



Urban Renewal Authority (trading as Renewal SA)

2016-17 Annual Report

Level 9, Riverside Centre
North Terrace, Adelaide SA 5000

www.renewalsa.sa.gov.au

Contact phone number (08) 8207 1300

Contact email reception.renewalsa@sa.gov.au

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Date presented to Minister 29 September 2017

To: The Hon Stephen Mullighan MP
Minister for Transport and Infrastructure
Minister for Housing and Urban Development
Member of the Executive Council

This annual report is presented to Parliament to meet the statutory reporting requirements of the *Urban Renewal Act 1995*.

This report is verified to be accurate for the purposes of annual reporting to the Parliament of South Australia.

Submitted on behalf of the Urban Renewal Authority (trading as Renewal SA) by:

John Hanlon
Chief Executive of Renewal SA

Signature:



Date: 11 October 2017

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Section A: Reporting required under the Public Sector Act 2009, the Public Sector Regulations 2010 and the Public Finance and Audit Act 1987

Agency purpose or role

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

Renewal SA is creating jobs and opportunities for people to live within ten kilometres of the city with the aim of having more people living, working, visiting and investing in South Australia.

Accelerated urban renewal is achieved through ongoing partnerships with the private sector and not-for-profit housing sector, and an unwavering commitment to conversations and engagement with federal and state agencies, local communities, councils and, most importantly, individuals.

Objectives

- Focusing on marquee sites and creating premium places and iconic destinations
- Redeveloping the Adelaide Riverbank, which is at the heart of the Government of South Australia'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.

Key strategies and their relationship to SA Government objectives

Key strategy	SA Government objective
Facilitating the delivery of infrastructure agreements for growth areas and delivering projects that provide commercial and industrial opportunities to support jobs and industry growth.	Supports the Government's Strategic Priority No 1: Creating a Vibrant City and Strategic Priority No 4: Growing advanced manufacturing. Supports the South Australian Strategic Plan by contributing to Target 56 – Strategic infrastructure. Supports the Government's Economic Priority 7: Growth through innovation Guided by The 30-Year Plan for Greater Adelaide
Enable unique development opportunities for the private sector through access to government land holdings.	Supports the Government's Strategic Priority No 1: Creating a Vibrant City. Supports the Government's Strategic Priority No 1: Creating a Vibrant City and Strategic Priority No 4: Growing advanced manufacturing. Supports the Government's Economic Priority 10: Opening doors for small business. Guided by The 30-Year Plan for Greater Adelaide
Conduct detailed precinct planning through consultation with government agencies, local	Supports the Government's Strategic Priority No 1: Creating a Vibrant City, Strategic Priority No 2: An affordable place to live, and Strategic Priority

communities, councils and other stakeholders.	<p>No 5: Safe communities, healthy neighbourhoods.</p> <p>Supports the South Australian Strategic Plan by contributing to Target 56 – Strategic infrastructure, Target 60 – Energy efficiency, dwellings, Target 63 – Use of public transport and Target 75 – Sustainable water use.</p> <p>Supports the Government's Economic Priority 6: Best place to do business.</p> <p>Guided by The 30-Year Plan for Greater Adelaide</p>
Identifying and assembling development sites and engaging early and often with local communities, local government, other government agencies and the private sector to facilitate quality, well designed, affordable and sustainable developments.	<p>Supports the Government's Strategic Priority No 1: Creating a Vibrant City, Strategic Priority No 2: An affordable place to live, and Strategic Priority No 5: Safe communities, healthy neighbourhoods.</p> <p>Supports the South Australian Strategic Plan by contributing to Target 7 – Affordable housing, Target 8 – Housing stress, Target 56 – Strategic infrastructure, Target 60 – Energy efficiency, dwellings and Target 75 – Sustainable water use.</p> <p>Supports the Government's Economic Priority 3: A destination of choice and Economic Priority 9: Vibrant Adelaide.</p> <p>Guided by The 30-Year Plan for Greater Adelaide</p>

Agency programs and initiatives and their effectiveness and efficiency

Program name	Indicators of performance/effectiveness/efficiency	Comments
Vibrant City Program <ul style="list-style-type: none"> • Small Venue Licence Case Management Service • City Makers Program • Hub Adelaide Spark Entrepreneurs initiative • Market to Riverbank link project 	<p>Assisted 45 new small to medium businesses starting up in the city through Hub Adelaide, City Makers Case Management and Renew Adelaide</p> <p>23 City Makers applications funded to a total value of \$123,000</p> <p>10 entrepreneurs were supported through the Spark Program</p>	<p>Established in 2012, the program aims to create a city where people want to live, work, invest and spend time. The program is achieving this by improving and maximising opportunities for communities, businesses, entrepreneurs, investors, creative artists and the public.</p>
Placemaking and activation	<p>15,000 visitors to Wonderwalls 2017 over the three-day street art festival in April 2017</p> <p>7,000 people attended the St Jerome's Laneways Festival at Hart's Mill, Port Adelaide on February 3rd, 2017</p> <p>5,000 attendees at the Bowden Town Square park opening</p>	<p>A people-centred approach to developing public and non-public spaces, placemaking and activation discovers the needs and aspirations of those who live, work and play in a particular place, and creates a common</p>

	<p>6,000 attendees at Playford Alive Fun Day in November 2016.</p> <p>46,895 attendees at the Riverbank Palais and Parc Palais</p>	<p>vision for it. Renewal SA builds on a community's assets, their inspiration and participation, creating and shaping good spaces that promote people's health, happiness and wellbeing.</p>
Works Program	<p>199 paid employment outcomes</p> <p>420 training places in programs</p> <p>506 work experience placements</p> <p>18 Renewal SA Contract paid employment placements</p> <p>\$3 million in funding secured with partners</p> <p>86 Renewal SA Contracts work experience placements.</p>	<p>Established in 2008, the Works Program extends the benefits of Renewal SA's urban renewal activities by creating opportunities for local people, including training and work experience across varied industries including building and construction, horticulture, retail, childcare and health.</p>
Affordable Housing Program	<p>Managed the State Government 15% Affordable Housing Policy Government policy across 17 new, significant developments – with 357 new affordable housing dwellings due for future delivery.</p> <p>Under the 15% Policy, oversaw the delivery of 130 new affordable housing to market, valued at \$32.9 million.</p> <p>Listed 473 dwellings through the Affordable Homes Program, which targets home ownership opportunities to eligible buyers. These dwellings are both sale of new builds under 15% policy and excess SAHT stock.</p> <p>Undertook a review of Affordable Housing in South Australia, providing support for the 15% Policy and direction to improve affordable housing policy and delivery.</p>	<p>The 15 per cent affordable housing requirement for land only, newly constructed properties and house-and-land packages; as well as the sale of former SAHT properties; is increasing the supply of new housing, and is making opportunities available exclusively to eligible buyers</p>

Organisation of the agency

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

- **Urban Renewal Authority Board of Management:** Responsible for continual improvements in performance and protecting both the long term viability of, and the government's financial and other interests in, the Urban Renewal Authority (trading as Renewal SA).
- **Riverbank Authority Board of Management:** Appointed to oversee the coordination of events, development and promotion of Adelaide's Riverbank precinct.

- **South Australian Housing Trust (SAHT) Board:** Created to help deliver more affordable homes and public housing for South Australians who are locked out of the housing market.

Appointed by the Governor, the Urban Renewal Authority 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 government's financial and other interest in Renewal SA.

[Renewal SA organisational Chart](#)

Other agencies related to this agency (within the Minister's area/s of responsibility)

The SAHT is established under the South Australian Housing Trust Act 1995 (the SAHT Act) and is managed by the SAHT Board of Management. Under Section 17 of the SAHT Act, the SAHT has established a Service Level Administrative Arrangement (SLAA) with Renewal SA under which Renewal SA provides, on behalf of the SAHT, services for:

- financial services;
- all asset and maintenance strategy;
- the development and delivery of projects that will renew the SAHT's housing stock; and
- management of not-for-profit community housing growth strategies and stock transfers.

The Department for Communities and Social Inclusion (DCSI); under the SLAA; continues to deliver social housing services to tenants and customers, including property maintenance services as funded by the SAHT, through Housing SA. Housing SA also provides other key housing related programs and responsibilities, such as the Private Rental Assistance Program.

The Riverbank Authority is supported by Renewal SA, as the lead agency appointed by the Government as responsible for providing operational and administrative services. To formalise this partnership, a SLAA aligns the Riverbank Authority's policy framework to that of Renewal SA, to ensure operational efficiency and consistency. The Board has adopted all Renewal SA policies except where specific activities are undertaken by the Riverbank Authority which warrant Riverbank Authority specific policies. Renewal SA continues to assist in this process.

Employment opportunity programs

Program name	Result of the program
Renewal SA Graduate program	Renewal SA supports and regularly provides work experience placements for school and university students. In 2016-17, the agency placed 8 graduates.
Disability Access and Inclusion Plan	Support for employees with a disability is ongoing, in line with Renewal SA's Disability Access and Inclusion Plan. Where applicable, staff are encouraged to access special leave to manage any disability.

Agency performance management and development systems

Performance management and development system	Assessment of effectiveness and efficiency
Inspiring Future Awards - Recognising our people's commitment to achieving a positive and high performing, values-based workplace	<p>In December 2016 awards, individual and team winners were rewarded with professional development opportunities for demonstrating excellence and alignment to agency values:</p> <ul style="list-style-type: none"> • Our People Award (Individual) – Jun Yin, Project Delivery • Our Business Award (Team) – Asset Management Team, Property Management • Our Business Award (Individual) – Colleen McDonnell, Project Delivery • Our Culture Award (Team) – Tenant Relationship and Transition Unit, Strategy and Innovation
Learning and Development Calendar	<p>Aligned to Renewal SA's 5-year workforce strategy. All staff have access to development opportunities that build capability now and for the future.</p> <p>A calendar of health and wellbeing initiatives have been developed, which align with Nationally celebrated awareness days and address areas of health risk for our organisation.</p>
Partnering for Performance Program (PPP)	<p>Renewal SA's PPP reinforces the importance of values and behaviours while reinforcing the agency's strategic plan. The program provides staff with the opportunity to discuss a development plan to assist with any career aspirations across the government. Renewal SA is working towards all staff undertaking a PPP on a yearly basis. As at 30 June 2017, 100% of staff had a performance conversation.</p>

Occupational health, safety and rehabilitation programs of the agency and their effectiveness

Occupational health, safety and rehabilitation programs	Effectiveness
Work Health Safety (WHS) Committee	<p>Renewal SA follows a risk management approach to its safety program, with extensive consultation through employee and management representation on our WHS committee. Renewal SA's return to work program is characterised by a focus on quality medical care for affected workers with a focus on a speedy return to pre-injury work. Where joint duty of care exists between Renewal SA and other Persons Conducting a Business or Undertaking, extensive consulting and joint management forums are in place to manage safety proactively. Potential safety impacts of our projects and activation programs on members of the public are also closely monitored.</p>
Health and wellbeing program	<p>In preparation for Renewal SA's White Ribbon accreditation, our health and wellbeing program had a substantive focus on equality and the prevention of gender based violence, both within and outside of the workplace.</p> <p>Continuous offering of an Employee Assistance and Wellness Program that celebrates selected national and international days aligned with the organisation's core value, including International Woman's Day, Harmony day, International Day for Safety at Work and International Day for the Elimination of Violence against Women.</p>

	Preventative care program focussed on health screening and an influenza vaccinations program, to allow staff the option of accessing medical screening at work.
White Ribbon Workplace Accreditation (WRWA)	Renewal SA achieved White Ribbon Workplace Accreditation in March 2017. Building on existing workplace policies on domestic violence, all People and Culture policies and procedures, communications and training are regularly reinforced to ensure ongoing sustainable behavioural change. Implementation of Renewal SA's White Ribbon operational plan, includes encouraging staff involvement in the White Ribbon Campaign and organising events, is overseen by the Renewal SA White Ribbon Working Group.

Fraud detected in the agency

There were no instances of alleged fraud identified during the 2016-17 financial year.

Strategies implemented to control and prevent fraud
Renewal SA has a Fraud and Corruption: Prevention, Detection and Response Policy applying to both staff and suppliers, and undertakes fraud awareness training in order to prevent fraudulent behaviour.

Data for the past five years is available at: <https://data.sa.gov.au/data/dataset/f3ab015c-866c-450b-a74c-e52b2e8a7222>

Whistle-blowers' disclosure

There were no occasions on which public interest information has been disclosed to a responsible officer of the agency under the *Whistle-blowers' Protection Act 1993*.

Data for the past five years is available at: <https://data.sa.gov.au/data/dataset/245d5172-5781-460b-ad5a-243909eb44ad>

Executive employment in the agency

Executive classification	Number of executives
Executive	5

Data for the past five years is available at: <https://data.sa.gov.au/data/dataset/c70f9a49-e33c-4ede-a298-34ee4d306698>

For further information, the [Office for the Public Sector](#) has a [data dashboard](#) for further information on the breakdown of executive gender, salary and tenure by agency.

Consultants

The following is a summary of external consultants that have been engaged by the agency, the nature of work undertaken and the total cost of the work undertaken.

Consultants	Purpose	Value (ex GST)
All consultancies below \$10,000 each	8 external consultants were engaged by Renewal SA in 2016-17 at a cost below \$10,000 each.	\$17,452.00
Consultancies above \$10,000 each		
Artis Group Pty Ltd	PMO-In-A-Box - Plan, Design & Proof of Concept Consultancy	\$12,625.00
Bestec Pty Ltd	North Terrace Tree Lighting - Electrical Design Consultancy	\$13,000.00
David McArdle Consulting	ORAH Evaluation Group Consulting Fee	\$14,454.55
Energy Simplified	The Provision of Advisory Services - Review of Tonsley Electrical Reserved Capacity Options	\$15,200.00
GTA Consultants (SA) Pty Ltd	Tonsley Traffic Consultancy Services	\$19,300.00
Inside Infrastructure Pty Ltd	Northern Adelaide Recycled Water EOI	\$20,000.00
KPMG	Economic Value of Renewal SA Report	\$77,397.00
KPMG	Drafting of a Business Continuity Framework	\$19,760.00
Rider Levett Bucknall SA Pty Ltd	ORAH - Site Demolition - Cost Management Services	\$16,360.00
Tonkin Consulting	Soil Bank - Development Application - Stormwater Advice	\$14,055.00
URPS	ORAH - DPA Drafting	\$30,233.20
WSP Buildings Pty Ltd	Old Royal Adelaide Hospital (ORAH) Site Demolition and Remediation Planning and Design - Consultancy Services	\$173,960.00
Total all consultancies		\$443,796.75



Level 9
State Administration Centre
200 Victoria Square
Adelaide SA 5000
DX 56208
Victoria Square
Tel +618 8226 9640
Fax +618 8226 9688
ABN 53 327 061 410
audgensa@audit.sa.gov.au
www.audit.sa.gov.au

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(1)(4) of the *Urban Renewal Act 1995*, I have audited the financial report of the Urban Renewal Authority for the financial year ended 30 June 2017.

Opinion

In my opinion, the accompanying financial report gives a true and fair view of the financial position of the Urban Renewal Authority as at 30 June 2017, 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.

The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2017
- a Statement of Financial Position as at 30 June 2017
- a Statement of Changes in Equity for the year ended 30 June 2017
- a Statement of Cash Flows for the year ended 30 June 2017
- notes, comprising significant accounting policies and other explanatory information
- a Certificate from the Presiding Member, the Chief Executive and the General Manager Corporate Services.

Basis for opinion

I conducted the audit in accordance with the *Public Finance and Audit Act 1987* and Australian Auditing Standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of my report. I am independent of the Urban Renewal Authority. The *Public Finance and Audit Act 1987* establishes the independence of the Auditor-General. In conducting the audit, the relevant ethical requirements of APES 110 Code of Ethics for Professional Accountants have been met.

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

Responsibilities of the Chief Executive and the Members of the Board for the financial report

The Chief Executive is 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 the Australian Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Chief Executive is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the entity is to be liquidated or to cease operations, or has no realistic alternative but to do so.

The members of the Board are responsible for overseeing the entity's financial reporting process.

Auditor's responsibilities for the audit of the financial report

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

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

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Chief Executive

- conclude on the appropriateness of the entity's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

My report refers only to the financial report described above and does not provide assurance over the integrity of electronic publication by the entity on any website nor does it provide an opinion on other information which may have been hyperlinked to/from the report.

I communicate with the Chief Executive and members of the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during the audit.



Andrew Richardson

Auditor-General

20 September 2017



RenewalSA



Government of
South Australia

PEOPLE
PARTNERSHIPS
PROCESSES

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

STATEMENT OF COMPREHENSIVE INCOME

For the Year Ended 30 June 2017

	Note No.	2017 \$'000	2016 \$'000
Income			
Revenue from sales	3	70 481	57 611
Less: cost of sales	3	36 935	28 869
Gross profit from sales		33 546	28 742
Share of net profit/(loss) in joint ventures	4	3 002	3 198
Revenues from Commonwealth and SA Government	5	6 750	9 403
Interest revenues	6	1 465	935
Property income	7	42 513	25 912
Other revenues	8	17 721	17 964
Net gain from disposal of non-current assets	9	1 319	-
Total Other Income		72 770	57 412
Net gain from transferred functions	37	548	637
Total Income		106 864	86 791
Expenses			
Employee benefits expenses	10	31 252	31 571
Operating expenditure	13	45 320	48 645
Borrowing costs	14	28 002	16 413
Depreciation and amortisation	21	473	491
Net loss from changes in value of non-current assets	4,19,20	20 744	142 790
Net loss from disposal of non-current assets	9	-	33
Total Expenses		125 791	239 943
Profit/Loss Before Income Tax Equivalent		(18 927)	(153 152)
Income Tax Equivalent		-	-
Profit/Loss After Income Tax Equivalent		(18 927)	(153 152)
Total Comprehensive Result		(18 927)	(153 152)

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.

STATEMENT OF FINANCIAL POSITION

As at 30 June 2017

	Note No.	2017 \$'000	2016 \$'000
Current Assets			
Cash and cash equivalents	35	11 144	117 307
Receivables	18	13 145	14 487
Inventories	19	66 504	72 264
Work in progress	22	-	94
Investment in joint ventures	4	2 492	3 410
Total Current Assets		93 285	207 562
Non-Current Assets			
Receivables	18	6 504	6 607
Inventories	19	247 654	233 961
Investment properties	20	719 505	146 580
Property, plant and equipment	21	2 061	2 416
Investment in joint ventures	4	168	349
Total Non-Current Assets		975 892	389 913
Total Assets		1 069 177	597 475
Current Liabilities			
Payables	24	20 760	15 517
Unearned income	27	6 149	3 121
Borrowings	25	161 280	115 894
Provisions	28	125	20 657
Employee benefits	29	4 516	4 426
Other liabilities	30	302	480
Total Current Liabilities		193 132	160 095
Non-Current Liabilities			
Payables	24	545	554
Unearned income	27	4 846	5 877
Borrowings	25	749 621	402 750
Provisions	28	235	251
Employee benefits	29	5 917	5 999
Total Non-Current Liabilities		761 164	415 431
Total Liabilities		954 296	575 526
Net Assets		114 881	21 949
Equity			
Contributed Capital		356 857	242 939
Retained Earnings		(241 976)	(220 990)
Total Equity		114 881	21 949
The total equity is attributable to the SA Government as owner			
Unrecognised contractual commitments - operating leases	31		
Unrecognised contractual commitments - capital expenditure	32		
Contingent liabilities	33		

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

STATEMENT OF CHANGES IN EQUITY

For the Year Ended 30 June 2017

	Note Ref	Contributed Capital '\$000	Retained Earnings '\$000	Total '\$000
Balance at 30 June 2015		107 939	(60 639)	47 300
Loss after income tax equivalent for 2015-16		-	(153 152)	(153 152)
Total comprehensive result for 2015-16		-	(153 152)	(153 152)
Transactions with the SA Government in their capacity as owners:				
Equity Contribution		135 000	-	135 000
Dividends Paid	17	-	(7 199)	(7 199)
Balance as at 30 June 2016		242 939	(220 990)	21 949
Loss after income tax equivalent for 2016-17		-	(18 927)	(18 927)
Total comprehensive result for 2016-17		-	(18 927)	(18 927)
Transactions with the SA Government in their capacity as owners:				
Equity Contribution*		113 918	-	113 918
Dividends paid	17	-	(2 059)	(2 059)
Balance as at 30 June 2017		356 857	(241 976)	114 881

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

*Renewal SA received an equity contribution from the SA Government of \$113.9 million during 2016-17 and \$135.0 million during 2015-16 which were used to fund the acquisition of a portfolio of TAFE properties from the Department of State Development during 2016-17.

STATEMENT OF CASH FLOWS

For the Year Ended 30 June 2017

	Note No.	2017 \$'000	2016 \$'000
Cash flows from Operating Activities			
Cash Inflows			
Receipts from sales		79 277	63 244
Receipts from SA Government		14 414	30 614
Interest received		1 508	382
Receipts from mortgage debtors (principal and interest)		-	538
Receipts from tenants (rent and recoveries)		50 601	20 872
Recoveries and sundry receipts		17 614	26 849
Funds held in trust		4	5
Receipts for paid parental leave scheme		53	83
GST recovered from the ATO		55 636	535
Cash generated from operations		219 107	143 122
Cash Outflows			
Payments for land purchase and development		(76 092)	(48 070)
Payments to SA Government		(1 272)	-
Land tax paid		(19 548)	(20 648)
Interest paid		(28 004)	(22 834)
Payments to suppliers		(29 600)	(34 662)
Payments for employee benefits payments		(33 149)	(33 912)
Payments for paid parental leave scheme		(54)	(75)
Cash used in operations		(187 719)	(160 201)
Net Cash provided by/(used in) Operating Activities	34	31 388	(17 079)
Cash flows from Investing Activities			
Cash Inflows			
Distributions of profit by joint ventures		4 101	6 024
Proceeds from the sale of investment properties		33 010	-
Cash generated from investing activities		37 111	6 024
Cash Outflows			
Purchase of property, plant and equipment and investment property		(678 778)	(35)
Payments for Work in Progress		-	(15 418)
Cash used in investing activities		(678 778)	(15 453)
Net Cash provided by/(used in) Investing Activities		(641 667)	(9 429)
Cash flows from Financing Activities			
Cash Inflows			
Capital contributions received from the SA Government		113 918	135 000
Proceeds from borrowings		516 694	17 000
Cash generated from financing activities		630 612	152 000
Cash Outflows			
Repayment of borrowings		(124 437)	(17 518)
Dividends paid to SA Government		(2 059)	(7 199)
Cash used in financing activities		(126 496)	(24 717)
Net Cash provided by/(used in) Financing Activities		504 116	127 283
Net Increase/(Decrease) in Cash Held		(106 163)	100 775
Cash at the Beginning of the Financial Year		117 307	16 532
Cash at the End of the Financial Year	35	11 144	117 307

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

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Note 1 Objectives of the Urban Renewal Authority

The Urban Renewal Authority (trading as Renewal SA) is a statutory corporation established under the *Urban Renewal Act 1995* (the Act). 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 contained in the Act include;

- The development of residential, commercial and industrial land in the public interest, particularly for urban renewal purposes
- The facilitation of public and private sector investment, undertaking development activities which are attractive to potential investors and participating in the development of the State
- Managing the orderly development of areas through the management and release of land
- Holding land and other property to be made available as appropriate for commercial, industrial, residential or other purposes.

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.
- (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.

In performing its functions, Renewal SA provides services to other State Government agencies including the South Australian Housing Trust and the Riverbank Authority under service level administrative arrangements.

Note 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.

2.2 Basis of Preparation

The preparation of the financial statements requires:

- the use of certain accounting estimates and requires 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 and include the value of inventories and cost of sales.
- 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 these financial statements:
 - 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. A threshold of \$100 000 for separate identification of these items applies;
 - 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 the entity to those employees; and
 - e) board/committee member and remuneration information, where a board/committee member is entitled to receive income from membership other than a direct out-of-pocket reimbursement.

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 have been revalued.

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

The financial statements have been prepared based on a twelve month operating cycle and presented in Australian currency.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2017 and the comparative information presented.

2.3 Comparative Information

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.

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.

2.4 Rounding

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

2.5 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 note 26).

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.

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.

The net amount of GST recoverable from, or payable to, the Australian Taxation Office is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis 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.

2.6 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.

2.7 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 sale

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.

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.

Joint venture income

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

Revenues from Commonwealth and SA Government

(a) Community service obligations

Renewal SA is 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 note 5). 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 note 5).

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.

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 note 8).

2.8 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, non-monetary benefits 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 relevant 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. Assumptions around future costs and revenues involve an element of professional judgement when estimating cost of sales for long life projects.

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.

Depreciation and amortisation

All plant and equipment, having a limited useful life, are 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 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.

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:

Class of Asset	Depreciation Method	Useful Life (Years)
Leasehold improvements	Straight Line	Life of lease
Plant and equipment	Straight Line	5 - 10 years
Furniture and fittings	Straight Line	5 - 10 years
Computer equipment	Straight Line	5 years

Borrowing costs

Borrowing costs include interest expense and guarantee fees. In accordance with *Accounting Policy Framework II General Purpose Financial Statements Framework* and *AASB 123 Borrowing Costs*, borrowing costs attributable to the construction of a qualifying asset are capitalised. Borrowing costs are expensed where it is expected that the costs incurred will not be recovered. All other borrowing costs are expensed when incurred.

Resources provided free of charge

Resources provided free of charge are recorded as expenditure in the Statement of Comprehensive Income at their fair value and in the expense line items to which they relate.

2.9 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 twelve 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.

2.10 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.

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.

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.

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 note 19). Net realisable value is determined using the estimated sales proceeds less costs incurred in producing, marketing and selling to customers. Net realisable value (NRV) is determined on each individual asset/project by independent valuation or via an internal cash flow valuation.

The amount of any inventory write-down to NRV 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.

The following are specific recognition criteria:

Land held for sale

Land held for sale is carried at the lower of cost or NRV. Costs comprise all direct material acquisition, development and holding costs offset by deferred Government grants relating to these costs. NRV 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 at balance date and writes off inventory where the NRV is less than the carrying amount. The NRV for land holdings at risk of being carried in excess of NRV was determined by an independent valuation of its market value less selling costs.

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.

Development Projects

Development Projects are large projects that require significant capital investment in order to realise revenue over an extended period of time. Development Projects are carried at the lower of cost or NRV. Costs comprise all direct material acquisition, development and holding costs offset by deferred Government grants relating to these costs. NRV 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 at balance date and writes off inventory where the NRV is less than the carrying amount. The NRV for land

holdings at risk of being carried in excess of net realisable value was determined by an internal cash flow valuation based on the current delivery strategy for each project.

In determining the NRV via an internal valuation, the expected net cash flows from the development and sale of land, buildings and improvements in the ordinary course of business are discounted to their present values using a risk-adjusted discount rate. The rate is assessed annually having regard to appropriate risk factors.

The ordinary course of business delivery method and assumptions for each project could change due to market conditions or a change in policy or project strategy which could change the NRV. Where the NRV of a project is below the current inventory value, the difference is recognised as write down of inventory and an expense in the Statement of Comprehensive Income.

All development projects are 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.

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 4.

Work in progress

Expenditure associated with the construction of investment properties held for operational purposes is capitalised as work in progress as incurred (refer note 22). 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 investment properties.

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 2017.

Non-Current Asset Recognition Criteria

The following are specific recognition criteria:

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 note 2.8).

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.

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 and depreciated replacement cost. An amount by which the asset's carrying amount exceeds its recoverable amount is recorded as an impairment loss.

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 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.

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 within the next five years.

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 20, 21 and 23 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.

2.11 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.

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.

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, Return to Work SA 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.

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.

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.

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.

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

Liabilities for salaries and wages is 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 is 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 duration 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.

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.

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 of the Public Sector (a division of the Department of the Premier and Cabinet). 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.

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. Renewal SA is now the beneficiary of these guarantees and indemnities.

2.12 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 notes 31 and 32).

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 note 33).

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.

2.13 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.

2.14 Financial risk management

Renewal SA is exposed to a variety of financial risks, i.e. market risk, credit risk and liquidity risk (refer note 36).

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 SAFA 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.

2.15 New and Revised Accounting Standards and Policies

Renewal SA did not voluntarily change any of its accounting policies during 2016-17.

Australian Accounting Standards and interpretations that have recently been issued or amended but not yet effective, have not been adopted by Renewal SA for the period ending 30 June 2017. Renewal SA has assessed the impact of the new and amended standards and interpretations and considers there will be no impact on the accounting policies or the financial statements of Renewal SA, except as outlined below.

AASB 16 Leases will apply for the first time for the reporting period beginning 1 July 2019. This new standard introduces a single accounting model for lessees. The standard requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset, and a lease liability representing its obligations to make lease payments. In effect, the majority of leases currently classified as operating leases will be reported on the Statement of Financial Position.

AASB 16 substantially carries forward the lessor accounting requirements in AASB 117 Leases

This new standard is a significant change from the past accounting for leases. It will require Renewal SA to record almost all operating lease arrangements in the financial statements. Renewal SA has not yet quantified the impact of applying AASB 16 to its current operating lease arrangements on the financial statements.

AASB 15 Revenue from Contracts with Customers will apply for the first time for the reporting period beginning 1 July 2019. This new standard replaces AASB 118 and AASB 111, and introduces a five-step process for revenue recognition. The core principle of the new standard is to recognise revenue "when control of a good or service transfer to a customer". This is effectively when performance obligations have been met, rather than the current model of "where the risk and rewards of ownership reside".

The financial statements will include additional qualitative and quantitative disclosures under the revised standard. AASB 15 allows a cumulative approach instead of a full retrospective application. Under the cumulative approach there will be no need to restate comparative information but the cumulative effect of applying the standard will be recognised as an adjustment to the opening balance of accumulated surplus at the date of initial application. The new revenue recognition requirements may impact on the timing and amount of revenue from the sale of goods and services. The exact quantitative effect has not been assessed.

Note 3 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:

	2017	2016
	\$'000	\$'000
<i>Land sales to:</i>		
Joint ventures	9 902	10 673
Entities within the SA Government	21 465	6 484
Other - sales to general public and developers	39 114	40 454
Total Sales Revenue	70 481	57 611

Cost of sales comprise all direct material acquisition, development and relevant holding costs in respect of inventory sold during the reporting period. Cost of sales for the reporting period is summarised as follows:

	2017	2016
	\$'000	\$'000
<i>Cost of sales associated with:</i>		
Joint ventures	1 306	1 150
Entities within the SA Government	6 230	2 202
Other - sales to general public and developers	29 399	25 517
Total Cost of Sales	36 935	28 869

Note 4 Joint Ventures

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 for all Joint Ventures	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Revenues	13 474	14 154	13 575	14 154
Expenses	(10 573)	(10 950)	(10 573)	(10 956)
Profit from ordinary activities	2 901	3 204	3 002	3 198

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	3 759	6 555	3 759	6 585
Profit for the reporting period	2 901	3 204	3 002	3 198
Distribution of profit	(4 000)	(6 000)	(4 101)	(6 024)
Total carrying amount of investment in joint ventures	2 660	3 759	2 660	3 759

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

	Northgate Stage 3 Joint Venture		Total for all Joint Ventures	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Current assets:				
Cash	3 331	3 247	3 331	3 247
Receivables	522	695	522	695
Inventories	7 655	3 323	7 655	3 314
	11 508	7 265	11 508	7 256
Non current assets:				
Property, plant and equipment	168	349	168	349
	168	349	168	349
Total Assets	11 676	7 614	11 676	7 605
Current liabilities:				
Creditors and other payables	9 016	3 855	9 016	3 846
Total liabilities	9 016	3 855	9 016	3 846
Net assets	2 660	3 759	2 660	3 759
Impairment	-	-	-	-
Net assets after impairment	2 660	3 759	2 660	3 759

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. 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.

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.

PAWR Marina Joint Venture

Under the PAWR Marina Joint Venture, Renewal SA held a 50% interest in a marina berth joint venture with Newport Quays Consortium, the former developers of the Port Adelaide Waterfront Redevelopment (PAWR). Under the PAWR Marina Joint Venture, marina berths were offered under leasehold arrangements, with Renewal SA retaining ownership of the inner harbour (subjacent land).

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 provided 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. In December 2016 the last of the conditions precedent under the deed of settlement were resolved and a distribution of \$0.101m was received by Renewal SA which resulted in the dissolution of the PAWR Marina Joint Venture.

Note 5 Revenues from Commonwealth and SA Government

	2017	2016
	\$'000	\$'000
<i>Revenues from Commonwealth and SA Government is summarised as follows:</i>		
Community service obligations from SA Government	13 038	24 405
Funding from Commonwealth Government	-	960
Other SA Government revenues	366	5 249
Gross revenues from Commonwealth and SA Government	13 404	30 614
Less: Revenue deferred for inventory development costs	(6 654)	(21 211)
Total Revenues from Commonwealth and SA Government	6 750	9 403

Note 6 Interest Revenues

	2017	2016
	\$'000	\$'000
Interest from operating accounts	1 465	397
Other Interest	-	538
Total Interest Revenues	1 465	935

Note 7 Property Income

	2017	2016
	\$'000	\$'000
Rental income	35 095	18 170
Recoveries	7 385	7 673
Other property income	33	69
Total Property Income	42 513	25 912

Note 8 Other Revenues

	2017	2016
	\$'000	\$'000
Consulting revenue	5 662	4 004
Employee Services	10 387	10 759
Recoveries	456	586
Other revenues	1 216	2 615
Total Other Revenues	17 721	17 964

Employee services revenue represents the direct recovery of employee costs from the South Australian Housing Trust.

Consulting revenue represents the recovery of costs incurred by Renewal SA on a fee for service basis for services provided to various entities including services provided to the South Australian Housing Trust.

Note 9 Net Loss/Gain from Disposal of Assets

	2017	2016
	\$'000	\$'000
Plant and equipment:		
Proceeds from disposal	-	-
Less net book value of assets disposed	(333)	(33)
Net Loss from disposal of plant and equipment	(333)	(33)
Investment properties:		
Proceeds from disposal	33 010	-
Less net book value of assets disposed and lease incentive write off	(31 358)	-
Net Gain from disposal of completed assets	1 652	-
Total Net Loss/Gain from Disposal of Assets	1 319	(33)

Note 10 Employee Benefits Expenses

	2017	2016
	\$'000	\$'000
Salaries and wages	25 245	25 684
Long service leave	986	1 263
Annual leave	2 196	2 289
Skills and experience retention leave	49	114
Employment on-costs - superannuation	2 764	2 822
Employment on-costs - other	1 677	1 704
Board and committee fees	283	275
Other employee related expenses	53	563
Gross employee benefits expense	33 253	34 714
Less: Employee benefits capitalised to inventories	(2 001)	(3 143)
Total Employee Benefits Expenses	31 252	31 571

Targeted Voluntary Separation Packages (TVSPs)

Amount paid to staff		
TVSPs	82	728
Annual Leave, Retention Leave and long service leave paid to those employees	14	525
Net Cost to Renewal SA	96	1 253

Number of employees who received a TVSP during the reporting period was: 1 9

Remuneration of Employees

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

	2017	2016
	No:	No:
\$145 000 to \$147 000^	n/a	2
\$147 001 to \$157 000	3	8
\$157 001 to \$167 000	7	7
\$167 001 to \$177 000	8	6
\$177 001 to \$187 000	3	-
\$187 001 to \$197 000	1	3
\$197 001 to \$207 000	2	3
\$207 001 to \$217 000	2	-
\$227 001 to \$237 000	-	1
\$237 001 to \$247 000	-	2
\$257 001 to \$267 000	2	2
\$267 001 to \$277 000*	1	1
\$277 001 to \$287 000	-	2
\$287 001 to \$297 000	2	-
\$307 001 to \$317 000	-	1
\$347 001 to \$357 000*	-	1
\$397 001 to \$407 000	-	1
\$407 001 to \$417 000	1	-
Total number of employees	32	40

^This band has been included for the purposes of reporting comparative figures based on the executive base level remuneration rate for 2015-16.

The table includes all employees who received remuneration equal to or greater than the base executive remuneration level during the year. Remuneration of employees reflects all costs of employment including salaries and wages, payments in lieu of leave, superannuation contributions, salary sacrifice benefits and fringe benefits and any fringe benefits tax paid or payable in respect of those benefits. The total remuneration received by these employees for the year was \$6.324 million (2016: \$7.987 million).

* The table above also includes the termination component where the employee meets the \$147 001 (2016: \$141 500) threshold on normal remuneration. In 2016-17, no employees (2016: two) included in the table received termination payments.

Note 11 (a) Key Management Personnel

Key management personnel of Renewal SA include the Minister for Housing and Urban Development, members of the Urban Renewal Authority Board of Management, the Chief Executive and the members of the senior management team (including the Chief Executive) that have responsibility for the strategic direction and management of Renewal SA.

Board members

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

Hon B J Pike, Presiding Member
H M Fulcher
P A Baker
R L Boorman
G R Knight
D J McArdle
T R Groom

Key management personnel compensation

The compensation detailed below excludes salaries and other benefits to the Minister for Housing and Urban Development. The Minister's remuneration and allowances are set by the *Parliamentary Remuneration Act 1990* and the Remuneration Tribunal of SA respectively and are payable from the Consolidated Account (Via the Department of Treasury and Finance) under section 6 of the *Parliamentary Remuneration Act 1990*.

Key management personnel compensation for the period ended 30 June 2017 and 2016 is set out below.

	2017	2016
	\$'000	\$'000
Salaries and other short-term employee benefits	1 680	1 662
Post-employment benefits	155	171
Total employee benefits	1 835	1 833

Remuneration of governing board members

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

	2017	2016
	No:	No:
\$1 to \$9 999	-	-
\$20 000 to \$29 999	-	-
\$30 000 to \$39 999	6	6
\$70 000 to \$79 999	1	1
Total number of governing board members	7	7

Total remuneration received and receivable by all governing board members for the period they held office was \$0.310 million (2016: \$0.297 million) which includes superannuation contributions.

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.

Note 11 (b) Remuneration of committee members

Renewal SA has not paid additional remuneration to committee members for their role on committees for the financial year ending 30 June 2017 and 30 June 2016.

Renewal SA has an Audit and Risk Committee that consists of members from the Board of Management, however no members of this committee receive additional remuneration.

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.

Note 12 Related Party Disclosure

Related parties of Renewal SA include all key management personnel and their close family members, all public authorities that are controlled and consolidated into the whole of government financial statements and other interests of the Government.

Significant transactions with government related entities

Renewal SA had the following significant transactions with South Australian Government entities:

The purchase of a portfolio of TAFE properties from the Department of State Development for \$595 million (GST exclusive). Refer to notes 20 and 25.

The sale of land at Dry Creek to the Department of Planning, Transport and Infrastructure for \$13.2 million (GST exclusive).

The sale of land at Techport to Defence SA for \$3.65 million (GST exclusive).

Quantitative information about transactions and balances between Renewal SA and other SA Government entities are disclosed at Note 38.

Transactions with Key Management Personnel and other related parties

There were no reportable transactions between Renewal SA and any Key Management Personnel and other related parties during the financial year.

Note 13 Operating Expenditure

	2017	2016
	\$'000	\$'000
Property expenditure	14 212	15 563
Land tax	19 548	20 648
Contractors and consultants	1 342	3 312
Accommodation costs	1 389	1 387
Administration and other expenditure	12 221	11 605
Gross supplies and service expenditure	48 712	52 515
Less: Land tax capitalised to inventories	(3 392)	(3 870)
Total Operating Expenditure	45 320	48 645

External Consultants

The number and dollar amount of consultancies paid/payable (included in operating expenditure) that fell within the following bands:

	2017	2017	2016	2016
	Number	\$'000	Number	\$'000
Below \$10 000	37	119	43	185
Above \$10 000	15	429	19	588
Total paid/payable to the consultants engaged	52	548	62	773

Note 14 Borrowing Costs

	2017	2016
	\$'000	\$'000
Borrowing costs on Premises SA Scheme loans	725	813
Borrowing costs on other loans	17 837	13 475
Borrowing costs on overdraft	586	126
Guarantee fees on Premises SA Scheme loans	284	394
Guarantee fees on other loans	9 999	7 932
Guarantee fees on overdraft	481	83
Gross borrowing costs	29 912	22 823
Less: Borrowing costs capitalised to inventories	(1 910)	(6 410)
Total Finance Costs	28 002	16 413

Renewal SA does not capitalise borrowing costs unless they are directly attributable to the acquisition, construction or production of a qualifying asset and are expected to result in a future economic benefit.

Note 15 Auditors Remuneration

	2017	2016
	\$'000	\$'000
Audit fees paid/payable to the Auditor-General's Department relating to the financial statements audit	212	207
Total Audit Fees	212	207

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 note 13).

Note 16 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 reported a financial loss for the years ended 30 June 2017 and 2016, therefore no income tax equivalent is payable in either reporting periods.

Note 17 Dividends paid to SA Government

	2017	2016
	\$'000	\$'000
Dividends	2 059	7 199
Total Dividends paid to SA Government	2 059	7 199

Pursuant to the *Urban Renewal Act 1995*, Renewal SA must make a recommendation to the Minister before the end of each year regarding the payment of a dividend for that financial year. Due to the financial loss for the years ended 30 June 2017 and 2016, Renewal SA did not pay an annual dividend for either reporting period related to its overall activities.

Renewal SA is required to make special dividend payments associated with the Adelaide Station and Environs Redevelopment (ASER) site. In 2016-17 the Minister approved a dividend payment of \$2.059 million in relation to the year ended 30 June 2017. In 2015-16 the Minister approved a dividend payment for the ASER site of \$7.199 million in relation to the 2015-16 and two prior financial years.

Note 18 Receivables

	2017	2016
	\$'000	\$'000
Current		
Trade and other receivables	6 328	9 391
Operating lease receivables	4 418	5 428
Employee related services recoverable	1 404	1 714
Provision for doubtful debts	(3 469)	(2 674)
Prepayments	4 464	628
Total Current Receivables	13 145	14 487
Non-Current		
Operating lease receivables	4 035	4 190
Employee related services recoverable	2 469	2 417
Total Non-Current Receivables	6 504	6 607
Total Receivables	19 649	21 094

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 13 for specific debtors and debtors assessed on a collective basis for which such evidence exists.

	2017	2016
	\$'000	\$'000
Carrying amount at the beginning of the period	2 674	2 931
Increase in the allowance	795	376
Decrease in the allowance	-	(633)
Carrying amount at the end of the period	3 469	2 674
<i>Bad debts written off:</i>		
Trade debtors	56	669
<i>Transfer to provision for doubtful debts:</i>		
Trade debtors	795	(257)
Total bad and doubtful debts expense	851	412

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 36

Ageing analysis of financial assets

Refer to table in Note 36

Risk exposure information:

Refer to table in Note 36

Note 19 Inventories

	2017	2016
	\$'000	\$'000
Current		
Land held for sale	26 386	33 533
Development projects	40 118	38 731
Total Current Inventories	66 504	72 264
Non-Current		
Land held for sale	182 568	190 396
Development projects	65 086	43 565
Total Non-Current Inventories	247 654	233 961
Total Inventories	314 158	306 225

	2017	2016
	\$'000	\$'000
Movements in carrying amounts:		
Carrying amount at the beginning of the period	306 225	420 395
Land purchases	722	21 505
Development costs capitalised	53 298	52 353
Community service obligations for development costs	(6 654)	(21 211)
Cost of sales	(36 935)	(28 869)
Transfer to Investments (see Note 20)	-	(739)
Inventory write down	(17 900)	(137 209)
Reversal of inventories write down	15 402	-
Carrying amount at the end of the period	314 158	306 225

Inventories were reviewed at 30 June 2017 to ensure they are carried at the lower of cost and net realisable value (NRV).

In 2016, Renewal SA reassessed its delivery plans for several major projects to take into account the prevailing challenging market conditions and the extent to which these conditions were expected to continue into the future. This review resulted in a reduction of future expected revenues from these projects. In response, Renewal SA modified its delivery plans in some projects to ensure future capital and operational expenditures were contained within expected revenues. While this strategy is anticipated to result in a positive net cash flow in future years, it is insufficient to fully recover past carrying value for a number of projects.

As a result of this review, inventory was written down by \$137.209 million in 2015-16.

The write-downs of \$17.899 million and reversal of previous write downs of \$15.402 million in 2016-17 are as a result of the annual review of the recoverable values of inventory and future cash flows of projects.

Note 20 Investment properties

	2017	2016
	\$'000	\$'000
Freehold land at fair value:		
Independent valuation	198 099	73 554
Total Freehold land at fair value	198 099	73 554

Buildings at fair value:		
Independent valuation	521 406	73 026
Total Buildings at fair value	521 406	73 026
Total Investment Properties	719 505	146 580

	2017	2016
	\$'000	\$'000
Movements in carrying amounts		
<i>Freehold land at fair value:</i>		
Carrying amount at the beginning of the period	73 554	76 067
Transfer from Inventory (see Note 19)	-	739
Transfer from Buildings	293	-
Additions	137 750	-
Disposals	(6 479)	-
Net loss on fair value adjustments	(7 019)	(3 252)
Carrying amount at the end of the period	198 099	73 554

<i>Buildings at fair value:</i>		
Carrying amount at the beginning of the period	73 026	58 936
Additions	481 534	11
Transfer to freehold land	(293)	-
Transfer from Work in Progress (see Note 22)	-	16 408
Disposals	(21 634)	-
Net loss on fair value adjustments	(11 227)	(2 329)
Carrying amount at the end of the period	521 406	73 026
Total carrying amount at the end of the period	719 505	146 580

Amounts Recognised in the Statement of Comprehensive Income		
Property Income (refer to note 7)	31 386	13 578
Direct operating expenses arising from investment properties that generated rental income (refer note 13)	(4 583)	(4 731)
Direct operating expenses arising from investment properties that did not generate rental income (refer note 13)	(48)	(61)
Total amount recognised in the Statement of Comprehensive Income	26 755	8 786

Valuation Basis

An independent valuation of all Renewal SA's investment properties was conducted as at 30 June 2017. Valuations of all investment properties were undertaken 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 either the direct comparison or capitalisation of net income approach.

Purchase of TAFE properties

Additions to investment properties comprised the acquisition of a portfolio of TAFE SA properties from the Department of State Development (DSD) for \$595 million (GST exclusive). The purchase price was based on an independent market valuation. Stamp duty of \$24 million was also payable on the purchase.

Note 21 Property, Plant and Equipment

	2017	2016
	\$'000	\$'000
Leasehold Improvements		
At cost (deemed fair value)	3 162	3 162
Accumulated amortisation	(1 770)	(1 433)
Total Leasehold Improvements	1 392	1 729
Plant and Equipment		
At cost (deemed fair value)	969	1 137
Accumulated depreciation	(300)	(450)
Total Plant and Equipment	669	687
Total property, plant and equipment at cost (deemed fair value)	4 131	4 299
Total accumulated depreciation	(2 070)	(1 883)
Total Property, Plant and Equipment	2 061	2 416

Carrying amount of Leasehold Improvements and Plant and Equipment

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

Plant and equipment includes \$0.164 million (2016: \$0.100 million) of fully depreciated assets still in use.

Impairment

There were no indications of impairment of Leasehold Improvements or Plant and Equipment as at 30 June 2017.

Movements in carrying amounts	2017	2016
	\$'000	\$'000
<i>Leasehold Improvements:</i>		
Carrying amount at the beginning of the period	1 729	2 066
Additions	-	-
Amortisation	(337)	(337)
Carrying amount at the end of the period	1 392	1 729
<i>Plant and Equipment:</i>		
Carrying amount at the beginning of the period	687	850
Additions	357	24
Transfers from work in progress (see Note 22)	94	-
Disposals	(333)	(33)
Depreciation	(136)	(154)
Carrying amount at the end of the period	669	687
Total Property, Plant and Equipment	2 061	2 416

Note 22 Work in Progress

	2017 \$'000	2016 \$'000
Construction projects in progress	-	94
Total Work in Progress	-	94

	2017 \$'000	2016 \$'000
Movements in carrying amounts:		
Carrying amount at the beginning of the period	94	1 084
Development costs capitalised	-	15 418
Transfers to Investment Properties (see Note 20)	-	(16 408)
Transfers to Property Plant and Equipment (see Note 21)	(94)	-
Carrying amount at the end of the period	-	94

Note 23 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 as follows:

	2017 \$'000	Level 2 \$'000	Level 3 \$'000
Fair Value Measurements at 30 June 2017			
Recurring fair value measurement			
Investment properties (Note 20)	719 505	719 505	-
Leasehold improvements (Note 21)	1 392	-	1 392
Plant and equipment (Note 21)	669	-	669
Total recurring fair value measurements	721 566	719 505	2 061
Fair Value Measurements at 30 June 2016			
Recurring fair value measurement			
Investment properties (Note 20)	146 580	146 580	-
Leasehold improvements (Note 21)	1 729	-	1 729
Plant and equipment (Note 21)	687	-	687
Total recurring fair value measurements	148 996	146 580	2 416

Renewal SA's policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the reporting period. During 2016 and 2017, Renewal SA had no valuations categorised into level 1 and there were no transfers of assets between level 1 and 2 fair value hierarchy levels during the financial year.

Valuation techniques and inputs

Refer to notes 20 and 21 for valuation techniques and inputs used to derive level 2 and 3 fair values. During 2016 and 2017 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 Level 3 recurring fair value measurements as at 30 June 2017

	Leasehold Improvements	Plant & Equipment
	\$'000	\$'000
Opening balance at the beginning of the period	1 729	687
Acquisitions	-	357
Transfers from work in progress (see Note 22)	-	94
Disposals	-	(333)
Total gains (losses) for the period recognised in net result:		
Depreciation and Amortisation expenses	(337)	(136)
Carrying amount at the end of the period	1 392	669

Reconciliation of Level 3 recurring fair value measurements as at 30 June 2016

	Leasehold Improvements	Plant & Equipment
	\$'000	\$'000
Opening balance at the beginning of the period	2 066	850
Acquisitions	-	24
Disposals	-	(33)
Total gains (losses) for the period recognised in net result:		
Depreciation and Amortisation expenses	(337)	(154)
Carrying amount at the end of the period	1 729	687

Note 24 Payables

	2017	2016
	\$'000	\$'000
Current		
Trade creditors	6 517	7 090
Sundry creditors and accrued expenses	11 311	5 861
GST Payable	2 174	1 937
Parental Leave Scheme	3	2
Employment on costs	755	627
Total Current Payables	20 760	15 517
Non-Current		
Employment on costs	545	554
Total Non-Current Payables	545	554
Total Payables	21 305	16 071

As a result of an actuarial assessment performed by the Department of Treasury and Finance, the proportion of long service leave taken as leave remained at the 2016 rate of 40% and the average factor for the calculation of employer superannuation costs on-cost has changed from the 2016 rate (10.2%) to 10.1%. These rates are used in the employment on-cost calculation. The net financial effect of the change in the current financial year is an increase in the employment on-cost and employee benefits expense of \$0.222 million.

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 36.

Risk exposure information:

Refer to table in Note 36.

Note 25 Borrowings

	2017	2016
	\$'000	\$'000
Current		
Loans - South Australian Government Financing Authority (a)	580	12 744
Loans - South Australian Government Financing Authority (b)	160 700	103 150
Total Current Borrowings	161 280	115 894
Non-Current		
Loans - South Australian Government Financing Authority (a)	7 020	7 599
Loans - South Australian Government Financing Authority (b)	742 601	395 151
Total Non-Current Borrowings	749 621	402 750
Total Borrowings	910 901	518 644

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

(b) Comprises borrowings from SAFA in respect of other activities of Renewal SA.

Borrowings are recognised at cost and have fixed maturity dates. The interest rate is determined by the Treasurer. The average rate of interest capitalised in the reporting period was 4.37% in 2017 (4.32% in 2016).

On 1 March 2017 Renewal SA purchased a portfolio of TAFE SA assets from the Department of State Development for \$595 million (GST exclusive). Stamp duty of \$24 million was payable on the purchase. New borrowings of \$400 million were undertaken to partly fund the purchase.

Categorisation of financial instruments and maturity analysis of borrowings:

Refer to table in Note 36.

Risk exposure information:

Refer to Note 36.

Defaults and breaches

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

Note 26 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 2017 and 2016, therefore no income tax equivalent is payable in either reporting periods.

Note 27 Unearned Income

	2017	2016
	\$'000	\$'000
Current		
Unearned Income	6 149	3 121
Total Current Unearned Income	6 149	3 121
Non-Current		
Unearned Income	4 846	5 877
Total Non-Current Unearned Income	4 846	5 877
Total Unearned Income	10 995	8 998

Includes rental income of \$10.964 million (2016: \$7.419 million) and revenues from Commonwealth and SA Government of \$0.031 million (2016: \$1.579 million) received in advance.

Note 28 Provisions

	2017	2016
	\$'000	\$'000
Current		
Provision for land acquisition costs	-	20 525
Provision for workers compensation	125	132
Total Current Provisions	125	20 657
Non-Current		
Provision for workers compensation	235	251
Total Non-Current Provisions	235	251
Total Provisions	360	20 908

Movements in carrying amounts	2017	2016
	\$'000	\$'000
<i>Provision for workers compensation</i>		
Carrying amount at the beginning of the period	383	202
Additional provisions recognised	138	296
Reductions arising from payments	(161)	(115)
Carrying amount at the end of the period	360	383
<i>Provision for land acquisition costs</i>		
Carrying amount at the beginning of the period	20 525	-
Additional provisions recognised	(20 525)	20 525
Carrying amount at the end of the period	-	20 525
Total Provisions	360	20 908

A liability has been reported to reflect unsettled workers compensation claims. The workers compensation provision is based on actuarial assessment performed by the Office for the Public Sector (a division of the Department of Premier and Cabinet).

Note 29 Employee Benefits

	2017	2016
Current	\$'000	\$'000
Accrued wages and salaries	603	456
Annual leave	2 859	2 546
Long service leave	935	1 294
Skills and experience retention leave	119	130
Total Current Employee Benefits	4 516	4 426
Non-Current		
Long service leave	5 917	5 999
Total Non-Current Employee Benefits	5 917	5 999
Total Employee Benefits	10 433	10 425

AASB119 *Employee Benefits* contains the calculation methodology for long service liability. The actuarial assessment performed by the Department of Treasury and Finance has provided a basis for the measurement of long service leave liability. AASB119 requires the use of the yield on long term Commonwealth Government bonds as the discount rate in the measurement of the long service liability. The yield on long term Commonwealth Government bonds has increased from 2016 (2%) to 2017 (2.5%).

This increase in the bond yield, which is used as the rate to discount future long service leave cash flows, results in a decrease in the reported long service leave liability.

The net financial effect of the changes in actuarial assumptions in the current financial year is a decrease in the long service leave liability of \$0.189 million and employee benefits expense of \$0.291 million. The impact on future periods is impracticable to estimate as the long service leave liability is calculated using a number of 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% for long service liability and 3% annual leave and skills, experience and retention leave liability.

Note 30 Other Liabilities

	2017	2016
Current	\$'000	\$'000
Funds held in trust	302	298
Security Deposits	-	182
Total Current Other Liabilities	302	480
Total Other Liabilities	302	480

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.

Note 31 Unrecognised Contractual Commitments - Operating Leases

Operating lease receivables:

	2017	2016
	\$'000	\$'000
Future minimum rental revenues under non-cancellable operating property leases held at balance date but not provided for in the accounts:		
Due within one year	62 113	9 391
Due later than one year not longer than five years	254 688	30 806
Due later than five years	619 377	47 707
Total operating lease receivables	936 178	87 904

The amounts for 2017 include property leases relating to the purchase of TAFE assets. See note 20.

Operating lease payables:

	2017	2016
	\$'000	\$'000
Non-cancellable operating leases contracted for at balance date but not provided for in the accounts:		
Payable within one year	1 340	1 299
Payable later than one year not longer than five years	3 229	4 490
Payable later than five years	-	-
Total operating lease payables	4 569	5 789

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.

Note 32 Unrecognised Contractual Commitments - Capital Expenditure

Capital expenditure commitments:

At reporting date Renewal SA had capital expenditure commitments contracted for but not recognised as liabilities in the financial report, as follows:

Total capital expenditure commitments:

	2017	2016
	\$'000	\$'000
Payable within one year	11 443	27 226
Payable later than one year not longer than five years	11 324	9 506
Payable later than five years	1 166	4 839
Total capital expenditure commitments:	23 933	41 571

Note 33 Contingent Liabilities

Commonwealth Grant Funding

The South Australian Housing Trust received \$9.5 million grant funding from the Commonwealth government as part of an affordable housing scheme for properties developed under the Woodville West project. This project was transferred to Renewal SA in 2011-12. The South Australian Housing Trust applied \$5.098 million of this funding prior to the transfer to Renewal SA and in 2015-16 passed \$4.402 million onto Renewal SA. Renewal SA is in discussions with the Commonwealth to confirm the formal acquittal of these funds, the outcome of which may require part or all of the funds to be returned. At balance date Renewal SA has recognised \$4.402 million of this funding as a payable. The payment of this and a further amount of \$5.098 million is contingent on the outcome of the discussions which include the consideration of proposals which may not involve the repayment of these funds.

Note 34 Cash Flow Reconciliation

	2017 \$'000	2016 \$'000
Reconciliation of cash and cash equivalents at the end of the reporting period:		
Statement of Cash Flows	11 144	117 307
Statement of Financial Position	11 144	117 307
Reconciliation of profit/(loss) after income tax equivalent to net cash provided by/(used in) operating activities:		
Profit/(loss) after income tax equivalent	(18 927)	(153 152)
	(18 927)	(153 152)
Add/Less non cash items		
Inventories write down	17 899	137 209
Net gain from administrative restructure	548	637
Depreciation and amortisation	473	491
Net loss on disposal of plant and equipment	333	33
Provision for doubtful debts	795	(257)
Transfers to investment properties	-	(739)
Share of net profits of joint ventures	(3 002)	(3 198)
Provision adjustment	(20 387)	20 821
Net gain on disposal of investment property	(1 652)	-
Reversal of inventories write-down	(15 402)	-
Investment property net loss on fair value adjustments	18 246	5 581
	(2 149)	160 578
Changes in Assets / Liabilities		
(Increase)/Decrease in other receivables	4 486	3 129
(Increase)/Decrease in prepayments	(3 836)	(356)
(Increase)/Decrease in inventories	(10 978)	(23 676)
(Increase)/Decrease in investment properties	55 892	-
Increase/(Decrease) in payables	5 234	(138)
Increase/(Decrease) in unearned income	1 997	(4 163)
Increase/(Decrease) in provisions	(161)	(115)
Increase/(Decrease) in employee benefits	8	627
Increase/(Decrease) in other liabilities	(178)	187
	52 464	(24 505)
Net cash provided by/(used in) Operating Activities	31 388	(17 079)

Note 35 Cash and Cash Equivalents

	2017	2016
Current	\$'000	\$'000
Deposits with the Treasurer	8 524	114 952
Short-term deposits with SAFA	335	172
Cash held in Cheltenham trust account	302	298
Cash at bank and on hand	1 983	1 885
Total Cash and Cash Equivalents	11 144	117 307

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 SAFA and earn the respective short-term deposit rates.

Cash at bank and on hand

Cash at bank and on hand include petty cash and cash received from property managers for net rental income on Renewal SA properties.

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.

Note 36 Financial Instruments Disclosure/Financial Risk Management

36.1 Financial risk management

Renewal SA's risk management policies are 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.

36.2 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 36.3 for the carrying amounts of each of the following categories of financial assets and liabilities: loan 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 2.10 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 notes 2, 18 and 24).
- 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 notes 2 and 25).

36.3 Categorisation and maturity analysis of financial assets and liabilities

	Note	Carrying Amount \$'000	2017 Contractual Maturities			Fair Value \$'000
			< 1 year \$'000	1-5 years \$'000	> 5 years \$'000	
2017						
Financial assets:						
Cash and cash equivalents	35	11 144	11 144	-	-	11 144
Loans and receivables:						
Receivables (a) (b)	18	15 663	11 628	4 035	-	15 164
Allowance for doubtful debts	18	(3 469)	(3 469)	-	-	(3 469)
Total Financial assets		23 338	19 303	4 035	-	22 839
Financial liabilities:						
Financial liabilities at cost:						
Payables (a)	24	17 640	17 640	-	-	17 640
Borrowings	25	910 901	161 281	399 620	350 000	757 202
Total Financial liabilities		928 541	178 921	399 620	350 000	774 842
Net Financial Assets/(Liabilities)		(905 203)	(159 618)	(395 585)	(350 000)	(752 003)

	Note	Carrying Amount \$'000	2016 Contractual Maturities			Fair Value \$'000
			< 1 year \$'000	1-5 years \$'000	> 5 years \$'000	
2016						
Financial assets:						
Cash and cash equivalents	35	117 307	117 307	-	-	117 307
Loans and receivables:						
Receivables (a) (b)	18	19 008	14 818	651	3 539	18 485
Allowance for doubtful debts	18	(2 674)	(2 674)	-	-	(2 674)
Total Financial assets		133 641	129 451	651	3 539	133 118
Financial liabilities:						
Financial liabilities at cost:						
Payables (a)	24	12 743	12 743	-	-	12 743
Borrowings	25	518 644	115 894	402 750	-	500 703
Total Financial liabilities		531 387	128 637	402 750	-	513 446
Net Financial Assets/(Liabilities)		(397 746)	814	(402 099)	3 539	(380 328)

(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).

(b) Receivables amount disclosed here excludes prepayments. Prepayments are presented in note 18 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.

36.4 Liquidity risk

Liquidity risk arises from the possibility that Renewal SA is unable to meet its financial obligations as they fall due. Renewal SA settles undisputed accounts within 30 days from the date of the invoice or date the invoice is first received. In the event of a dispute, payment is made 30 days from resolution.

Renewal SA's exposure to liquidity risk is insignificant based on past experience and current assessment of risk.

The carrying amount of financial liabilities recorded in the table of Note 36.3 represents Renewal SA's maximum exposure to financial liabilities.

36.5 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 note 36.3 represents Renewal SA's maximum exposure to credit risk.

Renewal SA manages its credit risk and 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 18 for information on the allowance for impairment in relation to receivables.

36.6 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
2017				
Not impaired:				
Receivables	121	311	424	856
Impaired:				
Receivables	66	83	3 254	3 403
Receivables at 30 June 2017	187	394	3 678	4 259
2016				
Not impaired:				
Receivables	430	756	1 089	2 275
Impaired:				
Receivables	-	33	2 604	2 637
Receivables at 30 June 2016	430	789	3 693	4 912

36.7 Market risk

Market risk for Renewal SA is primarily through price risk. Prices for residential, industrial and commercial property have been depressed as a consequence of slow market conditions within the local South Australian and Adelaide markets. Renewal SA also has exposure to interest rate risk arising through its borrowings. Renewal SA's borrowings are managed through SAFA and any movement in interest rates are monitored regularly. There is no exposure to foreign currency risks.

36.8 Sensitivity analysis

A sensitivity analysis has been undertaken for the interest rate risk of Renewal SA and it has been determined that the possible impact on profit and loss or total equity from fluctuations in interest rates is immaterial over a 5 year period. The impact of property price movements on the financial results is impractical to estimate as the analysis would be overly assumptive.

Note 37 Transferred Functions

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 Housing and Urban Development, with the concurrence of the Treasurer, gazetted on 25 August 2016 and 28 April 2016 the transfer of assets from the South Australian Housing Trust to Renewal SA.

Renewal SA recognised the following income upon the transfer of these assets from the South Australian Housing Trust:	2017 \$'000	2016 \$'000
Net gain from transferred functions	548	637
Net Result	548	637

Renewal SA recognised the assets transferred from the South Australian Housing Trust in the Statements of Financial Position as follows:	2017 \$'000	2016 \$'000
Inventories	548	637
Total Assets Transferred	548	637

Note 38 Transactions with SA Government

	SA Government		Non-SA Government		Total	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
INCOME						
Revenue from sales	21 465	6 484	49 016	51 127	70 481	57 611
Less: cost of sales	(6 230)	(2 202)	(30 705)	(26 667)	(36 935)	(28 869)
Gross profit	15 235	4 282	18 311	24 460	33 546	28 742
Share of net profit/(loss) in joint ventures	-	-	3 002	3 198	3 002	3 198
Revenues from Commonwealth and SA Government	6 750	9 403	-	-	6 750	9 403
Interest revenues	1 464	382	1	553	1 465	935
Property income	24 843	8 415	17 670	17 497	42 513	25 912
Other revenues	16 380	15 660	1 341	2 304	17 721	17 964
Net gain from administrative restructures	548	637	-	-	548	637
Net gain from disposals of assets	-	-	1 319	-	1 319	-
TOTAL INCOME	65 220	38 779	41 644	48 012	106 864	86 791
EXPENSES						
Employee benefits expenses	1 748	1 447	29 504	30 124	31 252	31 571
Operating expenditure	28 697	23 765	16 623	24 880	45 320	48 645
Borrowing costs	28 002	16 413	-	-	28 002	16 413
Depreciation and amortisation	-	-	473	491	473	491
Impairment loss	-	-	20 744	142 790	20 744	142 790
Net loss from disposals	-	-	-	33	-	33
TOTAL EXPENSES	58 447	41 625	67 344	198 318	125 791	239 943

FINANCIAL ASSETS

Receivables	6 905	7 331	8 758	11 677	15 663	19 008
Allowance for doubtful debts	-	-	(3 469)	(2 674)	(3 469)	(2 674)
TOTAL FINANCIAL ASSETS	6 905	7 331	5 289	9 003	12 194	16 334

FINANCIAL LIABILITIES

Payables	5 824	2 346	11 816	10 397	17 640	12 743
Borrowings	910 901	518 644	-	-	910 901	518 644
TOTAL FINANCIAL LIABILITIES	916 725	520 990	11 816	10 397	928 541	531 387

Note 39 Events after the Reporting Period

Parcels of land relating to the Old Royal Adelaide Hospital site will transfer to the Urban Renewal Authority during the 2017-18 financial year. The ongoing financial impact on the Urban Renewal Authority is yet to be finalised.

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 2017 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 Urban Renewal Authority Audit and Risk Committee.



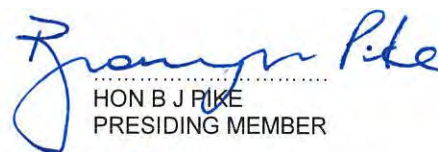
J F HANLON
CHIEF EXECUTIVE

13 September 2017



D DE LUCA
GENERAL MANAGER,
CORPORATE SERVICES

13 September 2017



HON B J PIKE
PRESIDING MEMBER

13 September 2017



RenewalSA
people partnerships progress

Urban Renewal Authority
trading as Renewal SA
Level 9, Riverside Centre
North Terrace, Adelaide SA 5000
GPO Box 698, Adelaide SA 5001
ABN: 86 832 349 553

T 08 8207 1300
F 08 8207 1301
E renewalsa.info@sa.gov.au
W www.renewalsa.sa.gov.au



Government of
South Australia