

# Urban Renewal Authority (trading as Renewal SA) 2020-21 Annual Report

#### Renewal SA

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# **Acknowledgment of Country**

Renewal SA acknowledges the Traditional Owners and custodians of the Lands throughout South Australia.

We respect and support their spiritual relationship with country and connection to their land, waters and community.

As an organisation that is passionate about creating a better future for all South Australians, we are committed to working with First Nations people to ensure culture and country is respected in everything we do and is represented through our people and projects.

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To:

Hon Rob Lucas MLC

Treasurer

This annual report will be presented to Parliament to meet the statutory reporting requirements of the *Urban Renewal Act 1995* and the requirements of Premier and Cabinet Circular *PC013 Annual Reporting*.

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:

Chris Menz

Chief Executive

Date 30-09-21

Signature

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#### From the Chief Executive

Last year we released our Strategic Plan 2020-23, a three-year strategy designed to guide Renewal SA's focus on leading a thriving property sector here in South Australia, developing a strong project pipeline, and building lasting partnerships within government and with the private sector.

I am pleased to share that our people have committed themselves fully to this strategy, and the result is evident in the significant achievements we have realised across our organisation during 2020-21.

Major development opportunities were delivered to the private sector, including Forestville, Oakden, the Entrepreneur and Innovation Centre at Lot Fourteen, Affordable Housing Expression of Interest (EOI), Woodville St Clair, and multiple opportunities at Bowden.

A city-defining opportunity to develop the former Gasworks site at Bowden was announced and significant work was undertaken to plan and gain approvals for development of approximately 60 hectares of land at Aldinga.

Renewal SA's projects and land sales unlocked an estimated \$350 million of private sector capital expenditure and are estimated to have contributed in excess of \$310 million in Gross State Product and supported in excess of 2,200 jobs. This included the sale and future development of 16.7 hectares of industrial land.

We remain committed to accelerating development that increases the supply of affordable housing, and we are proud to have delivered more than 200 affordable housing opportunities for South Australians this financial year, and a pipeline of more than 700.

We entered into an agreement for Fort Largs, which will create 335 homes for up to 800 residents and ensure the reuse of the State Heritage-listed Drill Hall, Barracks Building and the Fort. We also announced our partnership with the South Australian Housing Authority to deliver the Seaton Demonstration Project and began work to deliver 101 new homes.

Our residential development projects have achieved record performances off the back of a buoyant property market. Bowden achieved its best annual sales since establishment, Playford Alive achieved its best annual sales since 2013-14 and

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Woodville West had its best year since 2017-18 enabling the early close-out of this project.

The importance of the property sector and the role it plays in our economy has underpinned every decision and initiative over the course of 2020-21. As the State's development agency, a focus on community has remained equally important as we work to improve the lives of all South Australians now and into the future.

Internally, our team continue to drive to be easier to do business with and more agile in decision making. This has led to a program of system transformation and process improvement.

As we work in partnership with the private development and investment sectors and across government, we will continue to seek economic impact for South Australia.

We are striving to achieve our bold and aspirational ambitions by continuing to grow our pipeline of future projects, unlock new opportunities and deliver city shaping projects.

Collectively with the Treasurer and our Board, we are proud to provide this summary of our achievements in 2020-21 which strongly reflect our efforts to drive the economic and social growth of South Australia, through property and projects.

Chris Menz

**Chief Executive** 

Renewal SA

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# Overview: about the agency

#### Our strategic focus

As the government's urban development agency, we are charged with leading and coordinating development and urban renewal activity to ensure South Australia's future employment and housing needs are met through well-planned, affordable and vibrant urban developments.

Our role is to unlock and develop land in strategic locations in partnership with the private sector and other government agencies in order to address the current and future housing needs of South Australians.

We focus on property development that builds new industries, infrastructure and communities while driving economic activity, attracting investment, and enhancing the liveability and land values in South Australia.

Our Purpose and Mission	Renewal SA's purpose is to improve the lives of South Australians now and into the future by leading, supporting and driving investment and growth through property and projects.
Our Values	Our values are in line with the South Australian public sector values. They guide our behaviours and practices and apply to everyone at Renewal SA, regardless of position, expertise or location.
	Renewal SA's values reflect our commitment to the ever- changing needs of South Australians, and the role of government in helping to foster the State's prosperity and wellbeing.
	Respect - We all have something to offer at Renewal SA, and that means every member of our team is valued and respected.
	<b>Trust</b> – We have got each other's backs at Renewal SA. We share information and trust our colleagues are making decisions with the best intent and endeavour.

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Honesty and Integrity - We are all responsible for creating a positive workplace at Renewal SA – every word, action and behaviour matters.

Courage and Tenacity - At Renewal SA we understand that a win for one of us is a win for all of us – and that means we never give up.

**Collaboration and Engagement** - At Renewal SA we believe a collaborative approach delivers the best results and that is why we are focused on creating solutions together.

**Service** - We come to work at Renewal SA every day to deliver for the people of South Australia. We proudly serve our Government and our community.

**Professionalism** - A culture of excellence means we hold ourselves to the highest standard at Renewal SA and we are always looking for ways to do things better.

**Sustainability** – South Australians are at the heart of everything we do at Renewal SA and that means all decisions are made in the best interests of both current and future generations.

#### Our Functions, Objectives and Deliverables

Renewal SA is the South Australian Government's leading urban development agency. We coordinate, develop and deliver projects and initiatives through our people and collaborative partnerships to benefit all South Australians.

Our Renewal SA Strategic Plan 2020-23 aligns our work to four strategic pillars and associated goals:

**People** - Renewal SA is an inclusive and dynamic working environment that drives high levels of engagement, market-leading capability and results-driven performance.

Partnerships – Renewal SA's strong and collaborative partnerships unlock new opportunities and produces exceptional market-leading results for the State.

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**Pipeline** - We are constantly initiating and contributing to a strong pipeline of development opportunities that enable growth and attract additional investment for the State.

**Projects** - Alongside our partners, Renewal SA leads the market to deliver economic, social and environmental benefits through excellence in project delivery.

The key functions of Renewal SA as outlined in the *Urban Renewal Act 1995* are to:

- initiate, undertake, support and promote residential, commercial and industrial development in the public interest.
- acquire, assemble and use land and other assets in strategic locations for urban renewal.
- promote community understanding of, and support for, urban renewal by working with government agencies, local government, community groups and organisations involved in development.
- undertake preliminary works (including the remediation of land) to prepare land for development and other functions such as planning and coordination.
- encourage, facilitate and support public and private sector investment and participation in development of the State.
- acquire, hold, manage, lease and dispose of land, improvements in property.

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#### Our organisational structure



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#### Changes to the agency

During the 2020-21 financial year there were no significant changes to Renewal SA's structure and objectives due to machinery of government changes.

To support the delivery of the *Renewal SA Strategic Plan 2020-23*, the organisational structure was reviewed and some structural changes were made to reinforce a focus on developing a pipeline of projects and ensuring there were adequate resources available to support delivery on key priority areas.

#### Legislation administered by the agency

- Urban Renewal Act 1995
- Urban Renewal Regulations 2014

#### **Our Minister**

During the 2020-21 financial year the Urban Renewal Authority, trading as Renewal SA, was within the portfolio responsibilities of the Minister for Transport, Infrastructure and Local Government, Hon Stephan Knoll MP until 28 July 2020, and then moved to the Treasurer, the Hon Rob Lucas MLC's portfolio.

#### Our Executive team

The Chief Executive currently reports to the Treasurer and the Urban Renewal Authority Board of Management and oversees the day-to-day operations of our organisation, together with the Executive team.

As at 30 June 2021, Renewal SA's Executive Team comprised:

- Chris Menz, Chief Executive
- Todd Perry, General Manager, Property and Project Delivery
- Tony Cole, General Manager, Major Projects and Pipeline
- Braden Naylor, A/General Manager, Commercial and Corporate
- Vy Collins, Senior Director, People and Culture

Damian De Luca was General Manager Corporate Services until March 2021.

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# The agency's performance

#### Performance at a glance

Renewal SA's success in achieving impact in South Australia is being attained by generating value from the government's real property holdings, investing in our people, creating a strong investment pipeline, building mutually beneficial partnerships and delivering 'best in class' on our projects.

We are committed to putting our people, customers and our partners at the heart of everything we do.

Renewal SA has a portfolio covering over 3,370 hectares of land and delivers significant revenue to South Australia of more than \$100 million of income each financial year to the State through:

- seven residential trading projects: Bowden, Playford Alive, Tonsley, The
   Square Woodville West, Lightsview, Our Port, Eyre Penfield;
- three innovation precincts: Lot Fourteen, Tonsley Innovation District and Technology Park;
- three civic projects: Adelaide Railway Station, Festival Plaza and Adelaide Riverbank;
  - six industrial/employment land projects: Northern Lefevre Peninsula,
     Edinburgh Parks, Elizabeth South, Gillman, Osborne North, East Grand
     Trunkway;
  - management of \$78 million in property assets; and
- sale of government land that has been declared surplus, which this financial year equated to revenue of \$6 million.

Our activities both seek to drive the property market in South Australia and respond to the opportunities it presents. Our people have a strong understanding of this balance of being responsive and identifying and demonstrating opportunities for growth.

During 2020-21, we delivered major opportunities to the private sector including:

- multiple development opportunities in Bowden, including Nightingale apartments;
- · development of 52 hectares Oakden;

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- the Entrepreneur and Innovation Centre at Lot Fourteen on behalf of Department of Premier and Cabinet;
- proposals sought through an Affordable Housing EOI;
- development at Woodville St Clair; and
- a mixed-use development of 3 hectares at Forestville.

Significant work was also undertaken to plan and gain approvals for development of approximately 60 hectares of land at Aldinga, 2.3 hectares on Churchill Road at Prospect, and a city-defining opportunity to develop the former Gasworks site at Bowden.

We also announced our partnership with the South Australian Housing Authority to deliver the Seaton Demonstration Project and began work to deliver 101 new homes.

#### Agency response to COVID-19

Renewal SA supported our commercial tenants leasing Renewal SA-managed properties by offering the opportunity to receive rent relief for their tenancy.

During the financial year we managed more than 110 individual requests for support and provided rent relief in the order of \$2.5 million to reduce the impact of COVID-19 pandemic restrictions on our leased properties.

Within Renewal SA, our Preparedness Coordinating Group continued to oversee a response to the COVID-19 pandemic. Our internal efforts focussed on the safety and wellbeing of staff as part of the workforce response to COVID-19, delivering effective and timely communication, and using employee engagement tools to seek relevant feedback. Measures to safeguard our employees were implemented, monitored and enhanced as required.

Our organisational response to the COVID-19 pandemic is supported by our result in the 2021 *I Work for SA – Your Voice Survey*. The survey results highlighted that out of the 118 respondents (89% of total workforce):

- 87% believed that we provided sufficient resources and arrangements to help them feel safe (+10% variance from SA Public Sector overall score);
- 86% were satisfied with the communications they received from senior managers about changes impacting their work (+20% variance from SA Public Sector score); and

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81% felt that their work group went the extra mile to support each other (+7% variance from SA Public Sector overall score).

#### Agency contribution to whole of government objectives

Renewal SA is aligned to, and supports, the Government of South Australia's Growth State agenda, a government commitment to grow and accelerate the economy through partnerships between the public sector and industry.

We support this by identifying, prioritising and leading projects and initiatives that will stimulate the economy and create jobs for South Australians.

Moreover, Renewal SA is guided by the Government's 30-Year Plan for Greater Adelaide and participates in the delivery of the 20-Year State Infrastructure Strategy, which sets the long-term direction and priorities for infrastructure development in South Australia. Our activities are driven by the Our Housing Future 2020-2030 strategy which is delivering a better housing future by coordinating activity and opportunities across the housing sector to deliver 20,000 housing outcomes by 2030.

Key objective	Agency's contribution
More jobs	Renewal SA is delivering more jobs for South Australians and driving social and economic growth for the State by facilitating the supply of strategically located commercial and industrial land.
	Renewal SA's projects unlocked an estimated \$200 million of private sector capital expenditure and are estimated to have contributed in excess of \$210 million in Gross State Product and supported in excess of 1,500 jobs across the 2020-21 financial year.
	In addition, the sale of 16.7 hectares of industrial land and its future development is expected to deliver at least 700 jobs and \$100 million in Gross State Product during the financial year. By focusing on a strong pipeline of development opportunities, we will continue to help to attract future investment and property-based jobs further impacting the lives of those living in South Australia.

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Our Works Program delivers economic outcomes through work experience and employment opportunities in Renewal SA-managed contracts. It provides engagement, training and employment programs in partnership with registered training organisations while building capacity in organisations and within communities.

In 2020-21, 165 participants engaged in training programs and 38 of these participants gained employment.

#### Lower costs

Renewal SA drives affordable housing across all projects and lands owned by Renewal SA, our partner projects that are delivered under development agreements, through joint ventures and with the community housing sector.

We are committed to accelerating development that increases the supply of affordable housing for sale to a mix of low and moderate-income homebuyers. This financial year Renewal SA delivered more than 200 affordable housing opportunities to the market, with a further >700 in the pipeline.

During 2020-21, the evaluation and shortlist of affordable housing projects submitted through an EOI, in partnership with the South Australian Housing Authority was completed. Shortlisted projects have the potential to deliver 170 affordable homes.

#### Better Services

Renewal SA facilitates the development of inclusive and connected communities. We are also committed to developing places that demonstrate good design, create quality public spaces and services, and enhance South Australian lifestyle.

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Our contribution to better services for South Australians is evident through our continued delivery of projects including upgrade of Festival Plaza and the rejuvenation of the Adelaide Railway Station and surrounding public realm; planning for Adelaide Riverbank; and the development of innovation hubs, Tonsley Innovation District, Technology Park and Lot Fourteen.

The delivery of the Entrepreneur and Innovation Centre at Lot Fourteen, on behalf of Department of Premier and Cabinet, will be home to an Innovation Hub which will facilitate interaction between industry, research and entrepreneurs in a purpose-designed building.

We provide advice and work with other government agencies to facilitate the sale and/or redevelopment of government land and assets, ensuring the best management and use of government real estate. Where required, we play a strategic role in planning for those sites ensuring that they meet the current and future needs of their communities.

In 2020-21 we entered into an agreement for Fort Largs which will create 335 homes for up to 800 residents and ensure the reuse of the state heritage-listed Drill Hall and Barracks Building and the Fort.

We also began land division planning for the Seaton Stage 1 redevelopment project which will deliver 101 new homes and a new landscaped reserve.

#### Agency specific objectives and performance

In 2020, we launched our *Renewal SA Strategic Plan 2020-23*, which guides our focus on driving economic growth in South Australia through property development and urban renewal projects of scale.

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Our Strategic Plan is formulated on a foundation of four pillars — people, pipeline, partnerships, and projects. These pillars underpin our three-year organisational goals and initiatives, all of which are designed to support ambitious outcomes. They are critical to our success and are the reference points against which we benchmark and measure progress.

#### People

#### Three-Year Goal

Renewal SA is an inclusive and dynamic working environment that drives high levels of engagement, market-leading capability, and results-driven performance.

ln	di	C	a	t	0	r	s

# Renewal SA and its projects operate incident and injury free, and staff and contractors are engaged with a "safety is how we do business around here" mindset.

# Renewal SA has great people in the right positions, at the right time, and creates a positive employee experience so our people are proud to work here and want to stay.

#### Performance

- achieved zero notifiable incidents across the organisation in 2020-21;
- offered various and significant wellbeing initiatives for employees; and
- organised first aid mental health training and a peer support initiative, which was completed by six employees.
- formed the new People and Culture Sub-Committee of the Board of Management;
- refreshed our Values and Behaviours, and ensured they link back to the over-arching public sector values;
- introduced flexible working arrangements following a Work from Home (non-COVID-19 related) trial;
- supported the public sector I Work for SA Your Voice Survey with a strong participation rate of 89%;
- developed and implemented a Recognition of Service program; and

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 enhanced Renewal SA recruitment processes to better ensure that prospective employees add to the culture of the organisation.

Renewal SA sets clear expectations and engages our people so they are motivated to perform at their best.

 launched an improved Performance Framework and achieved 85% against our target of 100% of staff with performance and development plans as of 30 June 21.

Renewal SA enables our people to reach their potential and develops future capabilities for the business.

- launched an improved Training and Development Framework;
- ensured that training and development planning is now underway at team and individual level; and
- filled 31% of vacant roles with internal candidates who were successful in their applications for the roles.

Renewal SA recruits, retains and develops a diverse workforce that reflects the community that we serve, and embraces, respects and values the differences of our people.

- developed a Diversity and Inclusion Strategy and formed a new Diversity and Inclusion committee to drive this strategy and delivery of its initiatives; and
- closed out the Reflect Reconciliation Action Plan (RAP) and drafted an Innovate RAP which is now under consultation.

#### **Partnerships**

#### Three-Year Goal

Renewal SA's strong and collaborative partnerships unlock new opportunities and produces exceptional market-leading results for the State.

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#### Indicators

# Be the government 'partner of choice' for the public and private sector on property initiatives and projects.

#### Performance

- identified current and future opportunities with flexible and tailored arrangements for future partnering with the private sector;
- worked with a multitude of agencies on property initiatives and projects such as South Australian Housing Authority, Department for Infrastructure and Transport, Department for Trade and Investment, Department Premier and Cabinet and Defence SA;
- established a 'joined up' approach to the Affordable Housing Program with the SA Housing Authority and Development Management service model;
- worked on over 15 significant opportunities through direct approaches from government agencies and councils to assist with strategic property and new project matters;
- delivered the draft Innovate RAP and commenced consultation with Kaurna nation; and
- worked with First Nations groups successfully on all new pipeline projects such as Oakden, Forestville and Aldinga.

Develop a Corporate
Communications and
Partnerships Plan to
consult with community,
industry and
government, build
relationships, drive
collaboration and build
reputation.

- formed strong relationships with the Urban
   Development Institute of Australia (UDIA) and
   Property Council of Australia (PCA) and Housing
   Industry Association (HIA);
- continued our corporate partnerships with UDIA and PCA; and
- initiated a 360-degree survey of key partners to drive continuous improvement.

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Develop a corporate brand platform to build trust and understanding.

- completed review of corporate materials and developed a brand framework and strategy; and
- developed a refreshed visual corporate brand.

# **Pipeline**

#### Three-Year Goal

We are constantly initiating and contributing to a strong pipeline of development opportunities that enable growth and attract additional investment for the State.

Indicators	Performance
Renewal SA uses a structured business planning process that results in a tangible and achievable pipeline of opportunities	<ul> <li>undertook a review and realignment of business planning processes against budgeting timelines; and</li> <li>undertook a key geographical supply and demand assessment for all corridors and identified short to medium-term development opportunities.</li> </ul>
Renewal SA is the peak government agency for property and project delivery.	<ul> <li>worked with multiple agencies who requested assistance, including but not limited to Treasury and Finance, Trade and Investment, Infrastructure and Transport, SA Health, SA Pathology, Planning, Education and South Australian Housing Authority;</li> <li>finalised negotiations with government agencies and obtained approval to acquire land at Oakden and completed a two-stage process to identify a preferred proponent; and</li> <li>reached agreement with agencies to progress local structure planning for Aldinga, rezoning is now complete.</li> </ul>

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Renewal SA delivers a pipeline of projects annually that leads the market and increases investment into South Australia and Gross State Product (GSP).

- negotiated and settled the acquisition of Kaufland sites (Prospect and Forestville). Forestville submissions are currently being evaluated and Prospect sales are set to begin in 2022 (subject to final approval);
- negotiated a Development Agreement with Quintessential Equity for the Entrepreneur and Innovation Centre at Lot Fourteen;
- Development, on behalf of Capital City Committee and in partnership with City of Adelaide and State Planning Commission, of a strategic precinct plan for the Adelaide Riverbank. This document provides a framework for multiagency coordination, and for the assessment and delivery of development, investment and activity within the precinct and
- released six major opportunities to the private sector against a target of three: Nightingale at Bowden, Oakden, Lot Fourteen Entrepreneur and Innovation Centre, Affordable Housing EOI, Woodville St Clair, Forestville, as well as multiple smaller opportunities at Bowden.

Project origination comes from across the entire organisation. Staff are engaged and active in the process; 'pipeline is everyone's responsibility'.

- ensured there was regular opportunities for collaboration and information sharing across the organisation;
- implemented new pipeline processes and embedded a new Pipeline division to work with project teams and lead key initiatives; and
- initiated 6 projects that originated from outside of the pipeline team.

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# Projects

# Three-Year Goal

Alongside our partners, Renewal SA leads the market to deliver economic, social and environmental benefits through excellence in project delivery.

Indicators	Performance				
Renewal SA is a market leader in data analysis enabling the organisation to meet and exceed sales and revenue forecasts.	<ul> <li>improved data analysis and forecasts, through an always up-to-date system with sales and conversion data to identify trends, drive performance and adjust activities accordingly;</li> <li>significantly exceeded our budgeted outcomes with total settlements of \$69.1 million (inclusive or JV arrangements) against a budget of \$61.3 million; and</li> <li>achieved record sales volumes at Bowden, Playford and Woodville, resulting in the early completion and exit from this project.</li> </ul>				
Projects demonstrate excellence in delivery, management and completion/ handover.	<ul> <li>completed project reviews on Bowden, Tonsley, Lot Fourteen and Festival Plaza ensuring product meets market need, trade out in the most expedient timeframe, correction of any unrealistic assumptions and driving future investment and completion of vision; and</li> <li>began a review of industrial land in collaboration with the Pipeline division, focussing on inventory levels, markets serviced, geographical and strategic relevance to the private sector, market trends and infrastructure connectivity.</li> </ul>				
The Our Future Housing Strategy 2020-30 objectives and activities for Renewal SA are	<ul> <li>completed the evaluation of 81 project proposals and shortlist of affordable housing projects submitted through an EOI which was released in partnership with the South Australian Housing</li> </ul>				

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incorporated within the
relevant projects and
developments.

Authority. Up to \$20.4 in government investment will facilitate the accelerated development of \$103 million in private sector capital spend.

# All projects result in job growth.

- established a tool to track job growth in the 2021-22 financial year, to ensure consistency across projects;
- created at least 1500 jobs across the 2020-21 financial year through Renewal SA's construction capital expenditure;
- facilitated 165 training program work experience placements, and 38 paid employment outcomes in our partnership programs;
- facilitated 76 traineeships/apprenticeships
   through partnership programs and initiatives; and
- economic development clauses in our contracts delivered 91 work experience placements and 12 paid employment positions with Renewal SA contractors.

Renewal SA leads and delivers on economic recovery initiatives relating to property.

- managed the impact of COVID-19 pandemic restrictions on our leased properties; and
- managed more than 100 individual cases for rent relief since March. Total relief provided to date is in the order of \$2.5 million.

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# Corporate performance summary

# Employment opportunity programs

Program Name	Performance
Diversity and Inclusion	Renewal SA is committed to diversity and inclusion and seeks to embrace diversity of thought to drive creativity, innovation, and performance in an inclusive environment.
	Our inaugural Diversity and Inclusion Strategy was developed during 2020-21. As part of this Strategy, we will seek to diversify the workforce to better understand the needs of our internal and external customers, assisting in delivering projects with high level impact to the South Australian community.
	<ul> <li>As at 30 June 2021 our workforce comprised of:</li> <li>52% females;</li> <li>35% females in leadership roles (defined as reporting to the Chief Executive and General Managers), compared to 29% as at 30 June 2020;</li> <li>0.78% of the workforce identifying as being Aboriginal of Torres Strait Islander heritage; and</li> <li>10.93% of employees that were born in another country.</li> <li>Additionally, there was a 233% increase in the number of employees who completed training in Aboriginal Cultural Awareness Training, compared to the 12-month period</li> </ul>
Aboriginal	ending 30 June 2020.  To support the delivery of our strategic objectives and
Workforce	Reconciliation Action Plan, a Manager Reconciliation and
Participation	Cultural Heritage role was created. This role will ensure that the agency actively engages and works collaboratively with local Aboriginal communities.

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The recruitment for this critical role was successfully finalised, with the appointee commencing in September 2021. This appointment represents a 100% increase to Aboriginal workforce participation within Renewal SA.

#### Skilling SA

We contributed to the Skilling SA Public Sector Project. This project supports increased traineeship and apprenticeship opportunities in the SA Government, creating a pipeline of talent with transferable skills across the public and private sectors. A trainee was recruited in the reporting period and commenced their traineeship within the agency in July 2021.

### Agency performance management and development systems

A key focus during 2020-21 was establishment of a new performance and development framework.

A key objective of the implementation of the new framework included all employees establishing performance plans, and associated development plans aligned to the Renewal SA Strategic Plan 2020-23. This ensured that all employees line-of-sight to the strategic objectives of our agency and their contribution to delivery on this plan, enhancing employee engagement and accountability.

#### Performance Management Performance and Development System

Performance plans are facilitated and documented through our Performance Development Conversations (PDC) framework. The formal performance conversation process is biannual.

As at 30 June 2021, 85% of our employees had a performance and development conversation and plan created in the past six months. This figure includes new starters in the organisation (i.e. those that had commenced within 90 days as at 30 June 2021). With the exclusion of new starters, 93% of employees had a performance development conversation and plan created in the same period.

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# Work health, safety and return to work programs

Program Name	Performance			
Work Health and Safety Program	Our Work Health and Safety (WHS) program is based on the Work, Health and Safety Act 2012 (SA) and Regulations. In 2020-21 we:			
	<ul> <li>undertook continuous improvement activities to encourage and improve the WHS program and to identify emerging trends;</li> <li>successfully implemented a new cross-government digital platform (MySAFETY) which captures all safety related incidents; and</li> <li>consulted, communicated, and cooperated with all workers and stakeholders as a key feature of the WHS program.</li> </ul>			
	One Return to Work Claim was recorded in the financial year across all locations within Renewal SA.			
Wellbeing Program	Our Wellbeing program recognises and values the benefits of worker wellbeing and wellness. We offer holistic worker wellness programs focusing on mental health, physical health and the emotional and social aspects of worker wellness.  In addition to the Mental Health First Aid training, we maintain a fully trained complement of Mental Health First Aiders in the			
	a fully trained complement of Mental Health First Aiders in the workplace.			

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### Return to Work Program

Renewal SA is committed to the effective management and care of any injured employees with either a compensable injury or non-compensable injury.

We work with our Injury Management and Return to Work Service provider to ensure employees receive care and support in their return to the workplace following an injury.

We consistently maintain 100% performance ratings for:

- early assessment within two business days for Rehabilitation, and
- claims determined within 10 days.

Renewal SA has a trained Return to Work Coordinator to coordinate effective return to work of injured employees.

Workplace injury claims	Current year 2020-21	Past year 2019-20	% Change (+ / -)
Total new workplace injury claims	1	1	0%
Fatalities	0	0	0%
Seriously injured workers*	0	0	0 %
Significant injuries (where lost time exceeds a working week, expressed as frequency rate per 1000 FTE)	0	0	0%

<sup>\*</sup>number of claimants assessed during the reporting period as having a whole person impairment of 30% or more under the Return to Work Act 2014 (Part 2 Division 5)

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Work health and safety regulations	Current year 2020-21	Past year 2019-20	% Change (+ / -)
Number of notifiable incidents (Work Health and Safety Act 2012, Part 3)	0	0	0%
Number of provisional improvement, improvement and prohibition notices (Work Health and Safety Act 2012 Sections 90, 191 and 195)	0	0	0%

Return to work costs**	Current year 2021-20	Past year 2019-20	% Change (+ / -)
Total gross workers compensation expenditure (\$)	\$3,944	\$841	+\$369%
Income support payments – gross (\$)	0	0	0%

<sup>\*\*</sup>before third-party recovery

Data for previous years is available at: <a href="https://data.sa.gov.au/data/dataset/renewal-sa-work-health-and-safety-and-return-to-work-performance">https://data.sa.gov.au/data/dataset/renewal-sa-work-health-and-safety-and-return-to-work-performance</a>

#### Executive employment in the agency

Executive classification	Number of executives	
Chief Executive	1	
Executives	21	

<sup>\*</sup>In accordance with the workforce information data definition Office of the Commissioner for Public Sector Employment, an Executive is an employee who receives:

- A total salary equivalent to \$123,648 per annum or more; or
- Receives a Total Remuneration Package Value type contract equivalent to \$154,678 per annum or more; and
- Has professional or managerial 'executive' responsibilities.

Four of the Executives reported above are in the Executive team supporting the Chief Executive. The remainder of the Executives reported are high level senior

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professionals that are responsible for the delivery of key outcomes e.g. project directors, or leaders of functional business units.

Data for previous years is available at: <a href="https://data.sa.gov.au/data/dataset/executive-employment-rsa">https://data.sa.gov.au/data/dataset/executive-employment-rsa</a>

The Office of the Commissioner for Public Sector Employment has a workforce information page that provides further information on the breakdown of executive gender, salary and tenure by agency.

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# Financial performance

#### Financial performance at a glance

The following is a summary of the overall financial position of the agency. The information is unaudited. Full audited financial statements for 2020-21 are attached to this report.

The Comprehensive Result is a loss of \$6.7 million, which is an improvement of \$105.6 million on the previous financial year. The Comprehensive Result is impacted by one-off valuation adjustments and financing costs resulting from the level of borrowings determined by the South Australian Government for Renewal SA.

The buoyant property market has led to strong sales performance for the year, particularly in our residential development projects. Notably, in 2020-21, the Bowden project achieved its best annual sales since its establishment. Additionally, the Playford project achieved its best sales year since 2013-14 and Woodville West had its best sales year since 2017-18. Property carrying values have also increased by \$4.1 million, representing a significant improvement on the write downs reported in recent years.

The Statement of Financial Position shows a return to a positive Net Asset and Equity position, representing a \$50.7 million improvement on the negative Net Asset position reported for the last financial year. The government provided additional equity contributions during the financial year of \$58.7 million. A further \$32.0 million of new equity contributions is budgeted to be received from the government in the 2021-22 financial year, which will further improve the Net Asset position.

It is noted that our inventory assets are recorded at the lower of cost and net realisable value, in accordance with the Accounting Standard AASB 102 - Inventories. The net realisable value of Renewal SA's inventory assets are estimated to be significantly higher than the reported book value.

A summary of the financial result is presented below and the full audited financial statements for the year ended 30 June 2021 are attached to this report.

#### 2020-21 ANNUAL REPORT for the Renewal SA

Statement of Comprehensive Income	2020-21 Actual \$000s	2019-20 Actual \$000s
Revenue from Sales	69 115	62 567
Less: Cost of Sales	(47 545)	(36 489)
Gross Profit on Sales	21 570	26 078
Other Income	34 649	55 070
Operating Expenses	(58 073)	(67 346)
Underlying Operating Result	(1 853)	13 852
Borrowing Costs	(8 928)	(20 580)
Revaluation loss from early termination of loans	1-	(68 776)
Net Gain/(Loss) from Changes in Asset Values	4 063	(36 761)
Comprehensive Result	(6 719)	(112 315)

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#### Consultants disclosure

The following is a summary of external consultants that have been engaged by the agency, the nature of work undertaken, and the actual payments made for the work undertaken during the financial year.

# Consultancies with a contract value below \$10,000 each

Consultancies	Purpose	\$ Actual payment
26 Consultants engaged	Various	108,911

# Consultancies with a contract value above \$10,000 each

Consultancies	Purpose	\$ Actual payment
Agon Environmental	Stockpile sampling	14,770
Baukultur	Riverbank Strategic Precinct Plan	107,240
Bluesphere Environmental	Site investigations	66,171
Doug and Wolf	Lot Fourteen: Architecture Visualisation - Innovation Centre	10,060
Fyfe Pty Ltd	Aldinga: Structure Plan & Development Planning Application	19,700
GTA Consultants	Bowden: Car Parking Study	38,200
Holmes Dyer	New Castalloy: Code Amendment Investigations	21,100
Integrated Heritage Services	Oakden: Cultural Heritage Survey	15,674
Johnsons MME	Garden Island: Emissions Reduction Fund Audit	13,460

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Consultancies	Purpose	\$ Actual payment
KPMG	Leadership Workshop and Advisory	28,718
KPMG	Values and behaviours workshop	65,095
KPMG	Enterprise Risk Management Review	24,945
KPMG	Lot Fourteen: Due Diligence Services - Innovation Centre	30,000
KPMG	Governance Model Options study	40,999
Land & Water Consulting	Suitability of Use Assessment	17,583
Mark Neill	Information Security Review & Updates	15,600
Objective Corporation Limited	Objective Auto Discovery Solution	21,250
Price Waterhouse Coopers	Renewal SA Strategy Development	28,930
Price Waterhouse Coopers	Accounting Advice: Long Term Leases	18,870
Price Waterhouse Coopers	Business Continuity Plan	14,790
Rider Levett Bucknall SA	Lot Fourteen: Cost Management - Innovation Hub	66,550
Rider Levett Bucknall SA	Lot Fourteen: Cost Management - International Centre for Food, Hospitality & Tourism	25,000
Robert Bird Group	Dock One: Concept Design - Pedestrian Bridge	43,459

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Consultancies	Purpose	\$ Actual payment
Stillwell Mgt Consultants	Human Resources Management Consulting Advice	32,975
Thriving People Consulting	Culture and Capability Assessment and People and Culture Strategy	24,500
Uniquity	Human Resources & Organisation Change Matter Advice	20,500
Woods Bagot	Lot Fourteen: International Centre – Lot C Vision	30,000
Woods Bagot	Lot Fourteen: Site Analysis & Design - International Centre for Food, Hospitality & Tourism *	331,750
WT Partnership	Cost Estimation	14,050
	Total	1,201,940

<sup>\*</sup>externally funded through the Adelaide City Deal.

See also the <u>Consolidated Financial Report of the Department of Treasury and Finance</u> for total value of consultancy contracts across the South Australian Public Sector.

The details of South Australian Government-awarded contracts for goods, services, and works are displayed on the SA Tenders and Contracts website. <u>View the agency list of contracts</u>.

The website also provides details of across government contracts.

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# Risk management

#### Risk and audit at a glance

Renewal SA has a robust risk management framework currently in place. The objective of this framework is to ensure an appropriate risk culture prevails with a high level of risk awareness throughout the organisation. The framework includes formalised risk management processes to manage risk in line with contemporary risk management standards. It also ensures that risks are identified, assessed and assigned to risk owners with risk treatment and mitigating strategies required.

There is also appropriate risk reporting in place to the Executive, the Finance, Risk and Audit Committee and the Board of Management.

The Urban Renewal Authority Board of Management has an established Finance, Risk and Audit Committee whose principal functions are to:

- assess the quality of financial reporting and the effectiveness of internal controls;
- oversee the administration of the Risk Management Framework;
- maintain an effective and efficient internal control environment;
- advise the Board on procedures and ways of working within Renewal SA to align these with the organisation's overall strategic direction; and
- oversee financial performance.

The Finance, Risk and Audit Committee comprises members of the Urban Renewal Authority Board of Management.

Renewal SA's Internal Audit function is provided by the Department of Human Services Internal Audit team, under a Service Level Agreement. The Internal Audit work plan is reviewed and approved by the Finance Risk and Committee with all findings reported to the Committee.

#### Strategies implemented to control and prevent fraud

Renewal SA's fraud policies include a range of internal controls to ensure employees, volunteers, agents, contractors, sub-contractors and suppliers of goods and services are aware that they must refrain from engaging in any activity that is, or could be perceived as, fraudulent or unethical.

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Renewal SA has developed a fraud and corruption control strategy, which includes operational arrangements to improve awareness of obligations and to minimise the chance of fraud such as:

- training for all staff in fraud and corruption control is conducted every three years;
- induction is provided to all new starters and includes information on fraud and corruption as well as obligations for employees;
- all offers of gifts or benefits (whether or not accepted) are centrally recorded and reported to the Executive and the Finance, Risk and Audit Committee:
- employees are required to conduct risk assessments, as appropriate, at an enterprise, program, project, operational and transactional level; and
- an annual assurance program is undertaken, whereby all Directors and Executives sign statements of compliance regarding fraud and risk management and any breaches are reported to the Finance, Risk and Audit Committee.

#### Fraud detected in the agency

There were zero instances of fraud detected in the agency in the reporting period.

Data for previous years is available at: <a href="https://data.sa.gov.au/data/dataset/fraud-detected">https://data.sa.gov.au/data/dataset/fraud-detected</a>

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# **Public complaints**

### Number of public complaints reported

No specific categories of formal complaints were received by, or made against, Renewal SA for the 2020-21 financial year.

The total number of enquiries between 1 July 2020 – 30 June 2021 was 340.

## Service Improvements

Renewal SA has considered our processes for receiving and managing enquiries and complaints. No specific service improvements were deemed to be required as part of the management of these enquiries, nor as a result of the enquiries received.

## **Further Information**

For further up-to-date information regarding Renewal SA and its activities, please refer to www.renewal.sa.gov.au

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# Appendix: Audited financial statements 2020-21

URBAN RENEWAL AUTHORITY

# FINANCIAL STATEMENTS

For the financial year ended 30 June 2021





For the Year Ended 30 June 2021		The same	
	Note	2021	2020
	No.	\$'000	\$'000
Income			
Revenue from sales	4	69 115	62 567
Less: cost of sales	4	47 545	36 489
Gross Profit from Sales		21 570	26 078
Share of net profit in joint ventures	5	1 668	844
Revenues from SA Government	6	6 961	6 267
Interest revenues	7	477	711
Propertyincome	8	22 872	45 493
Other revenues	9	2 670	1 755
Net gain from changes in value of non-current assets	23	4 063	
Net gain from disposal of non-current assets	10	1	
Total Other Income		38 712	55 070
Total Income		60 282	81 148
Expenses			
Employee benefits expenses	13	14 079	14 573
Operating expenditure	15	41 015	49 559
Bad and doubtful debts expense	19	( 137)	1 311
Borrowing costs	16	8 928	89 356
Depreciation and amortisation	22	3 116	1 903
Net loss from changes in value of non-current assets/provision for development expenditure	23		36 761
Total Expenses		67 001	193 463
Loss) Before Income Tax Equivalent		(6719)	(112 315)
Total Comprehensive Result		(6719)	(112 315)

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 2021			
	Note	2021	2020
	No.	\$'000	\$'000
Current Assets			
Cash and cash equivalents	18	12 403	11 236
Receivables	19	8 879	5 080
Inventories	20	65 271	74 702
Investment in joint ventures	5	1 588	3 246
Total Current Assets		88 141	94 264
Non-Current Assets			
Receivables	19	13 129	13 142
Inventories	20	255 578	162 002
Investment properties	21	83 765	77 590
Property, plant and equipment	22	12 326	15 780
Investment in joint ventures	5	485	659
Total Non-Current Assets		365 283	269 173
Total Assets		453 424	363 437
Current Liabilities			
Payables	25	14 766	11 667
Unearned income	27	2 964	2 817
Financial liabilities	26	38 681	256 113
Provisions	28	26	27 137
Employee benefits	14	2 438	2 880
Other liabilities	29	896	152
Total Current Liabilities		59 771	300 766
Non-Current Liabilities			
Payables	25	1 967	9 1 1 9
Unearned income	27	13 576	14 865
Financial liabilities	26	375 411	86 357
Provisions	28	65	48
Employee benefits	14	2 559	2 963
Total Non-Current Liabilities		393 578	113 352
Total Liabilities		453 349	414 118
Net Assets		75	(50 681)
Equity			, , , , , , ,
Contributed capital		567 856	509 188
Retained earnings		(567 781)	(559 869)
Total Equity		75	(50 681)
The total equity is attributable to the SA Government as owner			
Unrecognised contractual commitments	31		
Contingent assets and liabilities	32		

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

STATEMENT OF CHANGES IN EQUITY  For the Year Ended 30 June 2021				
	Note No.	Contributed Capital	Retained Earnings	Total
		'\$000	'\$000	'\$000
Balance as at 30 June 2019		381 857	( 445 805)	( 63 948)
Total Comprehensive Result for 2019-20			(112 315)	(112 315)
Transactions with the SA Government in their capacity as owners:				
Equity contribution		127 331	19	127 331
Net assets transferred from administrative restructure				2
Dividends paid	17	_	(1749)	(1749)
Balance as at 30 June 2020		509 188	(559 869)	(50 681)
Total Comprehensive Result for 2020-21			(6719)	(6719)
Transactions with the SA Government in their capacity as owners:				
Equity contribution		58 668		58 668
Dividends paid	17		(1193)	(1 193)
Balance as at 30 June 2021		567 856	(567 781)	75

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

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

	Note	2021	2020
	No.	\$'000	\$'000
Cash Flows from Operating Activities			
Cash Inflows			
Receipts from sales		69 878	63 876
Receipts from tenants (rent and recoveries)		23 986	44 926
Receipts from SA Government		6 911	6 267
Interest received		10	270
Recoveries and sundry receipts		2 420	806
GST recovered from the ATO		5 678	
Cash Generated from Operations		108 883	116 145
Cash Outflows			
Payments for land purchase and development		(163 715)	(107 157)
Payments in the course of operations for supplies and services		(64 242)	(78 148)
Interest paid		(9125)	(92 522)
GST paid to the ATO			(58 780)
Cash Used in Operations		( 237 082)	( 336 607)
Net Cash Used in Operating Activities	30	(128 199)	(220 462)
Cash Flows from Investing Activities			
Cash Inflows			
Distributions of profit by joint ventures		3 500	1 000
Proceeds from the sale of plant and equipment		1	
Proceeds from the sale of investment properties			661 243
Cash Generated from Investing Activities		3 501	662 243
Cash Outflows			
Purchase of property, plant and equipment		(6610)	( 175)
Cash Used in Investing Activities		(6610)	( 175)
Net Cash (Used in)/Provided by Investing Activities		(3 109)	662 068
Cash Flows from Financing Activities			
Cash Inflows			
Equity contributions received from the SA Government		58 668	127 331
Proceeds from borrowings		348 050	226 152
Cash Generated from Financing Activities		406 718	353 483
Cash Outflows			
Repayment of borrowings		(273 050)	(803 187)
Dividends paid to SA Government		(1 193)	(1749)
Cash Used in Financing Activities		(274 243)	(804 936)
Net Cash Provided by/(Used in) Financing Activities		132 475	(451 453)
Net Increase/(Decrease) in Cash Held		1 167	(9847)
Cash at the beginning of the financial year		11 236	21 083
Cash at the End of the Financial Year	18	12 403	11 236

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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 Treasurer as the Minister responsible. In accordance with a Ministerial direction issued to Renewal SA, Renewal SA reports to the Premier as responsible Minister in relation to the Lot Fourteen project.

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; and
- Holding land and other property to be made available as appropriate for commercial, industrial, residential or other purposes.

Renewal SA improves the lives of South Australians now and into the future by leading, supporting and driving investment and growth through property and projects. As the state government's leading urban development agency, Renewal SA co-ordinates, develops and delivers projects and initiatives through our people and collaborative partnerships for the benefit of South Australians.

Renewal SA is aligned to and supports the government's economic plan, Growth State: Our Plan for Prosperity, which aims to stimulate the South Australian economy and population growth of the State. Activities are driven by the 20-Year State Infrastructure Strategy which sets the long-term direction and priorities for infrastructure development in South Australia; and the Our Housing future 2020-2030 strategy which is delivering a better housing future by coordinating activity and opportunities across the housing sector.

As the delivery agency for the South Australian Government, we provide opportunities for industrial and commercial development on designated lands to support social and economic growth and job creation.

#### Note 2 Basis of Preparation

#### 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 financial statements have been prepared in accordance with relevant Australian Accounting Standards and comply with Treasurer's Instructions and Accounting Policy Statements issued by the Treasurer 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.

#### Basis of Preparation

Renewal SA's Statement of Comprehensive Income, Statement of Financial Position and Statement of Changes in Equity have been prepared on a going concern, 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 reporting period and are presented in Australian currency. The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2021 and the comparative information presented.

#### Rounding

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

#### 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 equivalent 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.

Renewal SA recorded operating losses for the reporting periods ending 30 June 2020 and 30 June 2021 and therefore no income tax equivalent was paid/payable.

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.

The financial statements are reported 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.

#### 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, have been classified as current assets or current liabilities. All other assets and liabilities are classified as non-current.

#### 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.

Acquisition and recognition of non-current assets (other than inventories)

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.

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 (other than inventories)

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,

#### Non-financial assets

In determining fair value, Renewal SA has considered 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 \$1.500 million or an estimated useful life that was less than three years' are deemed to approximate fair value.

Refer to Notes 21, 22 and 24 for disclosure regarding fair value measurement techniques and inputs used to develop fair value measurement for non-financial assets.

#### 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.

#### Impact of Covid-19 Pandemic

Renewal SA has undertaken external valuations and/or undertaken impairment tests for its property holdings as at 30 June 2021. These valuations and impairment tests incorporate known impacts from the current economic conditions on the value of the properties as at that date. Government stimulus measures have had a positive impact on the Adelaide property market, however the future impact of the Covid-19 pandemic on property values is uncertain.

In accordance with South Australian Government policy, Renewal SA provided rent relief to tenants that were severely impacted by the pandemic during the financial year. Renewal SA received funding from the State Government through the Business and Jobs Support Fund to compensate for rent relief provided, resulting in no net impact on Renewal SA's operating result.

In accordance with the Covid-19 Emergency Response Act 2020, Renewal SA was not able to recover land tax from eligible tenants that were severely impacted by the pandemic. No tenants were eligible for land tax relief during the 2020-21 financial year.

#### Note 3 Significant Transactions with Government Related Entities

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

In June 2021, Renewal SA purchased land at Oakden for \$44.118 million from various Government agencies, being the Department for Environment and Water for \$30.800 million, the Department for Health and Wellbeing for \$13.038 million and the Department of Human Services for \$0.280 million.

Equity contributions of \$58.670 million and Community Service Obligation funding of \$6.199 million (refer Note 6) were received from the Department of Treasury and Finance during the financial year.

Rent relief of \$1.175 million was granted to tenants of Renewal SA during the 2020-21 financial year. Renewal SA was reimbursed by the Department of Treasury and Finance for rent relief provided, as part of the SA Governments Business and Support Job Fund.

Renewal SA is undertaking the procurement of high voltage electricity and high-pressure gas infrastructure on behalf of the Department for Trade and Investment, to support the rebuild and expansion of the Thomas Foods facility at Murray Bridge. During the 2020-21 financial year, Renewal SA incurred costs of \$0.701 million, recognised \$0.701 million in income and \$0.387 million of funding for future expenditure, totalling \$1.088 million in funding from the Department for Trade and Investment.

Renewal SA occupies Level 9 of the Riverside Centre, North Terrace in a holding over arrangement from the Department of Infrastructure and Transport. During the financial year, Renewal SA incurred rental expenses of \$0.710 million.

Note 4 Revenue from Sales and Cost of Sales			
	2021	2020	
	\$'000	\$'000	
Sales revenue for the reporting period is summarised as follows:  Land sales to:			
Joint ventures	7 112	4 620	
Entities within the SA Government Other - sales to general public and developers	62 003	7 055 50 892	
			Total Sales Revenue
Cost of sales associated with:			
Joint ventures	4 289	752	
Entities within the SA Government		13	
Other - sales to general public and developers	43 256	35 724	
Total Cost of Sales	47 545	36 489	

Sales revenue comprises revenue earned from the sale of land for residential, commercial and community purposes, including land made available for joint venture developments. Revenue for land sales is recognised when settlement is completed and legal title transfers to the purchaser.

Cost of sales comprise all direct material acquisition, development and relevant holding costs in respect of inventory sold during the reporting period. The carrying amount of 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 of future costs and revenues involve an element of professional judgement when estimating cost of sales for long life projects.

#### Note 5 Joint Ventures

In July 2006 documentation was executed with CIC Northgate Pty Ltd, a wholly-owned subsidiary of PEET 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 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 the development proceeds.

Renewal SA's share of the profit from ordinary activities of the Northgate Stage 3 Joint Venture in which Renewal SA has a participating interest, is as follows:

	2021	2020
	\$'000	\$'000
Revenues	12 899	8 834
Expenses	(11 231)	(7990)
Profit from Ordinary Activities	1 668	844
Movements in Renewal SA's investment in the joint venture during the reporting period	is summarised as follows: 2021	2020
	\$'000	\$'000
Share of investment in joint ventures:		
Carrying amount at the beginning of the period	3 905	4 061
Profit for the reporting period	1 668	844
Distribution of profit	(3500)	(1000)
Total Carrying Amount of Investment in Joint Ventures	2 073	3 905

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

Renewal SA's investment in joint ventures is represented by its share of assets and liabilities as follows:			
American and the contract of the state of th	2021	2020	
	\$'000	\$'000	
Current assets:			
Cash	2 363	2 655	
Receivables	164	276	
Inventories	986	5 579	
Total Current Assets	3 513	8 510	
Non current assets:			
Property, plant and equipment	485	659	
Total Non Current Assets	485	659	
Total Assets	3 998	9 169	
Current liabilities:			
Creditors and other payables	1 925	5 264	
Total Liabilities	1 925	5 264	
Net Assets	2 073	3 905	
Net Assets after Impairment	2 073	3 905	

Renewal SA's interest in the Northgate Stage 3 Joint Venture is measured by applying the equity method. Renewal SA's share of the assets and liabilities of the joint venture 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 the joint venture is included as revenue in the Statement of Comprehensive Income as share of net profit in joint ventures.

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

Note 6 Revenues from SA Government		
	2021	2020
	\$'000	\$'000
Community service obligations from SA Government	6 199	5 234
Funding from Business & Job Support Fund	1 175	1 552
Other SA Government revenues	2 235	506
Gross Revenues from SA Government	9 609	7 292
Less: Revenue deferred for development costs	(2648)	(1025)
Total Revenues from SA Government	6 961	6 267

#### **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 services obligations are provided for both capital and operating purposes.

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 capital 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.

#### **Business and Support Fund**

As part of the Government's Business and Support Job Fund, funding of \$1.175 million (2019-20 \$1.552 million) was received to reimburse rent relief provided to Renewal SA's tenants that were severely impacted by the Covid-19 pandemic.

#### Other SA Government Revenues

SA Government revenues 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.

Grants from SA Government 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.

Note 7 Interest Revenues		
	2021	2020
	\$'000	\$'000
interest from cash and cash equivalents	8	252
Finance debtor interest	469	459
Total Interest Revenues	477	711

Interest revenue includes interest received on bank term deposits, interest from investments and interest from finance debtor receivables.

Note 8 Property Income		
	2021	2020
	\$'000	\$'000
Rental income	18 007	36 035
Recoveries	5 906	10 556
Rent relief provided	(1175)	(1552)
Other property income	134	454
Total Property Income	22 872	45 493

Property income arising from 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. Rental income from investment properties was \$10.690 million (2019-20 \$34.135 million).

In accordance with SA Government policy, Renewal SA provided rent relief of \$1.175 million (2019-20 \$1.552 million) to tenants that were severely impacted by the Covid-19 pandemic. Funding to reimburse the rent relief was provided to Renewal SA from the Business and Jobs Support Fund (refer Note 6).

Note 9 Other Revenues		
	2021	2020
	\$'000	\$'000
Consulting revenue	534	614
Recoveries	205	13
Other revenues	1 931	1 128
Total Other Revenues	2 670	1 755

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

Recoveries represent the direct recovery of goods and services provided to external parties.

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.

Note 10 Net Gain/(Loss) from Disposal of Assets		
	2021	2020
	\$'000	\$'000
Plant and equipment:		
Proceeds from disposal	1	
Net Gain from Disposal of Plant and Equipment	1	7
Investment properties:		
Proceeds from disposal	( <del>-</del> )	601 130
Less net book value of assets disposed	*.•	(601 130)
Net Gain from Disposal of Completed Non-Current Assets		- 4
Total Net Gain from Disposal of Non-Current Assets	1	v

Income from the disposal of plant and equipment is recognised when control of the asset has passed to the purchaser and is determined by comparing proceeds with the carrying amount.

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

#### Note 11 Key Management Personnel

Key management personnel of Renewal SA include the responsible Minister, 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.

Total compensation for key management personnel was \$2.522 million (2019-20: \$2.105 million). These amounts include payments to key management personnel for accrued leave entitlements where they were paid on departure from Renewal SA.

The compensation disclosed in this note excludes salaries and other benefits to the responsible Minister. 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*.

Total Compensation	2 522	2 105
Termination benefits	555	
Other long-term employment benefits	83	275
Post-employment benefits	306	136
Salaries and other short-term employee benefits	1 578	1 694
	\$'000	\$'000
	2021	2020

Other long-term employment benefits include payments for long service leave.

#### Transactions with Key Management Personnel and Other Related Parties

A Director is an employee of a company that URA leases space from for an annual rental of \$0.101 million.

A Director is a director of a company that leases space within a Renewal SA property for an annual rental of \$0.569 million.

#### Note 12 Board and Committee Members

Members during the year ended 30 June 2021 were:

#### Urban Renewal Authority Board of Management

C Tragakis, Presiding Member

H M Fulcher

A Skipper

J P Rundle

K Willits

D Hughes (appointed 17 Dec 2020)

N Reade\* (appointed 29 April 2021)

J W McDowell\* (resigned 18 Nov 2020)

#### Urban Renewal Authority Finance, Risk and Audit Committee

H M Fulcher, Chair

C Tragakis

D Hughes

#### Urban Renewal Authority People and Culture Sub-Committee

A Skipper (appointed 20 July 2020)

K Willits (appointed 20 July 2020)

The People and Culture Sub-Committee was established on 20 July 2020.

\*In accordance with the Premier and Cabinet Circular No. 016, government employees did not receive any remuneration for board/committee duties during the financial year.

#### **Board and Committee Remuneration**

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

Total Number of Members	8	24
\$60 000 to \$89 999	1	2
\$20 000 to \$39 999	5	4
\$0 to \$19 999	2	18
	No:	No:
	2021	2020

Total remuneration received and receivable by all members for the period they held office was \$0.251 million (2019-20; \$0.300 million). Remuneration of members includes sitting fees and superannuation contributions.

Note 13 Employee Benefits Expenses		
	2021	2020
	\$'000	\$'000
Salaries and wages	13 270	13 736
Targeted Voluntary Separation Packages		103
Long service leave	( 182)	132
Annual leave	1 154	1 242
Skills and experience retention leave	35	118
Employment on-costs - superannuation	1 761	1 589
Employment on-costs - other	709	818
Board and committee fees	274	286
Other employee related expenses	48	8
Gross Employee Benefits Expenses	17 069	18 032
Less: Employee benefits capitalised to inventories	(2990)	(3 459)
Total Employee Benefits Expenses	14 079	14 573

#### Employment on-costs - superannuation

The superannuation employment on-cost charge represents Renewal SA's contributions to superannuation plans in respect of current services of current employees.

#### **Executive remuneration**

Total Number of Employees	28	24
\$554 001 to \$574 000	1	
\$514 001 to \$534 000	-	1
\$494 001 to \$514 000	1	-
\$414 001 to \$434 000	1	-
\$294 001 to \$314 000	1	1
\$274 001 to \$294 000		1
\$254 001 to \$274 000	1	1
\$234 001 to \$254 000	3	3
\$214 001 to \$234 000	4	4
\$194 001 to \$214 000	1	2
\$174 001 to \$194 000	6	4
\$154 001 to \$174 000	9	7
following bands:		
The number of employees whose remuneration received or receivable falls within the		
	No:	No:
	2021	2020

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 \$6.424 million (2019-20: \$5.250 million).

#### Targeted voluntary separation packages

There were no employees who received a TVSP during the reporting period 2020-21 (2019-20: 1).

Net Cost to Renewal SA		( 108)
Recovery from the Department of Treasury and Finance		/ 400)
Leave paid to separated employees		5
Targeted Voluntary Separation Packages		103
Amount paid to separated employees:		
	\$'000	\$'000
	2021	2020

Note 14 Employee Benefits Liabilities		
Hote II Employee Belleting Liabilities	2021	2020
	\$'000	\$'000
Current		
Accrued wages and salaries	425	931
Annual leave Long service leave	1 649 309	1 618 257
Total Current Employee Benefits	2 438	2 880
Non-Current		
Long service leave	2 559	2 963
Total Non-Current Employee Benefits	2 559	2 963
Total Employee Benefits	4 997	5 843

Employee benefits accrue 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 (SERL) and Sick Leave

The liability 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 the SERL 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.

AASB 119 Employee Benefits contains the calculation methodology for long service leave liability.

The actuarial assessment performed by the Department of Treasury and Finance has provided a basis for the measurement of long service leave and is based on actuarial assumptions on expected future salary and wage levels, experience of employee departures and period of service. These assumptions are based on employee data over SA Government entities.

AASB 119 Employee Benefits requires the use of the yield on high quality corporate or government bonds as the discount rate in the measurement of the long service leave liability. The yield on long-term Commonwealth Government bonds has increased to 1.25% in 2020-21 from 0.75% in 2019-20.

As a result of the actuarial assessment performed by the Department of Treasury and Finance, the salary inflation rate of 2.5% for the 2020-21 financial year remained unchanged from the 2019-20 financial year for long service leave liability.

The net financial effect of the changes to actuarial assumptions in the current financial year is a decrease in the long service leave liability of \$0.341 million and employee benefits expense of \$0.396 million. The impact on future periods is impracticable to estimate as the long service leave liability is calculated using a number of demographical and financial assumptions - including the long-term discount rate.

The unconditional portion of the long service leave provision is classified as current as Renewal SA does not have an unconditional right to defer settlement of the liability for at least 12 months after reporting date. The unconditional portion of long service leave relates to an unconditional legal entitlement to payment arising after 10 years of service.

#### **Employee Benefit On-Costs**

Employee benefit on-costs (payroll tax and superannuation) are recognised separately in payables (refer Note 25).

		1
Note 15 Operating Expenditure		
	2021	2020
	\$'000	\$'000
Property expenditure Land tax Contractors and consultants Accommodation costs	16 843	13 348 19 801
	tors and consultants 3 021	
		2 254
		ion costs 2 052
Administration and other expenditure	9 198	14 508
Gross Operating Expenditure	42 047	51 248
Less: Land tax capitalised to inventories	(1032)	(1689)
Total Operating Expenditure	41 015	49 559

#### **External Consultants**

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

	2021	2021	2020	2020
	Number	\$'000	Number	\$'000
Below \$10 000	26	109	30	109
Above \$10 000	29	1 202	22	1 310
Total Paid/Payable to the Consultants Engaged	55	1 311	52	1 419

#### **Auditor General Remuneration**

Audit fees paid/payable to the Auditor-General's Department relating to work performed under the *Public Finance and Audit Act 1987* included in administration and other expenditure total \$0.199 million (2019-20 \$0.217 million).

Note 16 Borrowing Costs			
	2021	2020	
	\$'000	\$'000	
Borrowing costs on Premises SA Scheme loans Borrowing costs on other loans Borrowing costs on overdraft Interest expense on lease liabilities	88	83 81 858 71 43	
	4 595		
	28 266 64 4 018		
			Guarantee fees on Premises SA Scheme loans
Guarantee fees on other loans		7 448	
Guarantee fees on overdraft		43	71
Gross Borrowing Costs	9 102	89 638	
Less: Borrowing costs capitalised to inventories	( 174)	( 282)	
Total Borrowing Costs	8 928	89 356	

Borrowing costs include interest expense and guarantee fees paid to the South Australian Government. Borrowing costs for 2019-20 included a market rate adjustment of \$69 million as a result of the novation of fixed rate debt assumed by the Treasurer as part of the sale of TAFE SA properties.

In accordance with AASB 123 Borrowing Costs, borrowing costs attributable to the construction of a qualifying asset are capitalised if they are expected to result in a future economic benefit. Borrowing costs are expensed where it is expected that the costs incurred will not be recovered. All other borrowing costs are expensed when incurred.

A qualifying asset is an asset that takes a substantial period of time to be ready for its intended use or sale.

Note 17 Dividends Paid to SA Government		
	2021	2020
	\$'000	\$'000
Dividends paid	1 193	1 749
Total Dividends Paid to SA Government	1 193	1 749

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 operating loss for the year ended 30 June 2021, Renewal SA did not pay a dividend for its overall activities. In 2019-20 Renewal SA did not pay a dividend for its overall activities.

Renewal SA is required to make special dividend payments associated with the Adelaide Station and Environs Redevelopment (ASER) site. A dividend payment of \$1,193 million was paid in relation to the ASER site (2019-20: \$1,749 million).

Note 18 Cash and Cash Equivalents		
	2021	2020
	\$'000	\$1000
Deposits with the Treasurer	9 372	8 216
Short-term deposits with SAFA	203	203
Cash held for Lot Fourteen Car Park	746	2
Cash at bank and on hand	2 082	2817
Total Cash and Cash Equivalents	12 403	11 236

Cash assets include 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.

#### 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, cash held in term deposit for the Lot Fourteen Car Park 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 earn a floating interest rate based on daily bank deposit rates. The carrying amount of cash and cash equivalents represents fair value.

AT THE RESIDENCE OF THE PROPERTY OF THE PROPER		1,	
Note 19 Receivables			
	2021	2020 \$'000	
	\$'000		
Current			
Trade and other receivables Lease receivables GST receivable Provision for doubtful debts	2 782	2 452 6 311 1 900 ( 5 699)	
	6 340		
	5 257		
	(5 516)		
Prepayments	16	116	
Total Current Receivables	8 879	5 080	
Non-Current			
Lease receivables	13 129	13 142	
Total Non-Current Receivables	13 129	13 142	
Total Receivables	22 008	18 222	

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

Lease receivables include receivables from property leases and finance leases. Finance lease receivables are measured at the present value of minimum lease payments.

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.

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

Total Bad and Doubtful Debts Expense	( 137)	1 311
Lease receivables	( 159)	1 013
Trade debtors	22	298
Transfer (from)/to provision for doubtful debts:		
Provision for doubtful debts	46	
Trade debtors	( 46)	-
Bad debts written off:		
Carrying Amount at the End of the Period	5 516	5 699
(Decrease)/Increase in the allowance	( 137)	1 311
Debts no longer legally enforceable	(46)	
Carrying amount at the beginning of the period	5 699	4 388
	\$'000	\$'000
	2021	2020

#### 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 33.

Ageing Analysis of Financial Assets Refer to table in Note 33.

Risk Exposure Information Refer to table in Note 33.

Note 20 Inventories		
	2021	2020
	\$'000	\$'000
Current		
Land held for sale	26 254	38 752
Development projects	39 017	35 950
Total Current Inventories	65 271	74 702
Non-Current		
Land held for sale	138 284	140 570
Development projects	117 294	21 432
Total Non-Current Inventories	255 578	162 002
Total Inventories	320 849	236 704
Movements in Carrying Amounts:		
	2021	2020
	\$'000	\$'000
Carrying amount at the beginning of the period	236 704	247 322
Land purchases	80 964	
Development costs capitalised	50 370	29 316
Open space contribution fund grant	(1 281)	
Cost of sales	(47 545)	(36 489
Transfer to finance receivable		(2478
Inventory write down	(3 264)	(5942
Reversal of inventory write down	4 901	4 975
Carrying Amount at the End of the Period	320 849	236 704

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

Inventories were reviewed at 30 June 2021 to ensure they are carried at the lower of cost and NRV.

The amount of any inventory write-down to NRV 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 write-downs of \$3.264 million and reversals of previous write downs of \$4.901 million in 2020-21 are as a result of the annual review of the recoverable values of inventory and future cash flows for projects.

Renewal SA uses a discounted cash flow methodology to value its inventory balances associated with the Tonsley, Bowden, Playford Alive and Lot Fourteen projects. In past years the cash flows used in these valuations included the CSO funding from Government as a positive cash flow. From 1 July 2019, funding towards capital expenditure for Renewal SA's development projects is provided in the form of contributions of equity rather than as Community Service Obligations (CSO).

Equity contributions are not included in the discounted cash flow valuation as the nature of the payment is of the form of an owner's contribution to the organisation as a whole rather than being of the nature of funding to offset the capital cost of the particular project.

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 or fair value.

#### **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 a 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.

Note 21 Investment Properties		
	2021	2020
	\$'000	\$'000
Freehold Land at Fair Value:		
Independent valuation	56 845	55 473
Total Freehold land at Fair Value	56 845	55 473
Buildings at Fair Value:		
Independent valuation	26 920	22 117
Total Buildings at Fair Value	26 920	22 117
Total Investment Properties	83 765	77 590
Movements in Carrying Amounts		
	2021	2020
	\$'000	\$'000
Freehold land at fair value:		
Carrying amount at the beginning of the period	55 473	234 600
Disposals		(178 267)
Net gain/(loss) on fair value adjustments	1 372	( 860)
Carrying Amount at the End of the Period	56 845	55 473
Buildings at fair value:		
Carrying amount at the beginning of the period	22 117	471 930
Capitalised grants received	(2648)	(1025)
Capitalised expenditure	6 397	1 152
Disposals		(422 863)
Net gain/(loss) on fair value adjustments	1 054	(27 077)
Carrying Amount at the End of the Period	26 920	22 117
Total Carrying Amount at the End of the Period	83 765	77 590
Amounts Recognised in the Statement of Comprehensive Income		
	2021	2020
	\$'000	\$'000
Property Income (refer to Note 8)	10 690	34 135
Direct operating expenses arising from investment properties that generated rental income		
(refer Note 15)	(6387)	(4635)
Direct operating expenses arising from investment properties that did not generate rental		
income (refer Note 15)	( 180)	(1)
Total Amount Recognised in the Statement of Comprehensive Income	4 123	29 499

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. Investment 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. Net gain on fair value adjustments primarily relates to an increase in reported land value at Gillman by \$1.650 million and an increase in reported building value at Technology Park by \$1.350 million.

#### Valuation Basis

An independent valuation of all Renewal SA's investment properties was conducted as at 30 June 2021. Valuations of all investment properties were undertaken by qualified Certified Practicing 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, capitalisation of net income, depreciated replacement cost or discounted cash flow approach.

Note 22 Property, Plant and Equipment		
	2021	2020
	\$'000	\$'000
Right-of-use Buildings		
At cost	12 466	13 513
Accumulated amortisation	(1720)	(41)
Total Buildings	10 746	13 472
Accommodation and Leasehold Improvements		
At cost (deemed fair value)	3 264	3 264
Right-of-use asset at cost	2 428	2 146
Accumulated amortisation	(5144)	(4027
Total Accommodation and Leasehold Improvements	548	1 383
Plant and Equipment		
At cost (deemed fair value)	2 151	1 775
Right-of-use asset at cost	16	16
Accumulated depreciation	(1135)	( 866
Total Plant and Equipment	1 032	925
Total property, plant and equipment at cost (deemed fair value)	5 415	5 039
Total property, plant and equipment at cost	14 910	15 675
Total accumulated depreciation	(7999)	(4934)
Total Property, Plant and Equipment	12 326	15 780

Movements in Carrying Amounts		,
movements in our ying Amounts	2021	2020
	\$'000	\$'000
Buildings:	7.50	
Carrying amount at the beginning of the period	13 472	-
Right of use asset - additions		13 513
Right of use asset - remeasurement	(1047)	
Amortisation	(1679)	(41)
Carrying Amount at the End of the Period	10 746	13 472
Accommodation and Leasehold Improvements:		
Carrying amount at the beginning of the period	1 383	717
Additions		102
Right of use asset - additions	378	2 146
Right of use asset - remeasurement	( 96)	-
Amortisation	(1117)	(1582)
Carrying Amount at the End of the Period	548	1 383
Plant and Equipment:		
Carrying amount at the beginning of the period	925	1 115
Additions	427	73
Right of use asset		31
Disposals		(14)
Depreciation	( 320)	( 280)
Carrying Amount at the End of the Period	1 032	925
Total Property, Plant and Equipment	12 326	15 780

#### Carrying Amount of Leasehold Improvements and Plant and Equipment

The carrying value of these items are deemed to approximate fair value unless otherwise specified. 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.

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.

Renewal SA occupies Level 9 of the Riverside Centre, North Terrace in a holding over arrangement from the Department of Infrastructure and Transport. In accordance with AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors, Renewal SA has reassessed the useful life of plant and equipment and computer equipment located at the Riverside office in anticipation of a relocation in early 2021-22. The asset useful life of these assets were reduced resulting in an increased depreciation expense in 2020-21 totalling \$0.173 million.

Depreciation/Amortisation of \$3.116 million (2019-20 \$1.903 million) is calculated on a straight-line basis over the estimated useful life of the following classes of assets as follows:

Class of Asset	<b>Depreciation Method</b>	Useful Life (Years)
Buildings	Straight Line	Life of lease
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

#### Impairment

There were no indications of impairment of leasehold improvements or plant and equipment as at 30 June 2021. Property, plant and equipment leased by Renewal SA are recorded at cost. Additions to leased property, plant and equipment during 2020-21 were \$0.378 million (2019-20: \$15.690 million).

Short-term leases of 12 months or less and low value leases where the underlying asset value is less than \$15,000 are not recognised as right-of-use assets. The associated lease payments are recognised as an expense and are disclosed in note 15.

Renewal SA has a limited number of leases:

- A lease over a car park on Lot Fourteen in the Adelaide CBD.
- Two leases for accommodation located in Bowden.
- A lease for accommodation located in Port Adelaide.
- A motor vehicle lease with the South Australian Government Financing Authority (SAFA).

Note 23 Net Gain/(Loss) from Changes in Value of Non-Curr	ent Assets		X
A reconciliation of the net (loss)/gain from changes in the values of non-current	assets as follows:		
		2021	2020
	Note	\$'000	\$'000
Inventories			
Inventory write down	20	(3 264)	(5942)
Reversal of inventory write down	20	4 901	4 975
Provision for future development expenditure	28	-	(7857)
Total Gain/(Loss) from Changes in Value of Inventories		1 637	(8824)
Investment property			
Net gain/(loss) on freehold land fair value adjustments	21	1 372	(860)
Net gain/(loss) on building fair value adjustments	21	1 054	(27 077)
Total Gain/(Loss) from Changes in Value of Investment Property		2 426	(27 937)
Total Net Gain/(Loss) from Changes in Value of Non-Current Assets		4 063	(36 761)

#### Note 24 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.

#### 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:

#### Fair Value Measurements at 30 June 2021

915	77 590	915
401		
181		481
77 590	77 590	,
\$'000	\$'000	\$'000
2020	Level 2	Level 3
84 793	83 765	1 028
1 028		1 028
83 765	83 765	
14.214	4.111	
\$'000	\$'000	\$'000
2021	Level 2	Level 3
	\$'000 83 765 1 028 84 793 2020 \$'000	\$'000 \$'000  83 765 83 765  1 028 -  84 793 83 765  2020 Level 2 \$'000 \$'000

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 2020-21, 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 21 and 22 for valuation techniques and inputs used to derive level 2 and 3 fair values. During 2020-21 there were no changes in valuation techniques. 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 2021

Leasehold Improvements	Plant & Equipment
\$'000	\$'000
Opening Balance at the Beginning of the Period 481	915
Acquisitions	427
Depreciation and amortisation expenses (481)	( 314)
Carrying Amount at the End of the Period	1 028

#### Reconciliation of Level 3 Recurring Fair Value Measurements as at 30 June 2020

	Leasehold Improvements	Plant & Equipment
	\$'000	\$'000
Opening Balance at the Beginning of the Period	717	1 115
Acquisitions	102	73
Depreciation and amortisation expenses	( 338)	(273)
Carrying Amount at the End of the Period	481	915

Note 25 Payables			
	2021	2020	
	\$'000	\$'000	
Current			
Trade creditors	2 134 12 265	2 581	
Sundry creditors and accrued expenses		8 626	
Parental leave scheme		10	
Employment on costs	367	450	
Total Current Payables	14 766	11 667	
Non-Current			
Employment on costs	167	275	
Sundry creditors and accrued expenses	1 800	8 844	
Total Non-Current Payables	1 967	9 119	
Total Payables	16 733	20 786	

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.

Employment on-costs include payroll tax, ReturnToWorkSA levies and superannuation contributions and are settled when the respective employee benefits that they relate to are discharged.

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 reporting date relates to any contributions due but not yet paid to various superannuation schemes.

As a result of an actuarial assessment performed by the Department of Treasury and Finance, the proportion of long service leave taken as leave was 42% (2019-20: 42%) and the average factor for the calculation of employer superannuation on-costs was 10.1% (2019-20: 9.8%). These rates are used in the employment on-cost calculation. The net financial effect of the changes in the current financial year is a negligible increase in the employment on-cost and employee benefits expense.

#### 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 33.

#### Risk Exposure Information

Refer to table in Note 33.

Note 26 Financial Liabilities		
	2021	2020
	\$'000	\$'000
Current		
Loans - South Australian Government Financing Authority (a)	6 401	_
Loans - South Australian Government Financing Authority (b)	30 000	253 050
Lease Liabilities	2 280	3 063
Total Current Borrowings	38 681	256 113
Non-Current		
Loans - South Australian Government Financing Authority (a)		6 401
Loans - South Australian Government Financing Authority (b)	364 901	66 851
Lease Liabilities	10 510	13 105
Total Non-Current Borrowings	375 411	86 357
Total Borrowings	414 092	342 470

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.

#### Borrowings from SA Government

These are unsecured loans which bear interest. The terms of the loans were agreed by the Minister/Governing body at the time the loan was provided.

- (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 interest rate varied between 0.2% and 1.08% in 2020-21 (2019-20: 0.43% and 2.52%).

Categorisation of Financial Instruments and Maturity Analysis of Borrowings Refer to table in Note 33.

#### Risk Exposure Information

Refer to Note 33.

#### **Defaults and Breaches**

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

#### Lease Liabilities

Lease liabilities are finance leases relating to accommodation and have been recognised in accordance with AASB 16. All material cash flows are reflected in the lease liabilities disclosed above.

Note 27 Unearned Income		
	2021	2020
	\$'000	\$1000
Current		
Unearned income	2 964	2817
Total Current Unearned Income	2 964	2 817
Non-Current		
Unearned income	13 576	14 865
Total Non-Current Unearned Income	13 576	14 865
Total Unearned Income	16 540	17 682

Unearned income includes rental income and revenues from 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 or a constant periodic rate of return. 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.

Unearned income includes rental income and finance lease interest income of \$14.628 million (2019-20: \$14.116 million) and revenues from SA Government of \$1.912 million (2019-20: \$3,566 million) received in advance.

#### Movements in Carrying Amounts

Carrying Amount at the End of the Period	16 540	17 682
Recognised in the statement of comprehensive income	( 4 281)	(1458)
Received during the year	3 139	273
Carrying amount at the beginning of the period	17 682	18 867
	\$'000	\$'000
	2021	2020

Note 28 Provisions		
	2021	2020
	\$'000	\$'000
Current		
Provision for workers compensation	26	23
Provision for future development expenditure		27 114
Total Current Provisions	26	27 137
Non-Current		
Provision for workers compensation	65	48
Total Non-Current Provisions	65	48
Total Provisions	91	27 185
Movements in Carrying Amounts		
	2021	2020
	\$'000	\$'000
Provision for workers compensation		
Carrying amount at the beginning of the period	71	61
Increase/(Decrease) in provisions recognised	20	10
Carrying Amount at the End of the Period	91	71
Provision for future development expenditure and legal claim		
Carrying amount at the beginning of the period	27 114	101 276
Reductions arising from payments for development expenditure	(27 114)	(80 615)
Increase in provision for inventory development expenditure		7 857
(Decrease)/Increase in provision for lease development expenditure		(1404)
Carrying Amount at the End of the Period	- X	27 114
Total Provisions	91	27 185

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.

A provision has been reported to reflect unsettled workers compensation claims. The workers compensation provision is based on an actuarial assessment of the outstanding liability as at 30 June 2021 provided by a consulting actuary engaged through the Office of the Commissioner for Public Sector Employment (a division of the Department of Treasury and Finance). The provision is for the estimated cost of ongoing payments to employees as required under current legislation.

A provision of \$27.114 million was recognised as at 30 June 2020 for the future negative cash flows relating to obligations under the Lot Fourteen development project. This provision was extinguished in 2020-21 through the ongoing development of the project and the payments for development expenditure.

Note 29 Other Liabilities	The state of the s	2960
	2021	2020
	\$'000	\$'000
Current		
Funds held in trust	744	-
Security deposits	152	152
Total Current Other Liabilities	896	152
Total Other Liabilities	896	152

Funds held in trust relate to the Lot Fourteen Car Park Insurance and Capital Reserve monies.

Security deposits are cash bonds held relating to property leases.

Note 30 Cash Flow Reconciliation		
	2021	2020
	\$'000	\$'000
Reconciliation of Cash and Cash Equivalents at the End of the Reporting Perio	od:	
Statement of Cash Flows	12 403	11 236
Statement of Financial Position	12 403	11 236
Reconciliation of profit/(loss) after income tax equivalent to net cash provided	d by/(used in) operating activities	s:
Loss after income tax equivalent	(6719)	(112 315)
Add/Less Non Cash Items		
Inventories write down	3 264	5 942
Transfers from inventories		2 478
Depreciation and amortisation	3 116	1 903
Provision for doubtful debts	( 137)	1 311
Provision for development expenditure	•	6 463
Share of net profits of joint ventures	(1668)	( 844)
Reversal of inventories write-down	(4901)	(4975
Net gain on Investment property fair value adjustments	( 2 426)	27 937
	(2752)	40 215
Movements in Assets / Liabilities		
(Increase)/Decrease in other receivables	(3 909)	(5112)
Decrease/(Increase) in prepayments	100	( 108)
(Increase)/Decrease in inventories	(82 508)	7 173
(Decrease)/Increase in investment property GST	400	(60 113)
(Decrease)/Increase in payables	(4053)	(8371)
(Decrease)/Increase in unearned income	(1142)	(1185)
(Decrease)/Increase in provisions	(27 114)	(80 615)
(Decrease)/Increase in employee benefits	( 846)	( 31)
Increase/(Decrease) in other liabilities	744	
	(118 728)	(148 362)
Net Cash (Used in)/Provided by Operating Activities	(128 199)	(220 462)

Note 31 Unrecognised Contractual Commitments		
	2021	2020
	\$'000	\$'000
Operating Lease Receivables		
Future minimum rental revenues under non-cancellable operating property leases held but not provided for:		
Due within one year	16 813	12 228
Due later than one year not longer than five years	43 950	30 884
Due later than five years	336 899	22 833
Total Operating Lease Receivables	397 662	65 945

These amounts comprise of property leases. The property leases are non-cancellable over varying terms up to eighty seven years, with rent payable monthly in advanced. The increase in property leases relates to a transfer of arrangements for the management of the Adelaide Station and Environs Redevelopment property from Department of Infrastructure and Transport to Renewal SA, which occurred in April 2021.

Total Capital and Operating Expenditure Commitments:	44 111	66 089
Payable later than five years	4 538	793
Payable later than one year not longer than five years	9 246	16 772
Payable within one year	30 327	48 524
Capital and Operating Expenditure Commitments		
	\$'000	\$'000
	2021	2020

These amounts comprise of property leases and leases for motor vehicles. The property leases are non-cancellable over varying terms up to seven years, with rent payable monthly in advance. Motor vehicles are leased over varying terms up to three years.

Commitments include operating, capital and outsourcing arrangements arising from contractual or statutory sources and are disclosed at their nominal value.

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.

Renewal SA has entered a memorandum of administrative arrangements with the Department of Infrastructure and Transport for accommodation. The accommodation arrangement commences 1 September 2021, with future payments of \$0.861 million within 1 year, \$3.708 million between 2 and 5 years and \$5.287 million up to 10 years.

#### Note 32 Contingent Assets and Liabilities

#### **Contingents Assets**

There were no contingent assets as at balance date.

#### **Contingent Liabilities**

Renewal SA has a potential liability to a developer of up to \$0.200 million (being maximum of \$0.100 million for each of the two remaining stages of the three stage development) for soil disposal costs if the soil on site is discovered to be unsuitable for the Renewal SA Soil Bank.

#### Note 33 Financial Instruments Disclosure and Financial Risk Management

#### Financial Risk Management

Renewal SA is exposed to a variety of financial risks, i.e. market risk, credit risk and liquidity risk. There have been no changes to risk exposure since the last reporting period, and due to the nature of financial instruments held, the financial risks are low.

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's borrowings are guaranteed by the Treasurer in accordance with Section 24(3) of the *Urban Renewal Act 1995*.

#### Liquidity Risk

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 interest bearing liabilities (borrowings from the SA Government).

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 the 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.

Renewal SA undertakes all its borrowings from South Australian Government Financing Authority (SAFA) therefore its market and liquidity risk for new and maturing borrowings is aligned to that of the South Australian Government.

#### Market Risk

Renewal SA does not trade in foreign currency, nor enter into transactions for speculative purposes, nor for hedging. Market risk for Renewal SA is primarily through price risk.

Exposure to interest rate risk may arise through interest bearing liabilities, including borrowings. Renewal SA's borrowings are managed through the SAFA and any movement in interest rates are monitored daily. There is no exposure to foreign currency or other price risks.

#### Credit Risk

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. No collateral is held as security and no credit enhancements relate to financial assets held by Renewal SA.

#### Impairment of Financial Assets

Loss allowances for receivables are measured at an amount equal to the lifetime expected credit loss using the simplified approach in AASB 9.

The maximum period considered when estimating expected credit losses is the maximum contractual period over which Renewal SA is exposed to credit risk. The expected credit loss of government debtors is nil based on the external credit ratings and nature of the counterparties.

The following table discloses information about the exposure to credit risk and ECL for non-government debtors:

	Gross carrying	Loss	Lifetime expected
Current (not past due) 1 - 30 days past due	amount \$'000	%	losses \$'000
	1 350	0.5	8
	1 292	0.5	6
31 - 60 days past due	64	0.5	
61 - 90 days past due	433	0.5	2
More than 90 days past due		0.5	
Loss Allowance	3 139		16

Loss rates are based on actual history of credit loss. These rates have been adjusted to reflect the differences between previous economic conditions, current economic conditions, and Renewal SA's view on the forecast economic conditions over the expected life of the receivable.

Impairment losses are presented as net impairment losses within net resulted, subsequent recoveries of amounts previously written off are credited against the same line item. In addition to the expected loss of \$0.016 million there are expected losses of \$5.500 million for specifically identified customers.

Receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include the failure of a debtor to enter a payment plan and failure to make contractual payments.

Renewal SA considers that its cash and cash equivalents have a low credit risk based on the external credit ratings of the counterparties and therefore the expected credit loss is nil.

#### 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 respective notes.

Renewal SA does not recognise any financial assets or financial liabilities at fair value but does disclose fair value in the notes. All the resulting fair value estimates are included in Level 2 as all significant inputs required are observable.

The carrying value less impairment provisions of receivables and payables is a reasonable approximation of their fair values due to their short-term nature.

Borrowings are initially recognised at fair value plus any transaction costs attributable to the borrowings, and subsequently held at amortised cost. For the majority of borrowings, their fair values are not materially different from their carrying amounts, since the interest payable on these borrowings is either close to current market rates or the borrowings are of a short-term nature.

Renewal SA measures all financial instruments at amortised cost.

		Carrying	202100	onti actual Mat	urities	rair
		Amount	< 1 year	1-5 years	> 5 years	Value
	Note	\$'000	\$'000	\$'000	\$'000	\$'000
2021						
Financial Assets:						
Cash and cash equivalents	18	12 403	12 403		4.0	12 403
Loans and receivables:						
Receivables	19	22 250	9 122	4 509	8 619	22 250
Allowance for doubtful debts	19	(5516)	(5516)			(5516)
Total Financial Assets		29 137	16 009	4 509	8 619	29 137
Financial Liabilities:						
Financial liabilities at cost:						
Payables	25	15 999	14 131	1 868		15 999
Borrowings	26	401 302	36 401	360 733		397 134
Lease Liabilities	26	12 790	2 049	8 178	2 563	12 790
Total Financial Liabilities		430 091	52 581	370 779	2 563	425 923
Net Financial Assets/(Liabilities)		(400 954)	( 36 572)	( 366 270)	6 056	(396 786)
		Carrying	2020 Contractual Maturities		urities	Fair
	3.6	Amount	< 1 year	1-5 years	> 5 years	Value
	Note	\$'000	\$'000	\$'000	\$'000	\$'000
2020						
Financial Assets:	122	10.112	52.50			
Cash and cash equivalents	18	11 236	11 236	-		11 236
Loans and receivables:		27.540		V 453		
Receivables	19	21 905	8 763	4 403	8 739	21 905
Allowance for doubtful debts	19	(5699)	(5699)	T		(5 699)
Total Financial Assets		27 442	14 300	4 403	8 739	27 442
Financial Liabilities:						
Financial liabilities at cost:						
Payables	25	19 834	10 990	8 844		19 834
Borrowings	26	326 302	253 050	73 252		324 697
Lease Liabilities	26	16 168	3 063	7 824	5 281	16 168
The state of the s						
Total Financial Liabilities		362 304	267 103	89 920	5 281	360 699

Carrying

2021 Contractual Maturities

Fair

#### Receivables and Payables

The 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 and equivalents, 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).

#### Note 34 Impact of Standards and Statements not yet Effective

Renewal SA has assessed the impact of new and changed Australian Accounting Standards Board standards and interpretations not yet effective. AASB 1059 Service Concession Arrangements: Grantors does not apply to Renewal SA.

#### Note 35 COVID-19 Pandemic Outlook

The Covid-19 pandemic is likely to continue to impact the Adelaide property market in 2021-22. To the date of reporting, the various financial arrangements provided to businesses by the State and Commonwealth Governments has resulted in minimal adverse impacts on Renewal SA's rental income and property sales income as a result of the Covid-19 pandemic.

#### Note 36 Events after the Reporting Period

There are no events to report.

#### CERTIFICATION OF THE FINANCIAL STATEMENTS

We certify that the attached general purpose financial statements for the Urban Renewal Authority (trading as Renewal SA):

- comply with relevant Treasurer's Instructions issued under Section 41 of the Public and Finance Audit Act 1987, and relevant Australian Accounting Standards;
- o are in accordance with the accounts and records of the Urban Renewal Authority; and
- present a true and fair view of the financial position of the Urban Renewal Authority as at 30 June 2021 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 Finance, Risk and Audit Committee.

C MENZ CHIEF EXECUTIVE

15 September 2021

B NAYLOR
A/GENERAL MANAGER,
COMMERCIAL AND
CORPORATE

September 2021

15 September 2021

PRESIDING MEMBER

C TRAGAKIS

# RenewalSA

