program to be progressed over the next 18 months. This program is ongoing and we will continue to review operations to focus on the areas which will add significant value going forward.

Contractual Management

Renewal SA are required to disclose procurement contracts on the SA Tenders and Contracts website. This information can be accessed using the link:

<https://www.tenders.sa.gov.au/tenders/index.do>

Fraud

There were no instances of alleged fraud identified during the 2014-15 financial year.

Renewal SA has a Fraud and Corruption: Prevention, Detection and Response Policy (for staff / suppliers / plan) and facilitates associated Fraud Awareness Training in order to control and prevent fraudulent behaviour.

Consultants

Table 12: Consultants engaged in 2014-15

Consultant	Purpose	Number	Total cost (\$)
Value below \$10,000	Various	39	\$165 964
Value \$10,000 and above	As below	31	\$912 875
Aspect Studios Pty Ltd	Hart's Mill Surrounds - Urban Design / Landscape		
Aurecon Australia Pty Ltd	Building Services Engineering Advice		
BDO Advisory (SA) Pty Ltd	Governance Consultancy - Riverbank Authority		
Bestec Pty Ltd	Penny Place - Infrastructure Costings		
Cheesman Architects	SAHMRI Relocation Concept Plans		
Connekt Urban Projects	Market research and Feasibilities Assistance		
Connor Holmes Consulting	Preparation of Economic Analysis Report		
D J McArdle	Property Consultancy - Festival Plaza		
Davis & Davis Architects Pty Ltd	Design Consultant Fees - ANZAC Walk		

Future Urban Group	Planning Services - Renewing Our Streets & Suburbs Program
Fyfe Pty Ltd	Infrastructure Negotiations - Andrews Road DPA
Golder Associates Pty Ltd	Garden Island Landfill Gas Management Plan
Golder Associates Pty Ltd	RAH Phase 1 and Limited Intrusive Investigation
Hender Consulting	Risk Management
Housing Action Network Pty Ltd	Ideas Incubator Workshop
KBR Pty Ltd	Dolphin Explorer Pontoon & Promenade & Lighthouse Square
KPMG	GST advice
KPMG	Commercial Advisory Support
Land & Water Consulting Pty Ltd	Port Adelaide Railway Station - Environmental Testing
MacroPlan Holdings Pty Ltd	Renewal SA Assets Review & Land Economics Study
McGees	Sales Agency Glenside
Oxygen Pty Ltd	Landscape Architecture Consultancy Services - Port Adelaide
Property and Consulting Australia	Strategic Advice - Governance Model
Rider Hunt	Festival Square Riverbank Precinct
SGS Economics and Planning Pty Ltd	Economic Analysis - Existing & Future Improvement
SMEC Australia Pty Ltd	Glenside Soil Investigation
SustainSA	Adelaide Living Laboratories - Project Leader
University of South Australia	Lochiel Park Evaluation Research
Urban & Regional Planning Solutions	Planning Advice - Antenna 2 Second Ave, Mawson Lakes
Urbis Pty Ltd	Port Adelaide - Quantitative Baseline study
Whale & Dolphin Conservation Society	Dolphin Baseline Study

Overseas Travel

Table 13: Overseas Travel

Name of employee(s)	Destination	Reason for travel	Total cost (\$)
John Hanlon	China, US and Canada	UDIA Study Tour	\$43 918.07
Georgina Vasilevski	US and Canada	UDIA Study Tour	\$22 193.38
Mark Devine	China	UDIA Study Tour	\$9 530.69
Total			\$75 642.14

RENEWAL SA STATUTORY REPORT

For the year ended 30 June 2015

Statement of Comprehensive Income for the year ended 30 June 2015

	Note	2015 \$'000	2014 \$'000
INCOME			
Revenue from sales	4	48,281	63,853
Less: cost of sales	4	33,726	33,556
Gross profit		14,555	30,297
Share of net profit in joint ventures	5	2,906	3,820
Revenues from Commonwealth and SA Government	6	11,105	11,289
Interest revenues	7	969	2,099
Property income	8	26,193	25,830
Other revenues	9	10,893	7,768
Net gain from disposal of non-current assets	10	-	1,277
Total other income		52,066	52,083
Net gain from administrative restructures	39	-	4,036
TOTAL INCOME		66,621	86,416
EXPENSES			
Employee benefits expenses	11	25,322	20,659
Operating expenditure	14	51,018	67,538
Borrowing costs	15	14,938	13,685
Depreciation and amortisation	23	501	558
Net loss from changes in value of non-current assets	5,21,22	96,722	23,183
Net loss from disposal of non-current assets	10	950	-
TOTAL EXPENSES		189,451	125,623
PROFIT/(LOSS) BEFORE INCOME TAX EQUIVALENT		(122,830)	(39,207)
Income tax equivalent expense	17	-	-
PROFIT/(LOSS) AFTER INCOME TAX EQUIVALENT		(122,830)	(39,207)
TOTAL COMPREHENSIVE RESULT		(122,830)	(39,207)

The profit/(loss) after income tax equivalent and total comprehensive result are attributable to the SA Government as owner

The above statement should be read in conjunction with the accompanying notes

RENEWAL SA STATUTORY REPORT

For the year ended 30 June 2015

Statement of Financial Position as at 30 June 2015

		2015	2014
	Note	\$'000	\$'000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	37	16,532	16,285
Mortgage debtor receivables	19	-	6,775
Receivables	20	17,584	7,216
Inventories	21	86,432	60,768
Work in progress	24	1,084	-
Investment in joint ventures	5	6,116	5,293
Total current assets		127,748	96,337
NON-CURRENT ASSETS			
Mortgage debtor receivables	19	-	15,035
Receivables	20	6,018	3,556
Inventories	21	333,963	394,415
Investment properties	22	135,003	167,619
Property, plant and equipment	23	2,916	3,383
Investment in joint ventures	5	469	586
Total non-current assets		478,369	584,594
TOTAL ASSETS		606,117	680,931
LIABILITIES			
CURRENT LIABILITIES			
Payables	26	15,661	20,078
Unearned income	29	5,925	2,326
Borrowings	27	190,760	289,890
Provisions	30	49	-
Employee benefits	31	3,671	1,718
Other liabilities	32	293	286
Total current liabilities		216,359	314,298
NON-CURRENT LIABILITIES			
Payables	26	548	347
Unearned income	29	7,236	9,832
Borrowings	27	328,394	182,586
Provisions	30	153	-
Employee benefits	31	6,127	3,738
Total non-current liabilities		342,458	196,503
TOTAL LIABILITIES		558,817	510,801
NET ASSETS		47,300	170,130
EQUITY			
Contributed capital		107,939	107,939
Retained earnings		(60,639)	62,191
TOTAL EQUITY		47,300	170,130
Total equity is attributable to the SA Government as owner			
Remuneration commitments	11		
Unrecognised contractual commitments - operating leases	33		
Unrecognised contractual commitments - capital expenditure	34		
Contingent liabilities	35		

The above statement should be read in conjunction with the accompanying notes

RENEWAL SA STATUTORY REPORT

For the year ended 30 June 2015

Statement of Changes in Equity for the year ended 30 June 2015

	Contributed Capital \$'000	Retained Earnings \$'000	Total \$'000
Balance at 30 June 2013	107,939	101,398	209,337
Profit after income tax equivalent for 2013-14	-	(39,207)	(39,207)
Total comprehensive result for 2013-14	-	(39,207)	(39,207)
Balance at 30 June 2014	107,939	62,191	170,130
Profit after income tax equivalent for 2014-15	-	(122,830)	(122,830)
Total comprehensive result for 2014-15	-	(122,830)	(122,830)
Balance at 30 June 2015	107,939	(60,639)	47,300

All changes in equity are attributable to the SA Government as owner

The above statement should be read in conjunction with the accompanying notes

RENEWAL SA STATUTORY REPORT

For the year ended 30 June 2015

Statement of Cash Flows for the year ended 30 June 2015

		2015 \$'000	2014 \$'000
		Inflows (Outflows)	Inflows (Outflows)
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Inflows			
Receipts from sales		57,405	76,265
Receipts from SA Government		20,827	24,133
Interest received		446	427
Receipts from mortgage debtors (principal and interest)		22,423	9,423
Receipts from tenants (rent and recoveries)		25,690	23,734
Recoveries and sundry receipts		6,274	6,498
Funds held in trust		7	12
Receipts for paid parental leave scheme		8	44
GST recovered from the Australian Taxation Office		3,590	93
Cash generated from operations		136,670	140,629
Cash outflows			
Payments for land purchase and development		(81,697)	(104,631)
Land tax paid		(22,522)	(23,703)
Interest paid		(24,001)	(21,503)
Payments to suppliers		(41,811)	(48,214)
Payments for employee benefits		(23,027)	(23,476)
Payments of funds held in trust		-	(693)
Payments for paid parental leave scheme		(5)	(48)
Cash used in operations		(193,063)	(222,268)
Net cash provided by/(used in) operating activities	36	(56,393)	(81,639)
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash Inflows			
Capital repayments by joint ventures		2,200	5,460
Proceeds from the sale of investment properties		9,000	15,350
Cash generated from investing activities		11,200	20,810
Cash outflows			
Purchase of property, plant and equipment and investment property		(155)	(214)
Payments for work in progress (property, plant and equipment and investment property)		(1,084)	-
Cash used in investing activities		(1,239)	(214)
Net cash provided by/(used in) investing activities		9,961	20,596
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash Inflows			
Proceeds from borrowings		86,300	94,000
Cash generated from financing activities		86,300	94,000
Cash outflows			
Repayment of borrowings		(39,621)	(36,389)
Cash used in financing activities		(39,621)	(36,389)
Net cash provided by/(used in) financing activities		46,679	57,611
Net increase/(decrease) in cash and cash equivalents		247	(3,432)
Cash and cash equivalents at the beginning of the period		16,285	19,717
Cash and cash equivalents at the end of the period	37	16,532	16,285

The above statement should be read in conjunction with the accompanying notes

RENEWAL SA STATUTORY REPORT

For the year ended 30 June 2015

Notes to and forming part of the Financial Statements

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1 Objectives of the Urban Renewal Authority

The Urban Renewal Authority (trading as Renewal SA) (Renewal SA) was established as a statutory corporation on 1 March 2012 by the *Housing and Urban Development (Administrative Arrangements) (Urban Renewal Authority) Regulations 2012* (the Regulations) under the *Housing and Urban Development (Administrative Arrangements) Act 1995*. On 18 September 2014, both pieces of legislation were revoked and replaced by the *Urban Renewal Act 1995* (the Act) and the *Urban Renewal Regulations 2014*. In accordance with the Act, Renewal SA's Board of Management is appointed by His Excellency the Governor and comprises up to seven members, including a Presiding Member. The Presiding Member reports to the Minister for Housing and Urban Development. Renewal SA's functions are contained in Section 7C of the Act and the specific powers of Renewal SA are contained in Section 7D.

In undertaking its functions, Renewal SA will make a significant contribution to creating a vibrant city; safe communities, healthy neighbourhoods; an affordable place to live; and growing advanced manufacturing. Renewal SA has the responsibility for leading and co-ordinating urban renewal activity to ensure that our future housing needs are met through better planned, affordable and vibrant mixed use (residential and commercial) urban developments located near to transport, employment, education and other services.

Renewal SA has the following key strategic objectives:

(a) Contribute to key strategic priorities of the SA Government, including:

- creating a vibrant city
- safe communities, healthy neighbourhoods
- an affordable place to live; and
- growing advanced manufacturing.

(b) As the key precinct planning and delivery agency responsible for The 30-year Plan for Greater Adelaide outcomes, work in partnership with communities and industry to help significantly reduce urban sprawl and progressively deliver 70% of urban growth within existing urban areas by 2038.

(c) Through innovation and excellence in design quality, create well connected and integrated neighbourhoods where people can afford to live in safe, vibrant and healthy communities.

(d) Show leadership to the market in social and environmental sustainability with smart planning and delivery for South Australia's expected population growth.

(e) Acquire and assemble land to generate agreed urban outcomes in strategic locations for development or redevelopment via commercial negotiation and by leveraging opportunities from government owned land assets.

(f) Facilitate opportunities to renew and improve social housing stock through urban renewal projects and by supporting the growth of the not-for-profit housing sector to meet future tenancy needs, to reduce current concentrations of social disadvantage and create safe healthy and vibrant communities.

(g) Undertake development, including precinct planning, infrastructure and human services planning and coordination, to ensure the appropriate delivery of approved projects.

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For the year ended 30 June 2015

1 Objectives of the Urban Renewal Authority (continued)

(h) Engage, involve and consult with the community and other stakeholders during the planning and delivery of residential, commercial and mixed use projects that connect people to transport, services, employment and the community around them.

(i) Negotiate with key stakeholders financial arrangements for the delivery of necessary infrastructure in development areas.

(j) Ensure levels of affordable housing (purchase and rental) are increased, and overall levels of social rental housing (public, not-for-profit and community housing) are maintained across urban renewal projects.

(k) Improve opportunities for more affordable living by concentrating Renewal SA program and project activity in transport corridors, maximising access to public transport and designing for reduced energy and water consumption.

(l) Support economic development and employment growth through the creation and supply of employment lands and create opportunities for the private sector that will enable them to invest capital that will drive investment in urban renewal activities.

(m) To be accountable and operate commercially in accordance with:

- Sound business and financial management policies and practices
- Government policy objectives; and
- Prudent risk management practices.

2 Summary of significant accounting policies

2.1 Statement of compliance

These financial statements have been prepared in compliance with section 23 of the *Public Finance and Audit Act 1987*.

The financial statements are general purpose financial statements. The accounts have been prepared in accordance with relevant Australian Accounting Standards and comply with Treasurer's Instructions and Accounting Policy Statements promulgated under the provisions of the *Public Finance and Audit Act 1987*.

Renewal SA has applied Australian Accounting Standards that are applicable to for-profit entities, as Renewal SA is a for-profit entity.

Australian accounting standards and interpretations that have recently been issued or amended but are not yet effective have not been adopted by Renewal SA for the reporting period ended 30 June 2015.

Renewal SA has assessed the impact of new and amended standards and interpretations and considers there will be no impact on the accounting policies or the financial statements of Renewal SA.

Renewal SA did not voluntarily change any of its accounting policies during 2014-15.

RENEWAL SA STATUTORY REPORT

For the year ended 30 June 2015

2.2 Basis of preparation

The preparation of the financial statements requires:

- the use of certain accounting estimates and management to exercise its judgement in the process of applying Renewal SA's accounting policies. The areas involving a higher degree of judgement or where assumptions and estimates are significant to the financial statements are outlined in the applicable notes.
- accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events are reported.
- compliance with accounting policy statements issued pursuant to section 41 of the *Public Finance and Audit Act 1987*. In the interest of public accountability and transparency the accounting policy statements require the following note disclosures, which have been included in this financial report:
 - a) revenues, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at reporting date, classified according to their nature.
 - b) expenses incurred as a result of engaging consultants.
 - c) employee targeted voluntary separation package information.
 - d) employees whose normal remuneration is equal to or greater than the base executive remuneration level (within \$10,000 bandwidths) and the aggregate of the remuneration paid or payable or otherwise made available, directly or indirectly by Renewal SA to those employees.

Renewal SA's Statement of Comprehensive Income, Statement of Financial Position and Statement of Changes in Equity have been prepared on an accrual basis and are in accordance with the historical cost convention, except for certain assets that were valued in accordance with the valuation policy applicable.

The Statement of Cash Flows has been prepared on a cash basis.

The financial statements have been prepared based on a 12 month period and are presented in Australian currency.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2015 and the comparative information presented.

2.3 Comparative information and rounding

The presentation and classification of items in the financial statements are consistent with prior periods except where specific accounting standards and/or accounting policy statements have required a change.

RENEWAL SA STATUTORY REPORT

For the year ended 30 June 2015

2.3 Comparative information and rounding (continued)

Where presentation or classification of items in the financial statements have been amended, comparative figures have been adjusted to conform to changes in presentation or classification in these financial statements if the impact is material. The restated comparative amounts do not replace the original financial statements for the preceding period.

All amounts in the financial statements and accompanying notes have been rounded to the nearest thousand dollars (\$'000).

2.4 Taxation

In accordance with Treasurer's Instruction 22 *Tax Equivalent Payments*, Renewal SA is required to pay to the SA Government an income tax equivalent. The income tax liability is based on the State Taxation Equivalent Regime, which applies the accounting profit method. This requires that the corporate income tax rate be applied to the net profit. The current income tax liability, if applicable, relates to the income tax expense outstanding for the current period (refer to note 28).

Renewal SA is liable for payroll tax, fringe benefits tax, goods and services tax (GST), emergency services levy, land tax and local government rate equivalents.

With respect to GST, Renewal SA became part of a GST group during the current financial year, of which the nominated representative of the group is the Department for Communities and Social Inclusion (DCSI). DCSI is responsible for paying GST on behalf of Renewal SA and is entitled to claim input tax credits. Administrative arrangements between DCSI and Renewal SA provide for the reimbursement of the GST consequence incurred / earned by Renewal SA. The reimbursement receivable from / payable to Renewal SA is recognised as part of receivables or payables in the Statement of Financial Position.

Income, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on the purchase of goods or services is not recoverable from the Australian Taxation Office, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item applicable.
- receivables and payables, which are stated with the amount of GST included.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which are recoverable from, or payable to, the Australian Taxation Office are classified as part of operating cash flows.

Unrecognised commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the Australian Taxation Office. If GST is not payable to or recoverable from the Australian Taxation Office, the commitments and contingencies are disclosed on a gross basis.

2.5 Events after the end of the reporting period

Adjustments are made to amounts recognised in the financial statements, where an event arose after 30 June and before the date the financial statements are authorised for issue, where those events provide information about conditions that existed at 30 June.

Note disclosure is made about events between 30 June and the date the financial statements are authorised for issue where the events relate to a condition which occurred after 30 June and which may have a material impact on the results of subsequent years.

RENEWAL SA STATUTORY REPORT

For the year ended 30 June 2015

2.6 Income and expenses

Income

Income is recognised to the extent that it is probable that the flow of economic benefits to Renewal SA will occur and can be reliably measured.

Income has been aggregated according to its nature and has not been offset unless required or permitted by a specific accounting standard, or where offsetting reflects the substance of the transaction or other event.

The following are specific recognition criteria:

Revenues from sales

(a) Inventories - Land held for resale

Sales revenue in respect of land made available to the Northgate Joint Venture is brought to account when settlement occurs on individual allotments, on the basis of a percentage of gross sales revenue as specified in the Joint Venture Agreement.

With respect to all other land sales, recognition of sales revenue occurs when settlement is completed and legal title transfers to the purchaser.

(b) Investment properties

Sales revenue from the disposal of investment properties is recognised when settlement is completed and legal title transfers to the purchaser.

For investment properties that are the subject of a deferred purchase agreement, sales revenue is recognised at the commencement of the agreement (which coincides with expiration of the 12 month building defects liability period), however title to the property does not transfer to the purchaser until the deferred purchase agreement has been paid out in full.

Revenue from development fees

Development fee revenue is recognised when the right to develop parcels of land is transferred to the developer and the right to receive payment is established and it is expected that additional revenue will be realised from the subsequent sales of the allotments.

Property income

Property income arising on investment properties is accounted for on a straight-line basis over the lease term. Income received in advance is disclosed as unearned income to the extent that it relates to future accounting periods.

Interest income

Interest revenue includes interest received on bank term deposits, interest from investments, interest from mortgage debtor receivables, and other interest received. Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

Joint venture income

Joint venture income is recognised when the right to receive payment is established.

RENEWAL SA STATUTORY REPORT

For the year ended 30 June 2015

2.6 Income and expenses (continued)

Revenues from Commonwealth and SA Government

(a) Community service obligations

Renewal SA may be required under its charter to provide a number of non-commercial services to the community on behalf of the SA Government.

The SA Government provides Renewal SA with funding to compensate for these non-commercial activities. Non-commercial activities include the provision of infrastructure, sustainable energy development and precinct and urban planning works.

Community service obligations are recognised at their fair value where there is a reasonable assurance that the funding will be received and Renewal SA will comply with all attached conditions.

Community service obligations relating to costs are deferred and recognised in the Statement of Comprehensive Income over the period necessary to match them with the costs that they are intended to compensate (refer to note 6). Inventory development costs funded by community service obligations are capitalised against inventories and recognised in the Statement of Comprehensive Income as cost of sales when inventory is sold during the reporting period.

(b) Government grants

Government grants are recognised at their fair value where there is a reasonable assurance that the grant will be received and Renewal SA will comply with all attached conditions.

Renewal SA receives Government grants from the Commonwealth Government to implement a number of reforms in the social housing sector.

The reforms include increasing the supply of social housing dwellings through construction of environmentally sustainable dwellings and locating social housing closer to transport, facilities and employment opportunities.

Government grants relating to costs are deferred and recognised in the Statement of Comprehensive Income over the period necessary to match them with the costs that they are intended to compensate (refer to note 6).

Other contributions

All contributions from non-government entities are recognised as income when Renewal SA obtains control of the contribution or the right to receive the contribution and the income recognition criteria are met.

Resources received free of charge

Resources received free of charge are recorded as revenue in the Statement of Comprehensive Income at their fair value.

Gain from disposal of non-current assets and investments

Income from the disposal of non-current assets and investments is recognised when control of the asset has passed to the buyer and is determined by comparing proceeds with carrying amount.

RENEWAL SA STATUTORY REPORT

For the year ended 30 June 2015

2.6 Income and expenses (continued)

Other revenues

Other revenue is derived from the provision of goods and services to the public and other SA Government agencies. This revenue is recognised upon delivery of the service or by reference to the stage of completion and is brought to account when earned (refer to note 9).

Expenses

Expenses are recognised to the extent that it is probable that the flow of economic benefits from Renewal SA will occur and can be reliably measured.

Expenses have been aggregated according to their nature and have not been offset unless required or permitted by a specific accounting standard, or where offsetting reflects the substance of the transaction or other event.

The following are specific recognition criteria:

Employee benefits expenses

Employee benefits expenses include all costs related to employment including wages and salaries and leave entitlements. These are recognised when incurred.

Superannuation

The amount charged to the Statement of Comprehensive Income represents the contributions made by Renewal SA to superannuation plans in respect of current services of current Renewal SA staff. The Department of Treasury and Finance centrally recognises the superannuation liability in the whole of government financial statements.

Supplies and services

Supplies and services generally represent day to day running costs, including maintenance costs, incurred in the normal operations of Renewal SA. These items are recognised as an expense in the reporting period in which they are incurred.

Cost of sales

Cost of sales comprises all direct material acquisition, development and holding costs, offset by deferred community service obligations relating to these costs in respect of inventory sold during the reporting period. The carrying amount of any inventories held for sale are expensed as cost of sales when settlement occurs. A portion of future development obligations in respect of land which has been sold is also recognised in cost of sales when settlement occurs, where applicable.

Project expenditure

Costs associated with projects are capitalised where it is expected that future economic benefits will be derived by Renewal SA so as to recover those capitalised costs. Project costs are expensed where it is expected that the costs incurred will not be recovered.

RENEWAL SA STATUTORY REPORT

For the year ended 30 June 2015

2.6 Income and expenses (continued)

Depreciation and amortisation

All plant and equipment, having a limited useful life, is systematically depreciated/amortised over their useful lives in a manner that reflects the consumption of their service potential. Amortisation is used in relation to assets such as leasehold improvements, while depreciation is applied to tangible assets such as plant and equipment.

Assets' residual values, useful lives and depreciation / amortisation methods are reviewed and adjusted if appropriate, on an annual basis.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for prospectively by changing the time period or method, as appropriate, which is a change in accounting estimate.

The value of leasehold improvements is amortised over the estimated useful life of each improvement or the unexpired period of the relevant lease, whichever is shorter.

Land and investment properties are not depreciated.

Depreciation/Amortisation is calculated on a straight-line basis over the estimated useful life of the following classes of assets as follows:

Leasehold improvements	Life of lease
Plant and equipment	5 - 10 years
Furniture and fittings	5 - 10 years
Computer equipment	5 years

Borrowing costs

Borrowing costs include interest expense, guarantee fees and indemnity margin charges. In accordance with *Accounting Policy Framework II General Purpose Financial Statements Framework* and *AASB 123 Borrowing Costs*, material borrowing costs attributable to the construction of a qualifying asset are capitalised. All other borrowing costs are expensed when incurred.

2.7 Current and non-current classification

Assets and liabilities are characterised as either current or non-current in nature. Renewal SA has a clearly identifiable operating cycle of 12 months. Assets and liabilities that are to be sold, consumed or realised as part of the normal operating cycle, even when they are not expected to be realised within 12 months after the reporting date, have been classified as current assets or current liabilities. All other assets and liabilities are classified as non-current.

Where asset and liability line items combine amounts expected to be realised within 12 months and more than 12 months, Renewal SA has separately disclosed the amounts expected to be recovered or settled after more than 12 months.

2.8 Assets

Assets have been classified according to their nature and have not been offset unless required or permitted by a specific accounting standard, or where offsetting reflects the substance of the transaction or other event.

RENEWAL SA STATUTORY REPORT

For the year ended 30 June 2015

2.9 Cash and cash equivalents

Cash assets in the Statement of Financial Position include cash at bank, cash on hand, cash held in trust accounts and other short-term highly liquid investments with maturities of three months or less that are readily converted to cash and which are subject to insignificant risk of changes in value.

For the purposes of the Statement of Cash Flows, cash and equivalents consists of cash and cash equivalents as defined above.

Cash is measured at nominal value.

2.10 Receivables

Receivables include amounts receivable from goods and services, GST input tax credits recoverable, prepayments and other accruals, measured at historical cost.

Receivables arise in the normal course of selling goods and services to the public and other SA Government agencies. Receivables are generally settled within 30 days after the issue of an invoice or the goods/services have been provided under a contractual arrangement.

Collectability of receivables is reviewed on an ongoing basis. An allowance for doubtful debts is raised when there is objective evidence that Renewal SA will not be able to collect the debt. Bad debts are written off when identified.

2.11 Mortgage debtor receivables

Mortgage debtor receivables include amounts receivable from deferred purchase arrangements, measured at historical cost.

Mortgage debtor receivables arise from the administering of deferred purchase agreements to the public and other SA Government agencies. Mortgage debtor receivables are generally receivable as specified in the original contract payment schedule.

Collectability of mortgage debtor receivables is reviewed on an ongoing basis. An allowance for doubtful debts is raised when there is objective evidence that Renewal SA will not be able to collect the debt. Bad debts are written off when identified.

2.12 Inventories

Inventories include land and other property held for sale in the ordinary course of business. It excludes depreciating assets and investment properties.

Inventories are measured at the lower of cost or their net realisable value (refer to note 21). Net realisable value is determined using the estimated sales proceeds less costs incurred in marketing, selling and distribution to customers.

The amount of any inventory write-down to net realisable value or inventory losses are recognised as an expense in the period the write-down or loss occurred. Any write-down reversals are recognised as an expense reduction.

RENEWAL SA STATUTORY REPORT

For the year ended 30 June 2015

2.12 Inventories (continued)

The following are specific recognition criteria:

Land held for resale

Land held for resale is carried at the lower of cost or net realisable value. Costs comprise all direct material acquisition, development and holding costs offset by deferred Government grants relating to these costs. Net realisable value is the estimated selling price in the ordinary course of business less both the estimated costs of completion and the estimated cost necessary to make the sale.

Renewal SA reviews its inventory balances periodically and writes off inventory where the net realisable value is less than the carrying amount.

The frequency of independent valuations is determined in accordance with *Accounting Policy Framework III Asset Accounting Framework*, which requires valuation appraisal by a professionally qualified valuer to be performed at least every six years and allows for classes of assets to be revalued on a rolling two year basis. In 2015, Renewal SA opted to obtain independent valuations by qualified valuers for inventories, which will be performed over a two year basis.

All land inventory is classified as a non-current asset unless its value is anticipated to be realised through sale within 12 months.

Where inventory was acquired at no or nominal consideration as part of a restructuring of administrative arrangements, the inventory was recorded at the value recorded by the transferor, immediately prior to transfer.

2.13 Investment properties

Investment properties are held to earn rentals and/or for capital appreciation purposes.

Investment properties are initially recognised at cost. Costs incurred 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 Renewal SA.

Subsequent to initial recognition at cost, investment properties are revalued to fair value with changes in the fair value recognised as income or expense in the period that they arise. The properties are not depreciated.

Rental income from the leasing of investment properties is recognised in the Statement of Comprehensive Income as part of property income, on a straight-line basis over the lease term.

Any gains or losses on the sale of investment property are recognised in the Statement of Comprehensive Income in the year of sale.

Where investment property was acquired at no or nominal consideration as part of a restructuring of administrative arrangements, the investment property was recorded at the value recorded by the transferor, immediately prior to transfer.

An independent valuation of all Renewal SA's investment properties was conducted as at 30 June 2015.

RENEWAL SA STATUTORY REPORT

For the year ended 30 June 2015

2.14 Acquisition and recognition of non-current assets

Non-current assets are initially recorded at cost or at the value of any liabilities assumed, plus any incidental cost involved with the acquisition.

Non-current assets are subsequently measured at fair value after allowing for accumulated depreciation.

All non-current tangible assets with a value equal to or in excess of \$10,000 are capitalised.

All non-current assets, having limited useful life, are systematically depreciated over their useful lives in a manner that reflects the consumption of their service potential. Depreciation is applied to tangible assets such as property, plant and equipment (refer to note 2.6).

Where non-current assets are acquired at no, or minimal value, they are recorded at fair value in the Statement of Financial Position. However, if the non-current assets are acquired as part of a restructuring of administrative arrangements then the non-current assets are recognised at the book value recorded by the transferor, immediately prior to transfer.

2.15 Interests in joint ventures

Renewal SA's interest in joint ventures is measured by applying the equity method. Renewal SA's share of the assets and liabilities of joint ventures in which it has a participating interest is included in the Statement of Financial Position as investment in joint ventures. Renewal SA's share of net profit from joint ventures is included as revenue in the Statement of Comprehensive Income as share of net profit/(loss) in joint ventures. Details of Renewal SA's interests in joint ventures is shown in note 5.

2.16 Work in progress

Expenditure associated with the construction of projects held for operational purposes is capitalised as work in progress as incurred (refer to note 24). When a project of this nature reaches practical completion (which generally coincides with the commencement of the building defects liability period), the accumulated costs are transferred from work in progress to property, plant and equipment or investment properties.

2.17 Impairment

All non-current assets are tested for indications of impairment at each reporting date. Where there is an indication of impairment, the recoverable amount is estimated. The recoverable amount is determined as the higher of the asset's fair value less costs of disposal or depreciated replacement cost. An amount by which the asset's carrying amount exceeds its recoverable amount is recorded as an impairment loss.

2.18 Fair value measurement

AASB 13 Fair Value Measurement, defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants, in the principal or most advantageous market, at the measurement date.

RENEWAL SA STATUTORY REPORT

For the year ended 30 June 2015

2.18 Fair value measurement (continued)

Renewal SA classifies fair value measurement using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements, based on the data and assumptions used in the most recent revaluation:

- Level 1 - traded in active markets and is based on unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at measurement date.
- Level 2 - not traded in an active market and are derived from inputs (inputs other than quoted prices included within level 1) that are observable for the asset, either directly or indirectly.
- Level 3 - not traded in an active market and are derived from unobservable inputs.

The valuation processes and fair value changes were reviewed by the Chief Executive and Audit and Risk Committee at reporting date.

Non-financial assets

In determining fair value, Renewal SA has taken into account the characteristics of the asset (for example condition and location of the asset and any restrictions on the sale or use of the asset) and the asset's highest and best use (that is physically possible, legally permissible and financially feasible).

Renewal SA's current use is the highest and best use of the asset unless other factors suggest an alternative use is feasible.

The carrying amount of non-financial assets with a 'fair value at the time of acquisition that was less than \$1 million or an estimated useful life that was less than three years' are deemed to approximate fair value.

Refer to notes 22, 23 and 25 for disclosure regarding fair value measurement techniques and inputs used to develop fair value measurement for non-financial assets.

Financial assets/liabilities

Renewal SA does not recognise any financial assets or financial liabilities at fair value.

2.19 Liabilities

Liabilities have been classified according to their nature and have not been offset unless required or permitted by a specific accounting standard, or where offsetting reflects the substance of the transaction or other event.

2.20 Payables

Payables include creditors, accrued expenses, employment on-costs and Paid Parental Leave Scheme payable.

Creditors represent the amounts owing for goods and services received prior to the end of the reporting period that are unpaid at the end of the reporting period. Creditors include all unpaid invoices received relating to the normal operations of Renewal SA.

Accrued expenses represent goods and services provided by other parties during the period that are unpaid at the end of the reporting period and where an invoice has not been received.

RENEWAL SA STATUTORY REPORT

For the year ended 30 June 2015

2.20 Payables (continued)

The Paid Parental Leave Scheme payable represents amounts which Renewal SA has received from the Commonwealth Government to forward onto eligible employees via Renewal SA's standard payroll processes. That is, Renewal SA is acting as a conduit through which the payment to eligible employees is made on behalf of the Family Assistance Office.

All payables are measured at their nominal amount and are normally settled within 30 days from the date of the invoice or date the invoice is first received.

Employee benefits on-costs include payroll tax, WorkCover levies and superannuation contributions in respect of outstanding liabilities for salaries and wages, long service leave, annual leave and skills and experience retention leave.

Renewal SA makes contributions to several State Government and externally managed superannuation schemes. These contributions are treated as an expense when they occur. There is no liability for payments to beneficiaries as they have been assumed by the respective superannuation schemes. The only liability outstanding at balance date relates to any contributions due but not yet paid to various superannuation schemes.

2.21 Borrowings/Financial liabilities

Renewal SA measures financial liabilities including borrowings/debt at historical cost. Financial liabilities that are due to mature within 12 months after the reporting date have been classified as current liabilities. All other financial liabilities are classified as non-current.

2.22 Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement.

Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the leased asset to the lessee. All other leases are classified as operating leases. Renewal SA has only entered into operating leases.

Renewal SA as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Contingent rentals arising under operating leases are recognised as income in a manner consistent with the basis on which they are determined.

Renewal SA as lessee

Operating lease payments are recognised as an expense in the Statement of Comprehensive Income on a straight-line basis over the lease term. The straight-line basis is representative of the pattern of benefits derived from the leased assets.

2.23 Employee benefits

These benefits accrue for employees as a result of services provided up to the reporting date that remain unpaid. Long-term employee benefits are measured at present value and short-term employee benefits are measured at nominal amounts.

RENEWAL SA STATUTORY REPORT

For the year ended 30 June 2015

2.23 Employee benefits (continued)

Salaries and wages, annual leave, skills and experience retention leave and sick leave

Liabilities for salaries and wages are measured as the amount unpaid at the reporting date at remuneration rates current at reporting date.

The annual leave liability and skills and experience retention leave liability are expected to be payable within 12 months and are measured at the undiscounted amount expected to be paid.

No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken in future years by employees is estimated to be less than the annual entitlement of sick leave.

Long service leave

The liability for long service leave is measured at the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method.

The estimated liability for long service leave is based on actuarial assumptions over expected future salary and wage levels, experience of employee departures and periods of service. These assumptions are based on employee data over SA Government entities. Expected future payments are discounted using market yields at the end of the reporting period on government bonds with durations that match, as closely as possible, the estimated future cash outflows.

The portion of the long service leave liability classified as current represents the amount that may be expected to be paid as leave taken or paid on termination of employment during Renewal SA's normal operating cycle.

Employee benefit on-costs

Employee benefit on-costs (payroll tax and superannuation) are recognised separately under payables.

2.24 Unearned Income

Unearned income includes rental income and revenues from Commonwealth and SA Government received in advance. Rental income from the leasing of inventories and investment properties is recognised in the Statement of Comprehensive Income as part of property income, on a straight-line basis over the lease term. Government grants relating to costs are deferred and recognised in the Statement of Comprehensive Income over the period necessary to match them with the costs that they are intended to compensate.

2.25 Provisions

Provisions are recognised when Renewal SA has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date.

The workers compensation provision is an actuarial estimate of the outstanding liability as at 30 June provided by a consulting actuary engaged through the Office for the Public Sector. The provision is for the estimated cost of ongoing payments to employees as required under current legislation.

Renewal SA is responsible for the payment of workers compensation claims.

RENEWAL SA STATUTORY REPORT

For the year ended 30 June 2015

2.26 Guarantees and indemnities

Renewal SA constructs and owns specialised building premises which are leased or sold to private companies under the Premises SA Scheme. The construction of these buildings is financed through the use of SA Government Financing Authority loans. In some instances the outstanding loan amount in respect of construction exceeds the market value of the building. In order to address these value shortfalls, the former Industrial and Commercial Premises Corporation obtained guarantees and indemnities from the Minister for Industry and Trade for some of the arrangements entered into. All outstanding loans associated with the Premises SA Scheme have been repaid during the financial year, as such Renewal SA is no longer the beneficiary of these guarantees and indemnities.

2.27 Unrecognised contractual commitments and contingent assets and liabilities

Commitments include operating, capital and outsourcing commitments arising from contractual or statutory sources and are disclosed at their nominal value (refer to notes 33 and 34).

Contingent assets and contingent liabilities are not recognised in the Statement of Financial Position, but are disclosed by way of a note and, if quantifiable, are measured at nominal value (refer to note 35).

Unrecognised contractual commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to the Australian Taxation Office. If GST is not payable to, or recoverable from the Australian Taxation Office, the commitments and contingencies are disclosed on a gross basis.

2.28 Insurance

Renewal SA has arranged through the SA Government Captive Insurance Corporation (SAICORP) to insure all major risks of Renewal SA. The excess payable under this arrangement varies depending on each class of insurance held.

2.29 Financial risk management

Renewal SA is exposed to a variety of financial risks, i.e. market risk, credit risk and liquidity risk (refer to note 38).

Renewal SA maintains risk management policies and practices in accordance with 'AS/NZS ISO 31000:2009 Risk Management - Principles and Guidelines'.

Renewal SA has non-interest bearing assets (cash on hand and receivables) and liabilities (payables) and interest bearing assets (deposits with the Treasurer and the SA Government Financing Authority and mortgage debtor receivables) and liabilities (borrowings from the SA Government).

Renewal SA's exposure to foreign exchange risk and cash flow interest risk is minimal. Renewal SA is exposed to price risk for changes in interest rates that relate to long-term debt obligations.

Renewal SA has no significant concentration of credit risk. Renewal SA has policies and procedures in place to ensure that transactions occur with customers with appropriate credit history.

RENEWAL SA STATUTORY REPORT

For the year ended 30 June 2015

3 Material transactions

3.1 Investment property sale - 5-10 Third Avenue Mawson Lakes (Optus Call Centre Building - Technology Park)

In March 2015, Renewal SA received \$9.000 million for the sale of 5-10 Third Avenue Mawson Lakes, Technology Park (the Optus Call Centre Building). The sale resulted in a net loss on disposal of non-current assets of \$0.950 million (refer to note 10).

3.2 Inventory land sale - Lot 201 Hanson Road (Dean Rifle Range)

In December 2014, Renewal SA received \$5.460 million for the sale of Lot 201 Hanson Road, Dean Rifle Range, which has been disclosed in revenue from sales (refer to note 4).

3.3 Inventory land sale - Lot 113 South Road, Tonsley (TAFE Site)

In June 2015, Renewal SA received \$4.848 million on the vesting of the TAFE Site, Lot 113 South Road, Tonsley to the Department of State Development. The sale has been disclosed in revenue from sales (refer to note 4).

3.4 Deferred purchase agreement settlement - 27-35 Sturton Road Edinburgh (Technology Park)

In June 2006, Renewal SA entered into a Deferred Purchase Agreement (DPA) with Inghams Enterprises Pty Limited (Inghams) for the sale of 27-35 Sturton Road Edinburgh for \$52.200 million. Under the DPA, Inghams entered into a financial agreement with quarterly repayments of interest and principal for a term of 10 years to repay the full purchase price by September 2017. In October 2014, Renewal SA received notification of Inghams' intention to payout the purchase price early. Renewal SA agreed to terminate the DPA on 31 October 2014 and requested Inghams to pay the final mortgage debtor receivable balance of \$20.786 million (refer to note 19). Renewal SA subsequently repaid the corresponding borrowings of \$18.075 million with the SA Government Financing Authority (refer to note 27).

3.5 Administrative restructures - Transfer of employees from the Department for Communities and Social Inclusion (DCSI)

On 8 December 2014, Cabinet approved a strategy to progressively replace ageing South Australian Housing Trust (SAHT) owned housing with new social housing dwellings that better meet contemporary social housing needs. Subsequently, in order to align the strategic and operational governance of SAHT with the Cabinet approved strategy, the responsibility for the *South Australian Housing Trust Act 1995* and other relevant Acts transferred from the Minister for Social Housing to the Minister for Housing and Urban Development. The financial, asset management and not-for-profit community housing sector growth responsibilities transferred to the Minister for Housing and Urban Development, while the provision of social housing services (including property maintenance) and other housing programs and responsibilities (including rent assistance, indigenous housing programs and delegated social housing duties) remained with the Minister for Social Housing. SAHT and Renewal SA have entered into a Service Level Administrative Arrangement (SLAA) to reflect the services to be provided by Renewal SA to SAHT under the Cabinet approved strategy. To enable Renewal SA to manage the services that Renewal SA is providing to SAHT under the SLAA, on 5 February 2015, under the Public Sector (Reorganisation of Public Sector Operations) Notice 2015, and pursuant to section 9 (1) of the *Public Sector Act 2009*, the employment of 130 people (125.2 full time equivalents) was gazetted over to Renewal SA from DCSI. Assets and liabilities relating to these employees were transferred into Renewal SA as at 31 January 2015 (refer to note 39).

RENEWAL SA STATUTORY REPORT

For the year ended 30 June 2015

3 Material transactions (continued)

3.6 Land Sale Option - Dry Creek/Gillman

Pursuant to an Option Deed Renewal SA granted Adelaide Capital Partners (ACP) exclusive call options to acquire up to 407 hectares of future industrial land in the suburbs of Gillman and Dry Creek owned by Renewal SA within three tranches over a nine year period. In late December 2014, ACP exercised the first option, representing Stage 1 of its proposed project. The exercise of the Stage 1 option gave rise to a conditional land sale contract for a minimum of 150 hectares of land, with a minimum payment to Renewal SA of \$45.000 million to be paid by ACP at the time of settlement under the stage 1 land contract. Settlement of the Stage 1 option land remains contingent upon certain condition precedents being met. Upon settlement of the Stage 1 option land, Renewal SA will also enter into a long-term licence with ACP over the remaining land which will form part of the second and third exercisable options. If ACP exercises the second and third options and effects settlement under the land sale contract(s) which arise when ACP exercises its second and third options, this will result in further off market sales of up to 257 hectares of land at Gillman and Dry Creek for a combined total of up to \$77.100 million.

4 Revenue from sales and cost of sales

Sales revenue comprises revenue earned from the sale of land for residential, commercial and community purposes, including land made available for joint venture developments.

Sales revenue for the reporting period is summarised as follows:

	2015 \$'000	2014 \$'000
<i>Land sales to:</i>		
Joint ventures	11,858	10,337
Entities within the SA Government	9,070	1,556
Other - sales to general public and developers	27,353	51,960
Total sales revenue	48,281	63,853

Cost of sales comprise all direct material acquisition, development and holding costs in respect of inventory sold during the reporting period.

Cost of sales for the reporting period is summarised as follows:

	2015 \$'000	2014 \$'000
<i>Cost of sales associated with:</i>		
Joint ventures	596	432
Entities within the SA Government	9,681	971
Other - cost of sales associated with sales to general public and developers	23,449	32,153
Total cost of sales	33,726	33,556

RENEWAL SA STATUTORY REPORT

For the year ended 30 June 2015

5 Joint ventures

5.1 Joint ventures summary

Renewal SA's share of the profit from ordinary activities of joint ventures in which Renewal SA has a participating interest, is as follows:

	Northgate Stage 3 Joint Venture		Total	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Revenues	15,737	14,071	15,737	15,214
Expenses	(12,947)	(10,744)	(12,831)	(11,394)
Profit from ordinary activities	2,791	3,327	2,906	3,820

Movements in Renewal SA's investment in joint ventures during the reporting period are summarised as follows:

Share of investment in joint ventures:

Carrying amount at the beginning of the period	5,764	6,937	5,879	7,688
Profit for the reporting period	2,791	3,327	2,906	3,820
Distribution of profit	(2,000)	(4,500)	(2,200)	(5,459)
Impairment	-	-	-	(170)
Total carrying amount of investment in joint ventures	6,555	5,764	6,585	5,879

Renewal SA's investment in joint ventures is represented by its share of assets and liabilities as follows:

	Northgate Stage 3 Joint Venture		Total	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
<i>Current assets:</i>				
Cash	4,483	3,322	4,825	3,891
Receivables	598	717	610	730
Inventories	5,030	5,566	5,226	5,764
Financial assets	-	-	197	197
Deferred tax asset	-	-	157	157
	10,111	9,605	11,015	10,739
<i>Non current assets:</i>				
Property, plant and equipment	469	586	469	586
	469	586	469	586
Total assets	10,580	10,191	11,484	11,325

RENEWAL SA STATUTORY REPORT

For the year ended 30 June 2015

5.1 Joint ventures summary (continued)

Current liabilities:

Creditors and other payables	4,025	4,427	4,439	4,986
Financial liabilities	-	-	226	226
Tax liabilities	-	-	64	64
	4,025	4,427	4,729	5,276
Total liabilities	4,025	4,427	4,729	5,276
Net assets	6,555	5,764	6,755	6,049
Impairment	-	-	(170)	(170)
Net assets after impairment	6,555	5,764	6,585	5,879
The net assets is split as follows:				
Current	6,086	5,178	6,116	5,293
Non current	469	586	469	586
	6,555	5,764	6,585	5,879

5.2 Northgate Stage 3 Joint Venture

In July 2006 documentation was executed with CIC Northgate Pty Ltd, a wholly-owned subsidiary of CIC Australia Limited, to establish a joint venture to develop the land subdivision component of Precinct One at Northgate Stage 3. In November 2010 documentation was executed with the same partner, to extend the Northgate Stage 3 Joint Venture over Renewal SA's adjoining Precinct 2 land parcel. In November 2013 the Northgate Stage 3 Precinct One Joint Venture was extended to include the Ross Smith Secondary School site, which was subsequently acquired by Renewal SA in June 2014.

The project primarily comprises the subdivision and sale of residential allotments and integrated housing sites together with the development of reserves and associated community facilities. The 100 hectare project is forecast to deliver in the order of 2,100 allotments and 2,600 dwellings and is required to achieve a number of paramount development objectives established by the Government, including the provision of a wide diversity of housing allotments and 15% of sites for high needs and affordable housing.

Renewal SA has a 50% interest in the joint venture. Under the terms of the agreements for the joint venture, Renewal SA will make available to the joint venture land for development and receive progressive land payments as development proceeds.

5.3 Mawson Lakes Economic Development Project

On 10 July 1997 Joint Venture Agreements were executed with Delfin Property Group Limited (now Lend Lease Communities Australia Limited), Lend Lease Corporation Limited and associated subsidiary companies to commence the Mawson Lakes Economic Project at the Levels.

This project comprised residential, retail and industrial land to be developed over a fifteen year timeframe. Other parties with commitments to the joint venture arrangements were the City of Salisbury, University of South Australia and the Government of South Australia.

Renewal SA had a 50% interest in the joint venture. Under the terms of the agreements for the joint venture, Renewal SA made available to the joint venture land for development. In addition the State Government had obligations for various infrastructure works associated with the project.

RENEWAL SA STATUTORY REPORT

For the year ended 30 June 2015

5.3 Mawson Lakes Economic Development Project (continued)

The joint venture terminated on 30 June 2011. A Project Completion Arrangements Deed is now in effect. This deed covers the sale of the remaining residential and commercial lots unsold at June 2011 and the completion of some remaining works. Obligations for Renewal SA project works have been completed. The Mawson Lakes Economic Development Project is scheduled to complete in 2015-16.

5.4 PAWR Marina Joint Venture

Renewal SA has a 50% interest in a marina berth joint venture with Newport Quays Consortium, the former developers of the Port Adelaide Waterfront Redevelopment (PAWR). The Newport Quays Consortium comprises developers Urban Construct Pty Limited and Brookfield Multiplex Developments Australia Pty Limited. The PAWR Marina Joint Venture contemplated the construction of approximately 600 marina berths in the Port Adelaide inner harbour to be staged with the land-based PAWR development (which was terminated on 31 October 2011). As at 30 June 2015, two marinas have been constructed and leased by PAWR Marina Joint Venture, being Edgewater Marina and MC Marina South Marina (aggregating to 137 marina berths).

Under the PAWR Marina Joint Venture, marina berths were offered under leasehold arrangements, with Renewal SA retaining ownership of the inner harbour (subjacent land). Renewal SA has entered into lease arrangements with marina lessee companies (representing berth holders) which has placed obligations on lessees to procure the services of competent marina managers and achieve appropriate environmental standards in the management of the marinas.

On 13 February 2014, Renewal SA and the Newport Quays Consortium executed a deed of settlement. Subject to various conditions precedent being met, the deed of settlement provides for the resolution of a number of issues arising between the parties following the termination of the PAWR Project Development Agreement (PDA) with the Newport Quays Consortium, which occurred on 31 October 2011, including the dissolution of the PAWR Marina Joint Venture. Renewal SA and the Newport Quays Consortium are presently working through these conditions precedent, which conditions when fulfilled will dissolve the PAWR Marina Joint Venture. The dissolution of the PAWR Marina Joint Venture is anticipated to be finalised during the next financial year.

Renewal SA's investment of \$0.170 million in the PAWR Marina Joint Venture was impaired as a result of the Deed of Settlement and was written-off in 2013-14.

RENEWAL SA STATUTORY REPORT

For the year ended 30 June 2015

6 Revenues from Commonwealth and SA Government

	2015	2014
	\$'000	\$'000
<i>Revenues from Commonwealth and SA Government is summarised as follows:</i>		
Community service obligations from SA Government	20,827	22,488
Funding from Commonwealth Government	4,772	1,560
Other SA Government revenues	256	3,032
Gross revenues from Commonwealth and SA Government	<u>25,855</u>	<u>27,080</u>
Less: Deferred community service obligations from SA Government for inventories development costs	(14,750)	(15,791)
Total revenues from Commonwealth and SA Government	<u>11,105</u>	<u>11,289</u>

7 Interest revenues

	2015	2014
	\$'000	\$'000
Mortgage debtor interest	506	1,683
Interest from operating accounts	463	416
Total interest revenue	<u>969</u>	<u>2,099</u>

8 Property income

	2015	2014
	\$'000	\$'000
Rental income	17,953	17,166
Recoveries	8,027	8,339
Other property income	213	325
Total property income	<u>26,193</u>	<u>25,830</u>

9 Other revenues

	2015	2014
	\$'000	\$'000
Consulting revenue	9,001	4,508
Recoveries	1,543	2,530
Other revenues	349	730
Total other revenues	<u>10,893</u>	<u>7,768</u>

10 Net gain/(loss) from disposal of non-current assets

	2015	2014
	\$'000	\$'000
<i>Plant and equipment:</i>		
Proceeds from disposal	-	-
Net book value of assets disposed	-	(73)
Net gain/(loss) on disposal of plant and equipment	<u>-</u>	<u>(73)</u>
<i>Investment properties:</i>		
Proceeds from disposal	9,000	15,350
Less: Net book value of assets disposed	(9,950)	(14,000)
Net gain/(loss) on disposal of investment properties	<u>(950)</u>	<u>1,350</u>
Total net gain/(loss) from disposal of non-current assets	<u>(950)</u>	<u>1,277</u>

RENEWAL SA STATUTORY REPORT

For the year ended 30 June 2015

11 Employees benefits expenses

	2015 \$'000	2014 \$'000
Salaries and wages	24,145	20,070
Long service leave	25	504
Annual leave	374	(129)
Skills and experience retention leave	34	(5)
Employment on-costs - superannuation	2,329	1,772
Employment on-costs - other	1,345	1,431
Board and committee fees	228	247
Other employee related expenses	317	134
Gross employee benefits expense	28,797	24,024
Less: Employee benefits capitalised to inventories	(3,475)	(3,365)
Total employee benefits expenses	25,322	20,659

No employees were paid targeted voluntary separation packages during the reporting period (2014: nil).

Remuneration of employees

The number of employees whose remuneration received or receivable falls within the following bands:

	2015 No.	2014 No.
\$141 500 to \$151 499	2	9
\$151 500 to \$161 499	8	10
\$161 500 to \$171 499	13	5
\$171 500 to \$181 499*	3	4
\$181 500 to \$191 499	3	2
\$191 500 to \$201 499	-	3
\$201 500 to \$211 499	2	1
\$211 500 to \$221 499	-	2
\$231 500 to \$241 499	-	1
\$241 500 to \$251 499*	1	1
\$251 500 to \$261 499	-	1
\$261 500 to \$271 499	2	1
\$271 500 to \$281 499	-	1
\$291 500 to \$301 499	-	1
\$301 500 to \$311 499	1	-
\$321 500 to \$331 499*	1	-
\$331 500 to \$341 499	1	-
\$391 500 to \$401 499	-	1
\$411 500 to \$421 499*	1	-
Total	38	43

The table includes all employees who received remuneration equal to or greater than the base executive remuneration level during the year. The executive base level remuneration rate for 2014-15 is the same as the 2013-14 rate (i.e. there has been no increase in executive remuneration since 1 July 2013). Remuneration of employees reflects all costs of employment, including salaries and wages, payments in lieu of leave, superannuation contributions, salary sacrifice benefits and any fringe benefits tax paid and payable in respect of those benefits.

RENEWAL SA STATUTORY REPORT

For the year ended 30 June 2015

11 Employees benefits expenses (continued)

* The table above also includes the termination component where the employee meets the \$141 500 threshold on normal remuneration. In 2014-15, four employees included in the table received termination payments.

Total remuneration received or due and receivable by the above employees for the period they held office was \$7.342 million (2014: \$7.982 million).

Remuneration of employees transferred in

Renewal SA recognised employee benefits expenses for those employees who transferred under the Machinery of Government Arrangements from the date of transition. Expenses prior to that date were incurred and recognised by the transferor department, the Department for Communities and Social Inclusion. The number of employees, who transferred under the Machinery of Government

Arrangements, whose full year remuneration received or receivable for 2014-15 falls within the following bands:

	2015 No.
\$151,500 - \$161,499	2
Total	<u>2</u>

Total remuneration received or due and receivable by the above employees for the full year of 2014-15 was \$0.317 million.

The number of employees at the reporting date was 299.3 (2014: 196.8).

Remuneration commitments

Commitments for the payment of salaries and other remuneration under fixed term employment contracts in existence at the reporting date but not recognised as liabilities are payable as follows:

	2015 \$'000	2014 \$'000
Within one year	13,502	14,922
Later than one year but not longer than five years	11,749	16,410
Total	<u>25,251</u>	<u>31,332</u>

Amounts disclosed include commitments arising from executive and other service contracts.

For term contracted employees, Renewal SA does not offer fixed term remuneration contracts greater than five years.

RENEWAL SA STATUTORY REPORT

For the year ended 30 June 2015

12 Key management personnel

12.1 Board members

The following persons held the position of governing board member during the financial year:

Hon B J Pike, Presiding Member
P A Baker
A D Blair (from 1 July 2014 to 3 July 2014)
R L Boorman
H M Fulcher
G R Knight (from 31 July 2014 to 30 June 2015)

12.2 Key management personnel compensation

Key management personnel compensation for the period ended 30 June 2015 and 2014 is set out below.

The key management personnel are the governing board members and the senior management team (including the Chief Executive) who have responsibility for the strategic direction and management of Renewal SA.

	2015 \$'000	2014 \$'000
Short-term employee benefits	2,406	2,987
Termination benefits	1,465	-
Total employee benefits	3,871	2,987

12.3 Remuneration of governing board members

The number of governing board members whose remuneration received or receivable falls within the following bands:

	2015 No.	2014 No.
\$1 - \$9,999	1	1
\$10,000 - \$19,999	-	7
\$20,000 - \$29,999	1	-
\$30,000 - \$39,999	3	1
\$70,000 - \$79,999	1	1
Total number of governing board members	6	10

Total remuneration received and receivable by all governing board members for the period they held office was \$0.228 million (2014: \$0.247 million) which includes superannuation contributions.

The number of board members who held office at 30 June 2015 was 5 (2014: 5).

Unless otherwise disclosed, transactions between members and Renewal SA are on conditions no more favourable than those that it is reasonable to expect the entity would have adopted if dealing with the related party at arm's length in the same circumstances.

RENEWAL SA STATUTORY REPORT

For the year ended 30 June 2015

12.4 Remuneration of committee members

Committee members during the financial year were:

Playford North Urban Renewal Project Steering Committee Port Adelaide Steering Committee

J Blaess	P Bicknell
M Buchan	C Duncan
P Fagan Schmidt	J Ford
M Hemmerling	T Kearney
S Kennedy	B McFarlane
G Martin	S Melville
P Reardon	M O'Brien
L Stevens	C Siegfriedt
R Veitch	

The Playford North Urban Renewal Project Steering Committee disbanded in December 2014. The Port Adelaide Steering Committee disbanded in October 2013.

The number of committee members whose remuneration received or receivable falls within the following bands:

	2015 No.	2014 No.
Nil*	8	14
\$1 - \$9,999	1	6
\$20,000 - \$29,999	-	1
Total number of committee members	9	21

Remuneration of committee members reflects all costs of performing committee member duties including sitting fees, superannuation contributions and salary sacrifice benefits. Total remuneration received by all committee members for the period they held office was \$0.006 million (2014: \$0.029 million).

* In accordance with the Department of the Premier and Cabinet Circular No. 016, SA Government employees did not receive any remuneration for governing board duties during the financial year.

Unless otherwise disclosed, transactions between members and Renewal SA are on conditions no more favourable than those that it is reasonable to expect the entity would have adopted if dealing with the related party at arm's length in the same circumstances.

RENEWAL SA STATUTORY REPORT

For the year ended 30 June 2015

13 Related party disclosure

Directors

Details of the Directors of Renewal SA appointed in accordance with the *Urban Renewal Act 1995* are set out in note 12.1.

During the period of their appointment to Renewal SA the Directors disclosed the following:

Hon B J Pike was the Presiding Member of the Board of Management of the Urban Renewal Authority (trading as Renewal SA) and is employed on a part-time basis by Telstra Health.

Mr P A Baker was Chairman of the Adelaide Convention Bureau and Non-Executive Director of Flinders Ports Holdings.

Ms A D Blair was a Member of the Board of Management of the South Australian Housing Trust.

Mr R L Boorman was a Director of Bob Boorman and Associates, Member and Deputy Chairman of the Board of Management of the South Australian Housing Trust, Director of Atomix Pty Ltd, Director of Haslop Pty Ltd and Board Member of Bowls SA.

Ms H M Fulcher was a member of the Board of Uniting Care Wesley Port Adelaide.

Mr G R Knight was a Commissioner of the Essential Services Commission of South Australia and a Consultant for KPMG.

From time to time Renewal SA may have dealings with the above entities. Any transactions entered into with these entities are carried out in the ordinary course of business and on normal commercial terms and conditions.

Apart from the above interests, no Directors have declared a pecuniary interest, either direct or indirect, in any firm, trust or company with which Renewal SA had entered into a transaction during the financial year.

14 Operating expenditure

	2015 \$'000	2014 \$'000
Property expenditure	15,707	19,370
Land tax	22,522	23,703
Contractors and consultants	3,527	13,624
Accommodation costs	1,791	2,127
Administration and other expenditure	13,306	15,791
Gross supplies and service expenditure	56,853	74,615
Less: Land tax capitalised to inventories	(5,835)	(7,077)
Total operating expenditure	51,018	67,538

RENEWAL SA STATUTORY REPORT

For the year ended 30 June 2015

14.1 External consultants

The number and dollar amount of external consultancies paid/payable included in the Statement of Comprehensive Income that fell within the following bands:

	2015 No.	2015 \$'000	2014 No.	2014 \$'000
Below \$10,000	67	215	62	274
Above \$10,000	38	1,220	37	1,573
Total paid/payable to consultants engaged	105	1,435	99	1,847

15 Borrowing costs

	2015 \$'000	2014 \$'000
Borrowing costs on Premises SA Scheme loans	1,319	2,549
Borrowing costs other loans	13,424	11,645
Borrowing costs overdraft	1,156	832
Guarantee fees on Premises SA Scheme loans	341	344
Guarantee fees other loans	6,903	5,612
Guarantee fees overdraft	679	494
Gross borrowing costs	23,822	21,476
Less: Borrowing costs capitalised to inventories	(8,884)	(7,791)
Total borrowing costs	14,938	13,685

Renewal SA does not capitalise borrowing costs unless they are material and directly attributable to the acquisition, construction or production of a qualifying asset.

The average rate of interest capitalised in the reporting period was 4.9% (2014: 4.8%).

16 Auditor's remuneration

	2015 \$'000	2014 \$'000
Audit fees paid/payable to the Auditor-General's Department relating to the financial statements audit	196	212
Total auditor's remuneration	196	212

No other services were provided by the Auditor-General's Department.

Auditor's remuneration costs are recognised in the Statement of Comprehensive Income and included in the balance of administration and other expenditure (refer to note 14).

17 Income tax equivalent

In accordance with Treasurer's Instructions issued under the *Public Finance and Audit Act 1987*, Renewal SA is required to pay to the SA Government an income tax equivalent. The income tax liability is based on the Treasurer's accounting profit method, which requires that the corporate income tax rate (presently 30.0%) be applied to the profit for the reporting period.

Renewal SA made a financial loss for the years ended 30 June 2015 and 2014, therefore no income tax equivalent is payable in either reporting period.

RENEWAL SA STATUTORY REPORT

For the year ended 30 June 2015

18 Dividends paid to SA Government

Pursuant to the *Urban Renewal Act 1995*, Renewal SA may be required to pay dividends to the Minister. After consultation with the Treasurer, the Minister determined that there is no dividend payable in respect of the reporting period.

19 Mortgage debtor receivables

	2015 \$'000	2014 \$'000
<i>Current:</i>		
Mortgage debtor receivables	-	6,775
	<u>-</u>	<u>6,775</u>
<i>Non-current:</i>		
Mortgage debtor receivables	-	15,035
	<u>-</u>	<u>15,035</u>
Total mortgage debtor receivables	<u>-</u>	<u>21,810</u>

Categorisation and maturity analysis of financial instruments
Refer to table in note 38.3

Ageing analysis of financial assets
Refer to table in note 38.6

Risk exposure information:
Refer to note 38.1

20 Receivables

	2015 \$'000	2014 \$'000
<i>Current:</i>		
Trade and other receivables	15,692	6,156
Operating lease receivables	4,551	2,014
GST input tax recoverable	-	682
Allowance for doubtful debts	(2,931)	(1,668)
Prepayments	272	32
	<u>17,584</u>	<u>7,216</u>
<i>Non-current:</i>		
Marina Adelaide	3,316	3,556
Other receivables	2,702	-
	<u>6,018</u>	<u>3,556</u>
Total Receivables	<u>23,602</u>	<u>10,772</u>

RENEWAL SA STATUTORY REPORT

For the year ended 30 June 2015

20 Receivables (continued)

Movement in the allowance for doubtful debts

The allowance for doubtful debts (allowance for impairment loss) is recognised when there is objective evidence that a receivable is impaired. An allowance for impairment loss has been recognised in note 14 for specific debtors and debtors assessed on a collective basis for which such evidence exists.

Movements in the allowance for doubtful debts (impairment loss):

	2015 \$'000	2014 \$'000
Carrying amount at the beginning of the period	1,668	579
Debts no longer legally enforceable	-	(395)
Debts extinguished on legal settlement	-	(115)
Increase in the allowance	1,704	1,669
Decrease in the allowance	(441)	(70)
Carrying amount at the end of the period	2,931	1,668
<i>Bad debts written off:</i>		
Trade debtors	709	21
<i>Transfer to provision for doubtful debts:</i>		
Trade debtors	1,263	1,599
Total bad and doubtful debts expense	1,972	1,620

The bad and doubtful debts expense is recorded in operating expenditure as part of administration and other expenditure (refer to note 14).

Interest rate and credit risk

Receivables are raised for all goods and services provided for which payment has not been received. Receivables are normally settled within 30 days. Trade receivables, prepayments and accrued revenues are non-interest bearing. Other than as recognised in the allowance for doubtful debts, it is not anticipated that counterparties will fail to discharge their obligations. The carrying amount of receivables approximates net fair value due to being receivable on demand. There is no concentration of credit risk.

Categorisation and maturity analysis of financial instruments

Refer to table in note 38.3

Ageing analysis of financial assets

Refer to table in note 38.6

Risk exposure information:

Refer to note 38.1

RENEWAL SA STATUTORY REPORT

For the year ended 30 June 2015

21 Inventories

	2015	2014
	\$'000	\$'000
<i>Current:</i>		
Inventories	86,432	60,768
	86,432	60,768
<i>Non-current:</i>		
Inventories	333,963	394,415
	333,963	394,415
Total inventories	420,395	455,183
 Movements in carrying amounts:		
Carrying amount at the beginning of the period	455,183	399,527
Transfer in from administrative restructure	-	4,036
Land purchases	355	23,961
Development costs capitalised	87,258	92,040
Community service obligations for development costs	(14,750)	(15,791)
Cost of sales	(33,726)	(33,556)
Inventories write-down	(75,226)	(15,034)
Reversal of inventories write-down	1,301	-
Carrying amount at the end of the period	420,395	455,183

Inventories acquired for development and sale in the ordinary course of business are carried at the lower of cost and net realisable value.

The net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and selling expenses. Estimates of net realisable value are based on the most recent reliable evidence available at the time the estimates are made including the amount the inventories are expected to realise and the estimate of costs to complete.

The net realisable value of each property is assessed at each balance date and where cost (including costs to complete) exceeds net realisable value that inventory is written down with the amount being recognised as an expense in the period the write-down occurred. Any write-down reversals are recognised as a reduction to expense. In determining the net realisable value, regard is given to the market conditions affecting each property and the underlying strategy for selling the property. This requires the use of management judgement and key assumptions in estimates are reviewed on a regular basis.

Independent valuations of inventories were undertaken by the firm of M3 Property Specialists and Knight Frank and prepared by qualified Certified Practising Valuers with extensive experience in the local market with equivalent properties. Valuations were carried out in accordance with the relevant provisions of the *Australian Property Institute of Australia and New Zealand's Valuation and Property Standards* and as per *AASB 102 Inventories*.

Where no independent valuation was performed at reporting date, an internal assessment to determine whether a write-down or write-down reversal was required was performed. This analysis included reference to recent sale contracts, other independent valuations performed for specific land parcels during the financial year and project cash flows.

RENEWAL SA STATUTORY REPORT

For the year ended 30 June 2015

21 Inventories (continued)

As a result of this assessment inventories were written down by \$75.226 million (2014: \$15.034 million) and write-down reversals were recognised of \$1.301 million (2014: nil).

Write-down reversals were recognised given independent valuations indicated the circumstances that previously caused inventories to be written down below cost no longer exist, or there was clear evidence of an increase in net realisable value because of changed economic circumstances.

22 Investment properties

Investment properties at fair value

	2015 \$'000	2014 \$'000
<i>Freehold land at fair value:</i>		
Independent valuation - 2015	76,067	-
Independent valuation - 2014	-	89,892
	76,067	89,892

Buildings at fair value:

Independent valuation - 2015	58,936	-
Independent valuation - 2014	-	77,727
	58,936	77,727
Total investment properties	135,003	167,619

Freehold land at fair value:

Carrying amount at the beginning of the period	89,892	100,928
Disposals	(3,536)	(3,080)
Net (loss)/gain on fair value adjustments	(10,289)	(7,956)
Carrying amount at the end of the period	76,067	89,892

Buildings at fair value:

Carrying amount at the beginning of the period	77,727	88,496
Additions	131	174
Disposals	(6,414)	(10,920)
Net loss on fair value adjustments	(12,508)	(23)
Carrying amount at the end of the period	58,936	77,727
Total carrying amount at the end of the period	135,003	167,619

Amounts recognised in the Statement of Comprehensive Income

Property income	13,663	15,517
Direct operating expenses arising from investment properties that generated rental income	(18,986)	(8,083)
Direct operating expenses arising from investment properties that did not generate rental income	(680)	(43)
Total amount recognised in the Statement of Comprehensive Income	(6,003)	7,391

RENEWAL SA STATUTORY REPORT

For the year ended 30 June 2015

22 Investment properties (continued)

An independent valuation of all Renewal SA's investment properties was conducted as at 30 June 2015. Valuations of investment properties were undertaken by the firms of Jones Lang LaSalle and M3 Property Specialists and prepared by qualified Certified Practising Valuers with extensive experience in the local market with equivalent properties. Valuations were carried out in accordance with the relevant provisions of the *Australian Property Institute of Australia and New Zealand's Valuation and Property Standards* and as per *AASB 140 Investment Property*. The valuer arrived at fair value using the direct comparison, discounted cash flows, summation or capitalisation of net income approach. The valuation was based on recent market transactions for similar land and buildings in the area and includes adjustments for factors specific to the land and building being valued such as size, location and current use. In instances where an alternative use for an asset was identified the highest and best use was determined and the asset valued accordingly.

23 Property, plant and equipment

	2015 \$'000	2014 \$'000
<i>Leasehold Improvements</i>		
At cost (deemed fair value)	3,162	3,152
Accumulated amortisation	(1,096)	(759)
Total leasehold improvements (deemed fair value)	2,066	2,393

Carrying amount of leasehold improvements

The carrying value of these items are deemed to approximate fair value. These assets are classified in level 3 as there has been no subsequent adjustments to their value, except for management assumptions about the assets' condition and remaining useful life.

Impairment

There were no indications of impairment of leasehold improvements at 30 June 2015.

Movements in carrying amounts:	2015 \$'000	2014 \$'000
Leasehold improvements:		
Carrying amount at the beginning of the period	2,393	2,729
Additions	10	-
Amortisation	(337)	(336)
Carrying amount at the end of the period	2,066	2,393

<i>Plant and equipment</i>	2015 \$'000	2014 \$'000
At cost (deemed fair value)	1,322	1,319
Accumulated depreciation	(472)	(329)
Total plant and equipment (deemed fair value)	850	990

Carrying amount of plant and equipment

The carrying value of these items are deemed to approximate fair value. These assets are subsequent adjustments to their value, except for management assumptions about the assets' classified in level 3 as there has been no condition and remaining useful life.

Plant and equipment includes \$0.270m (2014: \$0.332m) of fully depreciated assets still in use.

RENEWAL SA STATUTORY REPORT

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23 Property, plant and equipment (continued)

Impairment

There were no indications of impairment of plant and equipment at 30 June 2015.

Movements in carrying amounts:	2015 \$'000	2014 \$'000
Plant and equipment		
Carrying amount at the beginning of the period	990	1,246
Transfer in from work in progress	-	-
Additions	24	39
Disposals	-	(73)
Depreciation	(164)	(222)
Carrying amount at the end of the period	850	990
Total property, plant and equipment	2,916	3,383

24 Work in progress

Movements in carrying amounts:	2015 \$'000	2014 \$'000
Carrying amount at the beginning of the period	-	-
Additions	1,084	-
Carrying amount at the end of the period	1,084	-
Consists of -		
Construction projects in progress	1,084	-
Total work in progress	1,084	-

Renewal SA has Cabinet approval to develop an investment property at Mawson Lakes. These works commenced in the current financial year and will be completed next financial year.

25 Fair value measurement

Fair value hierarchy

The fair value of non-financial assets must be estimated for recognition, measurement and disclosure purposes. Renewal SA categorises non-financial assets measured at fair value into a hierarchy based on the level of inputs used in measurement of fair value.

Fair value measurements recognised in the Statement of Financial Position are categorised into the following levels at 30 June 2015.

Renewal SA had no valuations categorised into level 1.

Fair value measurements at 30 June 2015

	Level 2 \$ '000	Level 3 \$ '000	Total \$ '000
Recurring fair value measurements			
Investment properties (refer to note 22)	135,003	-	135,003
Leasehold improvements (refer to note 23)	-	2,066	2,066
Plant and equipment (refer to note 23)	-	850	850
Total recurring fair value measurements	135,003	2,916	137,919

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25 Fair value measurement (continued)

Fair value measurements at 30 June 2014

	Level 2 \$ '000	Level 3 \$ '000	Total \$ '000
Recurring fair value measurements			
Investment properties (refer to note 22)	167,619	-	167,619
Leasehold improvements (refer to note 23)	-	2,393	2,393
Plant and equipment (refer to note 23)	-	990	990
Total recurring fair value measurements	167,619	3,383	171,002

There were no transfers of assets between level 1 and 2 fair value hierarchy levels during the financial year. Renewal SA's policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the reporting period.

Valuation techniques and inputs

Refer to notes 22 and 23 for valuation techniques and inputs used to derive level 2 and 3 fair values. There were no changes in valuation techniques during the financial year. Although unobservable inputs were used in determining fair value, and are subjective, Renewal SA considers that the overall valuation would not be materially affected by changes to the existing assumptions. The following table is a reconciliation of fair value measurements using significant unobservable inputs (level 3).

Reconciliation of recurring fair value measurements - level 3

	Leasehold improvements \$ '000	Plant and Equipment \$ '000
Opening balance at the beginning of the period	2,393	990
Acquisitions	10	24
Total losses for the period recognised in net result:		
Depreciation	(337)	(164)
Closing balance at the end of the period	2,066	850

26 Payables

	2015 \$ '000	2014 \$ '000
<i>Current:</i>		
Trade creditors	7,777	10,060
Sundry creditors and accrued expenses	6,320	9,665
GST payable	470	-
Parental Leave Scheme	-	1
Employment on costs	1,094	352
	15,661	20,078
<i>Non-current:</i>		
Employment on costs	548	347
	548	347
Total payables	16,209	20,425

RENEWAL SA STATUTORY REPORT

For the year ended 30 June 2015

26 Payables (continued)

As a result of an actuarial assessment performed by the Department of Treasury and Finance, the proportion of long service leave taken as leave has decreased to 37.0% (2014: 40.0%) and the average factor for the calculation of employer superannuation costs on-cost has remained at the 2014 rate of 10.3%. These rates are used in the employment on-cost calculation. The net financial effect of the changes in these rates in the current financial year is immaterial.

Interest rate and credit risk

Creditors and accruals are raised for all amounts billed but unpaid. Sundry creditors are normally settled within 30 days. Employment on-costs are settled when the respective employee benefits that they relate to is discharged. All payables are non-interest bearing. The carrying amount of payables represents fair value due to the amounts being payable on demand.

Categorisation of financial instruments and maturity analysis of payables:

Refer to table in note 38.3

Risk exposure information:

Refer to note 38.1

27 Borrowings

	2015	2014
	\$'000	\$'000
<i>Current:</i>		
Loans - SA Government Financing Authority (a)	12,710	18,789
Loans - SA Government Financing Authority (b)	178,050	271,101
	<u>190,760</u>	<u>289,890</u>
<i>Non-current:</i>		
Loans - SA Government Financing Authority (a)	8,143	21,686
Loans - SA Government Financing Authority (b)	320,251	160,900
	<u>328,394</u>	<u>182,586</u>
Total borrowings	<u>519,154</u>	<u>472,476</u>

(a) Comprises borrowings from the SA Government Financing Authority in respect of funding for industrial and commercial construction projects under the Premises SA Scheme.

(b) Comprises borrowings from the SA Government Financing Authority in respect of other activities of Renewal SA.

Categorisation of financial instruments and maturity analysis of borrowings:

Refer to table in note 38.3

Risk exposure information:

Refer to note 38.1

Defaults and breaches

There were no defaults or breaches on any of the above borrowings during the year.

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28 Tax liabilities

In accordance with Treasurer's Instructions issued under the *Public Finance and Audit Act 1987*, Renewal SA is required to pay to the SA Government an income tax equivalent. The income tax liability is based on the Treasurer's accounting profit method, which requires that the corporate income tax rate (presently 30.0%) be applied to the profit for the reporting period.

Renewal SA made a financial loss for the years ended 30 June 2015 and 2014, therefore no income tax equivalent is payable in either reporting period.

29 Unearned income

	2015 \$'000	2014 \$'000
<i>Current:</i>		
Unearned income	5,925	2,326
	5,925	2,326
<i>Non-current:</i>		
Unearned income	7,236	9,832
	7,236	9,832
Total unearned income	13,161	12,158
	2015 \$'000	2014 \$'000
Movements in carrying amounts:		
Carrying amount at the beginning of the period	12,158	15,144
Received during the year	1,249	1,961
Recognised in the Statement of Comprehensive Income	(246)	(4,947)
Carrying amount at the end of the period	13,161	12,158

Includes rental income of \$9.029 million (2014: \$10.945 million) and revenues from Commonwealth and SA Government of \$4.130 million (2014: \$1.211 million) received in advance.

30 Provisions

	2015 \$'000	2014 \$'000
<i>Current:</i>		
Provision for workers compensation	49	-
	49	-
<i>Non-current:</i>		
Provision for workers compensation	153	-
	153	-
Total provision	202	-

RENEWAL SA STATUTORY REPORT

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30 Provisions (continued)

	2015 \$'000	2014 \$'000
Movements in carrying amounts:		
Carrying amount at the beginning of the period	-	967
Additional provisions recognised	406	-
Reductions in provisions	-	(967)
Reductions arising from payments	(204)	-
Total carrying amount at the end of the period	202	-

A liability has been reported to reflect unsettled workers compensation claims. The workers compensation provision is provided by a consulting actuary engaged through the Office for the Public Sector.

31 Employee benefits

	2015 \$'000	2014 \$'000
<i>Current:</i>		
Accrued wages and salaries	260	78
Annual leave	2,316	1,260
Long service leave	969	345
Skills and experience retention leave	126	35
	3,671	1,718
<i>Non current:</i>		
Long service leave	6,127	3,738
	6,127	3,738
Total employee benefits	9,798	5,456

AASB 119 *Employee Benefits* contains the calculation methodology for long service leave liability. The actuarial assessment performed by the Department of Treasury and Finance has provided a basis for the measurement of long service leave.

AASB 119 requires the use of the yield on long-term Commonwealth Government bonds as the discount rate in the measurement of the long service leave liability. The yield on long-term Commonwealth Government bonds has decreased from 2014 (3.5%) to 2015 (3.0%). This decrease in the bond yield, which is used as the rate to discount future long service leave cash flows, results in an increase in the reported long service leave liability. The net financial effect of the changes in actuarial assumptions in the current financial year is immaterial. The impact on future periods is impracticable to estimate as the long service leave liability is calculated using a number of factors and assumptions - a key assumption is the long-term discount rate.

The actuarial assessment performed by the Department of Treasury and Finance left the salary inflation rate at 4.0% for long service leave liability and revised the salary inflation rate down by 1.0% from 2014 (4.0%) to 2015 (3.0%) for annual leave and skills, experience and retention leave liability. The net financial effect of the changes in the current financial year is immaterial.

RENEWAL SA STATUTORY REPORT

For the year ended 30 June 2015

32 Other liabilities

	2015	2014
	\$'000	\$'000
<i>Current:</i>		
Funds held in trust	293	286
Total other liabilities	293	286

These funds are being held in trust on behalf of the Minister for Housing and Urban Development. The funds are to be disbursed by Renewal SA to the developer of the land formerly occupied by the Cheltenham racecourse upon achievement of key deliverables related to affordable housing and the development of open spaces.

33 Unrecognised contractual commitments - operating leases

Operating lease receivables:

Future minimum rental revenues under non-cancellable operating property leases held at balance date but not provided for in the accounts:

	2015	2014
	\$'000	\$'000
Due within one year	10,006	12,394
Due later than one year but not longer than five years	19,084	35,731
Due later than five years	17,238	9,995
Total operating lease receivables	46,328	58,120

Operating lease payables:

Non-cancellable operating leases contracted for at balance date but not provided for in the accounts, net of GST:

	2015	2014
	\$'000	\$'000
Payable within one year	1,213	1,578
Payable later than one year but not longer than five years	4,858	6,362
Payable later than five years	669	2,650
Total operating lease payables	6,740	10,590

These amounts comprise property leases and leases for motor vehicles. The property leases are non-cancellable and will expire on 31 December 2020, with rent payable monthly in advance. Motor vehicles are leased over varying terms up to three years.

34 Unrecognised contractual commitments - capital expenditure

Capital expenditure commitments arising from general operations:

At reporting date Renewal SA had capital expenditure commitments from general operations as follows:

	2015	2014
	\$'000	\$'000
Payable within one year	13,891	22,436
Payable later than one year but not longer than five years	2,136	11,556
	16,027	33,992

RENEWAL SA STATUTORY REPORT

For the year ended 30 June 2015

34 Unrecognised contractual commitments - capital expenditure (continued)

As at 30 June 2015 commitments relating to Playford Alive were \$4.984 million (2014: \$13.759 million), commitments for Bowden were \$2.125 million (2014: \$2.156 million), commitments for Tonsley were \$3.654 million (2014: \$3.295 million), commitments for Gillman were \$3.346 million (2014: \$13.348 million) and commitments for Woodville West were \$1.821 million (2014: \$0.895 million).

Estimates of additional commitments in respect of the Edinburgh Parks acquisition are detailed below and are not included in the above amounts.

Capital expenditure commitments arising from Edinburgh Parks acquisition:

On 10 May 2004 Cabinet approved the transfer of the management of the land known collectively as Edinburgh Parks to the former Land Management Corporation, from the Department for Manufacturing, Innovation, Trade, Resources and Energy (DMITRE), to be exercised in stages and effective from 1 July 2004. At balance date commitments for the purchase are summarised as follows:

Stage 0 land and buildings:

Based on the contractual agreements, an amount may be payable to DMITRE, representing 25% of the net profit arising from completion of the development and sale of Stage 0. Expenditure commitments are summarised below, subject to the sale of remaining allotments.

	2015 \$'000	2014 \$'000
Payable later than one year but not longer than five years	225	606
Payable later than five years	35	693
	<u>260</u>	<u>1,299</u>

Stages 1 and 3:

Assets included in stages 1 and 3 have been acquired by Renewal SA on a deferred payment basis. Payments are made to the Department of State Development (formerly DMITRE) and the Commonwealth Department of Defence based on the land area sold. Expenditure commitments are summarised below, subject to the sale of remaining allotments.

	2015 \$'000	2014 \$'000
<i>Stages 1 and 3 land:</i>		
Payable later than one year but not longer than five years	675	4,851
Payable later than five years	9,230	6,246
	<u>9,905</u>	<u>11,097</u>

Stage 2 was completed by the former Department of Trade and Economic Development.

Stages 4 to 11:

On 1 June 2005, a further 505.6 hectares was acquired from the Commonwealth. Commitments for the purchase of this land, based on current sales forecasts, are summarised below:

	2015 \$'000	2014 \$'000
<i>Stages 4 to 11 land:</i>		
Payable within one year	93	107
Payable later than one year but not longer than five years	282	926
Payable later than five years	5,925	6,455
	<u>6,300</u>	<u>7,488</u>

RENEWAL SA STATUTORY REPORT

For the year ended 30 June 2015

34 Unrecognised contractual commitments - capital expenditure (continued)

	2015	2014
	\$'000	\$'000
<i>Total capital expenditure commitments:</i>		
Payable within one year	13,984	22,543
Payable later than one year but not longer than five years	3,318	17,939
Payable later than five years	15,190	13,394
	32,492	53,876

35 Contingent liabilities

Dean Rifle Range

In October 2009, Cabinet approved the compulsory acquisition of the interest held by the Corporation of the City of Adelaide (ACC) in the Dean Rifle Range (DRR), being a 50% interest in the DRR, with the remaining 50% equitable interest owned by the former Land Management Corporation (now Renewal SA). The compulsory acquisition of the ACC's 50% equitable interest was completed on 11 February 2010 by the Minister for Environment and Conservation ("the Minister"). In 2011, ACC instituted proceedings against the Minister disputing the compensation payable for the compulsory acquisition of the ACC's interest in the DRR.

The Corporation was nominated as the Minister's agent in relation to the compulsory acquisition of the ACC's 50% equitable interest in the DRR. The Minister transferred the compulsorily acquired 50% equitable interest and as a result Renewal SA became the owner of 100% legal and equitable interest in the DRR.

As at 30 June 2015, the Minister (acting through Renewal SA as the Minister's agent) and ACC were still disputing the compensation amount. As this relates to ongoing court proceedings, no value has been disclosed. Pursuant to the arrangement between Renewal SA and the Minister in respect of Renewal SA becoming the 100% legal and equitable owner of the DRR, Renewal SA will be responsible for any compensation which may be determined to be payable, which exceeds the compensation amount paid by Renewal SA to the Court.

RENEWAL SA STATUTORY REPORT

For the year ended 30 June 2015

36 Cash flow reconciliation

	2015 \$'000	2014 \$'000
Reconciliation of cash and cash equivalents - cash at the end of the reporting period		
Statement of Cash Flows	16,532	16,285
Statement of Financial Position	16,532	16,285
Reconciliation of profit/(loss) after income tax equivalent to net cash provided by/(used in) operating activities:		
Profit/(loss) after income tax equivalent	(122,830)	(39,207)
Add/less non-cash items		
Share of net profits of joint ventures	(2,906)	(3,820)
Net (gain)/loss on disposal of plant and equipment	-	73
Net (gain)/loss on disposal of investment property	950	(1,350)
Depreciation and amortisation	501	558
Inventories write-down	75,226	15,034
Reversal of inventories write-down	(1,301)	-
Investment properties net loss on fair value adjustments	22,797	7,979
Impairment of joint ventures	-	170
Net gain from restructure	-	(4,036)
Movements in assets and liabilities:		
(Increase)/Decrease in mortgage debtor receivables	21,812	7,556
(Increase)/Decrease in other receivables	(13,853)	(1,132)
Increase/(Decrease) in doubtful debts	1,263	1,089
(Increase)/Decrease in prepayments	(238)	(24)
(Increase)/Decrease in inventories	(39,139)	(66,654)
Increase/(Decrease) in payables	(5,173)	6,213
Increase/(Decrease) in unearned income	1,003	(2,986)
Increase/(Decrease) in provisions	202	(967)
Increase/(Decrease) in employee benefits	5,286	546
Increase/(Decrease) in other liabilities	7	(681)
Net cash provided by/(used in) operating activities	<u>(56,393)</u>	<u>(81,639)</u>

37. Cash and cash equivalents

	2015 \$'000	2014 \$'000
Deposits with the Treasurer	14,574	14,295
Short-term deposits with SA Government Financing Authority	168	164
Cash held in Cheltenham trust account	293	286
Cash at bank and on hand	1,497	1,540
Total cash and cash equivalents	<u>16,532</u>	<u>16,285</u>

Deposits with the Treasurer

Includes funds held in Renewal SA's operating account.

Short-term deposits

Short-term deposits are made for varying periods of between one day and three months. These deposits are lodged with the SA Government Financing Authority and earn the respective short-term deposit rates.

RENEWAL SA STATUTORY REPORT

For the year ended 30 June 2015

37. Cash and cash equivalents (continued)

Interest rate risk

Cash at bank and on hand is non-interest bearing. Deposits at call and with the Treasurer, and cash held in the Cheltenham Trust Account, earn a floating interest rate, based on daily bank deposit rates. The carrying amount of cash and cash equivalents represents fair value.

38 Financial instruments disclosure/ financial risk management

38.1 Financial risk management

Renewal SA maintains risk management policies in accordance with the *Risk Management Policy Statement* issued by the Premier and Treasurer and the principles established in the *Australian Standard Risk Management Principles and Guidelines*.

Renewal SA is exposed to financial risk - liquidity risk, credit risk and market risk. There have been no changes in risk exposure since the last reporting period.

38.2 Categorisation of financial instruments

Details of the significant accounting policies and methods adopted including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised with respect to each class of financial asset, financial liability and equity instrument are disclosed in note 2.

Refer to note 38.3 for the carrying amounts of each of the following categories of financial assets and liabilities: loans and receivables; financial liabilities measured at cost; and held-to-maturity investments.

Renewal SA does not recognise any financial assets or financial liabilities at fair value but does disclose fair value in the notes.

All of the resulting fair value estimates are included in level 2 as all significant inputs required are observable. Refer to note 2.18 for information on Renewal SA's fair value measurement hierarchy.

- the carrying value less impairment provisions of receivables and payables is a reasonable approximation of their fair values due to their short-term nature (refer to notes 2, 20 and 26).
- borrowings are recognised at historical cost, plus any transaction costs directly attributable to the borrowings. The fair value of borrowings approximates the carrying amount, as the impact of discounting is not significant (refer to notes 2 and 27).
- held-to-maturity investments are initially recognised at historical cost. The fair value of held to maturity investments approximates the carrying amount, as the impact of discounting is not significant (refer to notes 2 and 19).

RENEWAL SA STATUTORY REPORT

For the year ended 30 June 2015

38.3 Categorisation and maturity analysis of financial assets and liabilities

		Carrying amount \$'000	2015 Contractual maturities			Fair value \$'000
	Note		< 1 year \$'000	1 - 5 years \$'000	> 5 years \$'000	
2015						
Financial assets:						
Cash and cash equivalents	37	16,532	16,532	-	-	16,532
Loans and receivables						
Receivables (a) (b)	20	21,673	18,357	3,316	-	21,673
Mortgage debtors receivables	19	-	-	-	-	-
Allowance for doubtful debts	20	(2,931)	(2,931)	-	-	(2,931)
Total financial assets		35,274	31,958	3,316	-	35,274
Financial liabilities:						
Financial liabilities at cost:						
Payables (a)	26	13,899	13,899	-	-	13,899
Borrowings	27	519,154	190,760	285,142	43,252	495,386
Total financial liabilities		533,053	204,659	285,142	43,252	509,285
Net financial assets/(liabilities)		(497,779)	(172,701)	(281,826)	(43,252)	(474,011)
	Note	Carrying amount \$'000	2014 Contractual maturities			Fair value \$'000
			< 1 year \$'000	1 - 5 years \$'000	> 5 years \$'000	
2014						
Financial assets:						
Cash and cash equivalents	37	16,285	16,285	-	-	16,285
Loans and receivables						
Receivables (a) (b)	20	11,727	8,171	3,556	-	11,727
Mortgage debtors receivables	19	21,810	6,775	15,035	-	20,600
Allowance for doubtful debts	20	(1,668)	(1,668)	-	-	(1,668)
Total financial assets		48,154	29,563	18,591	-	46,944
Financial liabilities:						
Financial liabilities at cost:						
Payables (a)	26	19,523	19,523	-	-	19,523
Borrowings	27	472,476	289,890	176,185	6,401	447,456
Total financial liabilities		491,999	309,413	176,185	6,401	466,979
Net financial assets/(liabilities)		(443,845)	(279,850)	(157,594)	(6,401)	(420,035)

(a) Receivable and payable amounts disclosed here exclude amounts relating to statutory receivables and payables. In government, certain rights to receive or pay cash may not be contractual and therefore in these situations, the requirements will not apply. Where rights or obligations have their source in legislation such as levies, tax equivalents etc. they would be excluded from the disclosure. The standard defines contract as enforceable by law. All amounts recorded are carried at cost (not materially different from amortised cost).

RENEWAL SA STATUTORY REPORT

For the year ended 30 June 2015

38.3 Categorisation and maturity analysis of financial assets and liabilities (continued)

(b) Receivables amount disclosed here excludes prepayments. Prepayments are presented in note 20 as receivables in accordance with paragraph 78(b) of *AASB 101 Presentation of Financial Statements*. However, prepayments are not financial assets as defined in *AASB 132 Financial Instruments: Presentation* as the future economic benefits of these assets is the receipt of goods and services rather than the right to receive cash or another financial asset.

38.4 Liquidity risk

Liquidity risk arises from the possibility that Renewal SA is unable to meet its financial obligations as they fall due. The continued existence of Renewal SA is dependent on SA Government policy. Renewal SA has policies in place to provide a framework for managing liquidity risk. Renewal SA settles undisputed accounts within 30 days from the date the invoice is first received. In the event of a dispute, payment is made 30 days from resolution.

The carrying amount recorded in the table of note 38.3 represents Renewal SA's maximum exposure. The table discloses the carrying amount of each category of financial instrument held by the authority including the contractual maturity analysis for financial assets and liabilities (i.e. liquidity risk). Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates.

38.5 Credit risk

Credit risk arises when there is the possibility of Renewal SA's debtors defaulting on their contractual obligations resulting in financial loss to Renewal SA. Renewal SA measures credit risk on a fair value basis and monitors risk on a regular basis.

The carrying amount of financial assets as detailed in Table 38.3 represents Renewal SA's maximum exposure to credit risk.

Renewal SA has minimal concentration of credit risk. Renewal SA has policies and procedures in place to ensure that transactions occur with customers with appropriate credit history. Renewal SA does not engage in high risk hedging for its financial assets. No collateral is held as security and no credit enhancements relate to financial assets held by Renewal SA.

Allowances for impairment of financial assets are calculated on past experience and current and expected changes in client credit rating. Other than receivables, there is no evidence to indicate that financial assets are impaired. Refer to note 20 for information on the allowance for impairment in relation to receivables.

RENEWAL SA STATUTORY REPORT

For the year ended 30 June 2015

38.6 Ageing analysis of receivables

The following table discloses the ageing of financial assets, past due, including impaired assets past due:

	Overdue < 30 days \$'000	Overdue 30 - 60 days \$'000	Overdue > 60 days \$'000	Carrying amount \$'000
2015				
Not impaired:				
Receivables	469	176	478	1,123
Impaired:				
Receivables	111	115	2,255	2,481
Receivables at 30 June 2015	580	291	2,733	3,604
2014				
Not impaired:				
Receivables	583	100	164	847
Impaired:				
Receivables	78	120	1,397	1,595
Receivables at 30 June 2014	661	220	1,561	2,442

38.7 Market risk

Market risk for Renewal SA is primarily through exposure to interest rate risk arising through its borrowings. Renewal SA's borrowings are managed through the SA Government Financing Authority and any movement in interest rates are monitored regularly. There is no exposure to foreign currency risks.

38.8 Sensitivity analysis

A sensitivity analysis has not been undertaken for the interest rate risk of Renewal SA as it has been determined that the possible impact on profit and loss or total equity from fluctuations in interest rates is immaterial.

39 Administrative restructures

2015

Transfer of employees from the Department for Communities and Social Inclusion

Under the *Public Sector (Reorganisation of Public Sector Operations) Notice 2015*, from 5 February 2015 the Department for Communities and Social Inclusion transferred specified employees only to Renewal SA. Assets and liabilities relating to these employees were transferred into Renewal SA as at 31 January 2015.

RENEWAL SA STATUTORY REPORT

For the year ended 30 June 2015

39 Administrative restructures (continued)

Revenue and expenses for the transferred employees for 2014-15:

	DCSI Jul - Jan 2015 \$'000	URA Feb - Jun 2015 \$'000	Total 2015 \$'000
INCOME			
Other revenues - Consulting revenue	6,151	4,692	10,843
Total income	6,151	4,692	10,843
EXPENSES			
Employee benefits expenses	6,151	4,692	10,843
Total expenses	6,151	4,692	10,843
Profit/(loss) before income tax equivalent	-	-	-
Assets and liabilities transferred in as at 31 January 2015:			2015 \$'000
CURRENT ASSETS			
Receivables			1,036
Total current assets			1,036
NON-CURRENT ASSETS			
Receivables			3,126
Total non-current assets			3,126
Total assets			4,162
CURRENT LIABILITIES			
Payables			143
Employee benefits			893
Total current liabilities			1,036
NON-CURRENT LIABILITIES			
Payables			283
Employee benefits			2,843
Total non-current liabilities			3,126
Total liabilities			4,162
Net assets transferred			-

RENEWAL SA STATUTORY REPORT

For the year ended 30 June 2015

39 Administrative restructures (continued)

2014

Transfer of assets from the South Australian Housing Trust

Pursuant to the provisions of Section 23 of the *South Australian Housing Trust Act 1995*, the Minister for Social Housing, with the concurrence of the Treasurer, gazetted on 26 September 2013 the transfer of assets from the South Australian Housing Trust to Renewal SA effective on 15 August 2013.

Renewal SA recognised the following income upon the transfer of these assets from the South Australian Housing Trust:

	2014
	\$'000
INCOME	
Net gain from administrative restructure	4,036
Total income	<u>4,036</u>
Profit/(loss) before income tax equivalent	<u><u>4,036</u></u>

Renewal SA recognised the assets transferred from the South Australian Housing Trust in the Statement of Financial Position as follows:

	2014
	\$'000
NON-CURRENT ASSETS	
Inventories	4,036
Total non-current assets	<u>4,036</u>
Total assets	<u><u>4,036</u></u>
Net assets transferred	<u><u>4,036</u></u>

RENEWAL SA STATUTORY REPORT

For the year ended 30 June 2015

40 Transactions with SA Government

Note	SA Government		Non-SA Government		Total	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
INCOME						
4 Revenue from sales	9,070	1,556	39,211	62,297	48,281	63,853
4 Less: cost of sales	9,681	971	24,045	32,585	33,726	33,556
Gross profit	(611)	585	15,166	29,712	14,555	30,297
5 Share of net profit in joint ventures	-	-	2,906	3,820	2,906	3,820
6 Revenues from Commonwealth and SA Government	6,333	9,729	4,772	1,560	11,105	11,289
7 Interest revenues	457	409	512	1,690	969	2,099
8 Property income	8,543	7,639	17,650	18,191	26,193	25,830
9 Other revenues	9,170	4,587	1,723	3,181	10,893	7,768
10 Net gain from disposal of non-current assets	-	-	-	1,277	-	1,277
39 Net gain from administrative restructures	-	4,036	-	-	-	4,036
TOTAL INCOME	23,892	26,985	42,729	59,431	66,621	86,416
EXPENSES						
11 Employee benefits expenses	1,218	1,257	24,104	19,402	25,322	20,659
14 Operating expenditure	25,950	35,006	25,068	32,532	51,018	67,538
15 Borrowing costs	14,938	13,683	-	2	14,938	13,685
23 Depreciation and amortisation	-	-	501	558	501	558
5,21, Net loss from changes in value of non-current assets	-	-	96,722	23,183	96,722	23,183
10 Net loss from disposal of non-current assets	-	-	950	-	950	-
TOTAL EXPENSES	42,106	49,946	147,345	75,677	189,451	125,623
FINANCIAL ASSETS						
20 Receivables	17,398	4,670	9,135	7,770	26,533	12,440
19 Mortgage debtor receivables	-	-	-	21,810	-	21,810
20 Provision for doubtful debts	-	-	(2,931)	(1,668)	(2,931)	(1,668)
TOTAL FINANCIAL ASSETS	17,398	4,670	6,204	27,912	23,602	32,582
FINANCIAL LIABILITIES						
26 Payables	7,358	12,793	8,851	7,632	16,209	20,425
27 Borrowings	519,154	472,476	-	-	519,154	472,476
TOTAL FINANCIAL LIABILITIES	526,512	485,269	8,851	7,632	535,363	492,901

RENEWAL SA STATUTORY REPORT

For the year ended 30 June 2015

Certification of the Financial Statements

We certify that the:

- Attached general purpose financial statements for the Urban Renewal Authority (trading as Renewal SA):
 - are in accordance with the accounts and records of the Urban Renewal Authority; and
 - comply with relevant Treasurer's Instructions; and
 - comply with relevant Australian Accounting Standards; and
 - present a true and fair view of the financial position of the Urban Renewal Authority as at 30 June 2015 and the results of its operations and cash flows for the financial year.
- Internal controls employed by the Urban Renewal Authority for the financial year over its financial reporting and its preparation of the general purpose financial statements have been effective throughout the financial year and there are reasonable grounds to believe the Urban Renewal Authority will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Board members.



J F HANLON
CHIEF EXECUTIVE

17 September 2015



HON B J PIKE
PRESIDING MEMBER

14 September 2015



M J BUCHAN
GENERAL MANAGER
COMMERCIAL AND
CORPORATE SERVICES

17 September 2015



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**To the Presiding Member
Urban Renewal Authority**

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987* and section 27(4) of the *Urban Renewal Act 1995*, I have audited the accompanying financial report of the Urban Renewal Authority for the financial year ended 30 June 2015. The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2015
- a Statement of Financial Position as at 30 June 2015
- a Statement of Changes in Equity for the year ended 30 June 2015
- a Statement of Cash Flows for the year ended 30 June 2015
- notes, comprising a summary of significant accounting policies and other explanatory information
- a Certificate from the Presiding Member, the Chief Executive and the General Manager Commercial and Corporate Services.

The Board's Responsibility for the Financial Report

The members of the Board are responsible for the preparation of the financial report that gives a true and fair view in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards, and for such internal control as the members of the Board determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on the audit. The audit was conducted in accordance with the requirements of the *Public Finance and Audit Act 1987* and Australian Auditing Standards. The auditing standards require that the auditor comply with relevant ethical requirements and that the auditor plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

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

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

Opinion

In my opinion, the financial report gives a true and fair view of the financial position of the Urban Renewal Authority as at 30 June 2015, its financial performance and its cash flows for the year then ended in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.



Andrew Richardson
Auditor-General
21 September 2015

PART 3 – APPENDIX

Project Summary

Table 14: Renewal SA's Flagship Projects

Project	Size	Allotments	Timeframes	Investment	Key Related Initiatives	Other features
Bowden	16.4h	On completion: <ul style="list-style-type: none"> 2400 dwellings 3500 people living 	2008-2026	\$264.7m public total	<ul style="list-style-type: none"> 57 Accredited Training places 45 Work Experience (13 from Renewal SA Contracts) 35 Paid Employment Funding Secured with Partners: \$63 194 	On completion: <ul style="list-style-type: none"> 12 000m² retail space 15 000-20 000m² commercial space
Playford Alive	500h	40 000 people living	2008-2023	\$315m public total	<ul style="list-style-type: none"> 236 Accredited Training places 280 Work Experience (51 from Renewal SA contracts) 66 Paid Employment (22 from Renewal SA contracts) Funding Secured with Partners: \$1 230 800 	2 wetlands 3 new schools
Port Adelaide Renewal	40h	On completion: <ul style="list-style-type: none"> 2000 new dwellings 4000-8000 additional people 1500-2000 permanent jobs 350 construction jobs pa 	2012-2025	\$1b total	<ul style="list-style-type: none"> 57 Accredited Training places 49 Work Experience (1 from Renewal SA contracts) 15 Paid Employment Funding Secured with Partners: \$466 519 	Harts Mill precinct redevelopment
Tonsley	61h	On completion: <ul style="list-style-type: none"> 1200 people living 6300FTE workers 8500 students pa 	2012-2022	\$253m public total \$1b private total	<ul style="list-style-type: none"> 70 Accredited Training places 44 Work Experience (2 from Renewal SA contracts) 27 Paid Employment Funding Secured with Partners: \$262 110 	
Woodville West	13h	425 dwellings on completion	2010-2022	\$131.7m public total	<ul style="list-style-type: none"> 46 Accredited Training places 34 Work Experience (4 from Renewal SA contracts) 36 Paid Employment (2 from Renewal SA contracts) Funding Secured with Partners: \$35 568 	Urban regeneration of 180 aged SAHT stock.

Table 15: Recent Activity in some of Renewal SA's other projects

Project	Size	Allotments	Timeframes	Investment	Other features
Greater Riverbank Precinct	380h		2013-2033	\$4.7b public and private since 2010	16 participants for Riverbank Works Project – Living Training Site Program.
Lightsview	100h	2700 dwellings 5000 people living	2006-2020	\$170m public total \$580m private total	4.2h retirement village 110 place aged care facility 2011, Lightsview won the UDIA National Award for Affordable Housing. 2014, Winner of UDIA's Best Master Planned Development in Australia and the highly coveted President's Award for excellence.
Edinburgh Parks Industrial Estate	600h	130 (total)	2004-2035	\$96.4m total	
Seaford Industry Park	30h	92 (total)	2004-2018	\$8m total	
East Grand Trunkway	25h	9 (Stage 1)	2014-2015	\$15m for Stage 1	
Lipson	407h	Yet to be subdivided	2014-2025	\$2b private total	
Port Direct	27h	13 (Stage 1)	2010-2025	\$20m for stage 1	