

OFFICIAL



**Government
of South Australia**

URBAN RENEWAL AUTHORITY

Trading as Renewal SA

2022-23 Annual Report

RENEWAL SA

Level 16, 11 Waymouth Street

Adelaide SA 5000

www.renewal.sa.gov.au

Contact phone number: + 61 8 8207 1300

Contact email: reception.renewalsa@sa.gov.au

ISSN: 1834-1403

Date approved by the Board: 25 September 2023

Date presented to Minister: 29 September 2023

OFFICIAL

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 peoples to ensure Culture and Country is respected in everything we do and is represented through our people and projects.

To:

Minister Nick Champion MP

Minister for Trade and Investment, Minister for Housing and Urban Development,
Minister for Planning.

This annual report will be presented to Parliament to meet the statutory reporting requirements of the *Urban Renewal Act 1995*, *Public Sector Act 2009* and the requirements of Premier and Cabinet Circular 013 – *Annual Reporting Requirements*.

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:

Stephen Hains AM

Presiding Member, Urban Renewal Authority Board of Management

Date: 29 September 2023

Signature



From the Chief Executive

I am pleased to present the 2022-23 Annual Report for Renewal SA highlighting our achievements and progress towards our strategic objectives and commitments to the people of South Australia.

This year has been a year of significant change and growth at Renewal SA; both as an organisation, and within the ever-changing property environment and economic climate.

The new financial year brought with it a number of new appointees to Renewal SA's Board of Management, including Stephen Hains AM, who took up the important role of Presiding Member. We also welcomed new members Anne Moroney, Austin Taylor OAM, David O'Loughlin, and Damien Walker who joined Kimberley Willits and Anne Skipper who continued in their respective roles on the Board.

On behalf of Renewal SA's Executive team, I thank the outgoing Presiding Member, Con Tragakis, and Board members Helen Fulcher, David Hughes and Phil Rundle for their insights and service.

As the South Australian Government's dedicated property and development arm, we have continued to operate at pace, adapting to the evolving industry landscape to convert undeveloped land into new communities and thriving business hubs. We have created spaces for South Australians to reside, work, prosper, and contribute to our growing economy.

Renewal SA enabled approximately \$550m in capital investment during 2022-23, generating approximately \$450m in Gross State Product. In addition, Renewal SA supported more than 3000 jobs - 500 more than the previous financial year - across construction and related industries.

Affordable housing

The social and economic challenges faced by prospective home buyers, coupled with pressure on the rental market, has had a significant impact in the residential sector this financial year.

Housing affordability has become an increasing priority across South Australia and indeed the nation. Renewal SA has taken a lead in this space to deliver residents

access to safe, stable forms of high-quality housing on behalf of the state government. Throughout 2022-23 we, along with our partners, have delivered 187 affordable homes for sale across metropolitan projects at Bowden, Playford Alive, Tonsley, Port Adelaide and Oakden.

In addition, Renewal SA has worked to lay the groundwork for a strong, ongoing supply of affordable housing to meet the state's commitment to the *National Housing Accord* – an endeavour aimed at delivering a million new homes across the country in the next decade.

This heavy lifting to progress critical projects from development-ready status to shovel-ready status, has seen a 156% year-on-year increase in the pipeline of affordable homes and rentals (2100 dwellings) we intend to deliver over the next five years.

Pipeline of projects

Renewal SA's ongoing activities seek to provide a steady stream of land for residential, industrial, and commercial projects. This enables us to respond quickly to market needs and opportunities as they arise.

In February 2023, as part of its *A Better Housing Future* plan, the state government announced its ambition to deliver 25,000 new homes through the large-scale release of greenfields land to the market.

Renewal SA's contribution to that effort this financial year includes projects at Aldinga, Onkaparinga Heights and Noarlunga Downs collectively set to deliver 2400 homes.

These projects directly align with our strategic objectives and are vital components in the creation of greater housing availability and affordability to meet the needs of South Australia's growing population.

Additionally, Renewal SA has assumed an increased presence in the national defence landscape, as it continues to examine how it can facilitate and participate in supporting the nation's sovereign capability through partnerships with the Commonwealth Department of Defence.

We have played an integral role in the planned consolidation and packaging of land around Osborne Naval Shipyard to accommodate construction of Australia's new AUKUS submarines and the development of a Deeper Maintenance and Modification Facility for military aircraft at Penfield.

Resourcing for growth

To support Renewal SA's expanding portfolio of projects – particularly in defence, affordable housing and major projects – we embarked on an organisational restructure to build capacity so we can effectively deliver this significant pipeline of work to the highest standards.

Our Business and Systems Transformation team rolled out initiatives to help strengthen our operational systems, and tools to help our staff perform their duties more efficiently and collaboratively. Initiatives delivered this year include:

- a Capability Framework
- our Employee Value Proposition
- a Digital Strategy and new intranet site
- a new Project Management Framework.

There is still much more to do. And we are committed to the journey; to drive positive change and contribute to a prosperous future for South Australia.



Chris Menz
Chief Executive
Renewal SA

Contents

Overview: about the agency	9
Our strategic focus	9
Our organisational structure	11
Board members - 1 July to 30 July 2022	11
Board members - 31 July 2022 to 30 June 2023	11
Changes to the agency	12
Our Minister	12
Our Executive team	12
Legislation administered by the agency	12
Other related agencies (within the Minister's area/s of responsibility)	13
The agency's performance	14
Performance at a glance	14
Agency specific objectives and performance	15
People	16
Partnerships	18
Pipeline	20
Projects	22
Corporate performance summary	24
Employment opportunity programs	24
Agency performance management and development systems	25
Work health, safety and return to work programs	27
Executive employment in the agency	29
Financial performance	30
Financial performance at a glance	30
Consultants disclosure	31
Risk management	34
Risk and audit at a glance	34
Fraud detected in the agency	34
Strategies implemented to control and prevent fraud	34
Public interest disclosure	35
Reporting required under any other act or regulation	35
Public complaints	36

Number of public complaints reported	36
Service improvements	36
Appendix: Audited financial statements 2022-23	37

Overview: about the agency

Our strategic focus

As the South Australian Government's urban development agency, we lead and coordinate development and urban renewal activity to ensure South Australia's future employment and housing needs are met through well-planned, affordable 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 needs of South Australians.

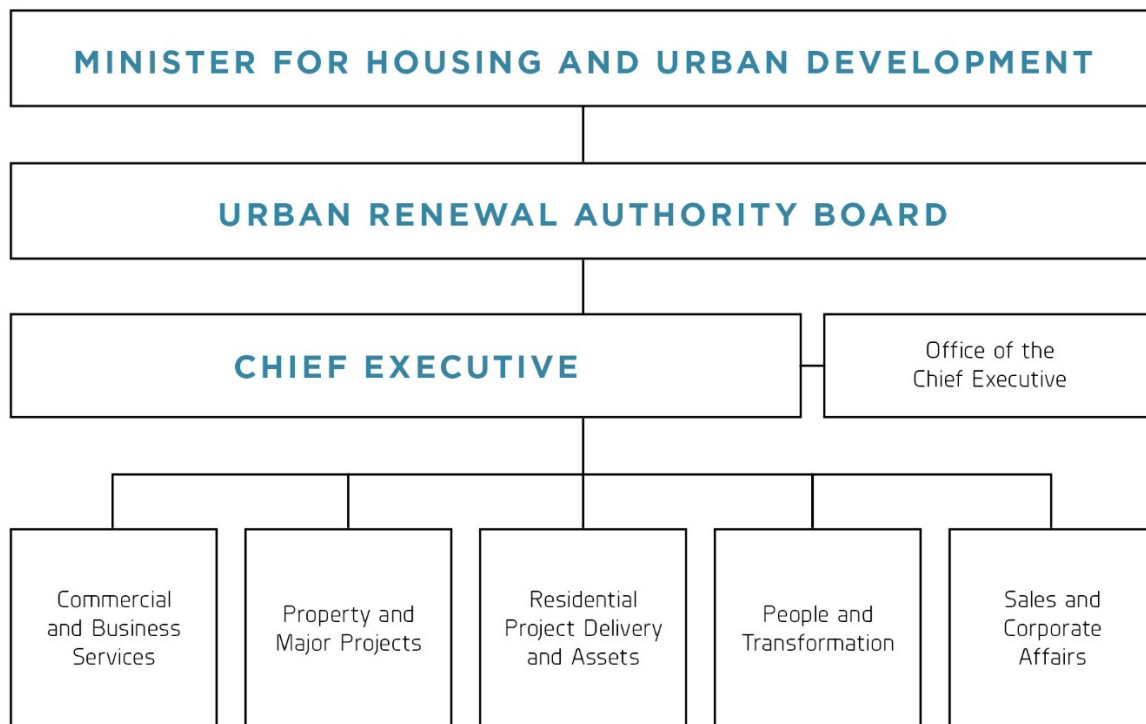
We focus on property development that builds new industries, infrastructure and communities while driving economic activity, attracting investment, and enhancing liveability in South Australia.

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	<p>Our values reflect 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.</p> <p>Respect – we all have something to offer at Renewal SA, and that means every member of our team is valued and respected.</p> <p>Trust – we've got each other's backs at Renewal SA. We share information and trust our colleagues are making decisions with the best intent and endeavour.</p> <p>Honesty and integrity – we are all responsible for creating a positive workplace at Renewal SA – every word, action and behaviour matters.</p> <p>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.</p> <p>Collaboration and engagement – at Renewal SA we believe a collaborative approach delivers the best results and that's why we're focused on creating solutions together.</p> <p>Service – we come to work at Renewal SA every day to deliver for the people of South Australia. We proudly serve government and the community.</p> <p>Professionalism – a culture of excellence means we hold ourselves to the highest standard at Renewal SA and we're always looking for ways to do things better.</p>

	<p>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.</p>
<p>Our functions, objectives and deliverables</p>	<p>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.</p> <p>Our <i>Strategic Plan (2020-23)</i> aligns our work to four strategic pillars and associated goals:</p> <ul style="list-style-type: none"> • 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. • 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. <p>A new draft strategy was in consultation at the end of FY23, with new priorities to increase the amount and availability of affordable housing, create connected and sustainable communities, accelerate the supply of housing in our regions, unlock land for industrial and commercial developments and contribute meaningfully to the reduction of carbon emissions to reach the government’s target of net carbon zero by 2050.</p> <p>A summary of the key functions of Renewal SA as outlined in the <i>Urban Renewal Act 1995</i>, includes to:</p> <ul style="list-style-type: none"> • 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

	<ul style="list-style-type: none">• encourage, facilitate and support public and private sector investment and participation in the development of the state• acquire, hold, manage, lease and dispose of land, improvements in property.
--	--

Our organisational structure



Board members - 1 July to 30 July 2022

- Con Tragakis - Presiding Member / Chair
- Helen Fulcher - Member
- David Hughes - Member
- Phil Rundle - Member
- Anne Skipper AM - Member
- Kimberley Willits - Member

Board members - 31 July 2022 to 30 June 2023

- Stephen Hains AM - Presiding Member / Chair
- Anne Moroney - Member
- David O'Loughlin - Member

- Austin Taylor OAM - Member
- Damien Walker - Member
- Anne Skipper AM - Member
- Kimberley Willits - Member

Changes to the agency

In February 2023, the Office for Regional Housing was established within Renewal SA.

Further changes were implemented to the agency's structure and objectives as a result of the new Strategic Plan (under consultation at the end of June 2023). Following an internal review, a new organisational structure came into effect from 13 June 2023 to ensure more effective alignment of functions and groups and to ensure that our workforce is well positioned to deliver on our current and future priorities and projects. All functions and staff were retained through the restructure.

Our Minister

The Urban Renewal Authority, trading as Renewal SA, operated within the portfolio responsibilities of the Hon Nick Champion MP, Minister for Housing and Urban Development.

Our Executive team

The Chief Executive reports to the Minister for Housing and Urban Development and the Urban Renewal Authority Board of Management. He oversees the day-to-day operations of the agency, together with the Executive team.

At 30 June 2023, Renewal SA's Executive team comprised:

- Chris Menz, Chief Executive
- Michael Wood, Executive Director, Commercial and Business Services
- Todd Perry, Executive Director, Property and Major Projects
- Shane Wingard, Executive Director, Residential Project Delivery and Assets
- Christine Steele, Executive Director, People and Transformation
- Skye Bayne, Executive Director, Sales and Corporate Affairs

Legislation administered by the agency

Urban Renewal Act 1995

Urban Renewal Regulations 2014

Riverbank Act 1997

ASER (Restructure) Regulations 2013

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

- Department for Trade and Investment
- Planning and Land Use Services
- Adelaide Cemeteries Authority
- West Beach Trust

The agency's performance

Performance at a glance

Through the 2022-23 financial year, Renewal SA continued to work diligently to progress projects of scale across the state, under unique market conditions created, in part, by a post-pandemic lag, and unprecedented demand for new quality housing.

Our efforts have yielded positive results, many city-defining, underscoring our dedication to creating strong communities, supporting economic growth, and ensuring the well-being of South Australians, in all of our projects.

Our major projects include:

- ten residential developments and projects, including Bowden, Playford Alive, The Square at Woodville West, Prospect, Aldinga, Onkaparinga Heights, Noarlunga Downs, Tapangka – Franklin Street, Seaton Demonstration Project and the Regional Key Worker Housing Scheme
- ten residential partnerships Our Port – Dock One and Fletcher's Slip, Eyre at Penfield, Oakden, Tonsley Village, St Clair, former Brompton Gasworks, Forestville, Glenside and Fort Largs
- three innovation precincts, including Lot Fourteen, Tonsley Innovation District and Technology Park Adelaide
- three civic projects, including Adelaide Railway Station, Festival Plaza and Adelaide Riverbank
- four industrial/employment land projects, including Northern Lefevre Peninsula, Edinburgh Parks, Gillman and East Grand Trunkway.

Renewal SA holds more than \$625 million in inventory land assets with a carrying value of \$231 million, in addition to a total of \$111 million in investment property assets which it manages. As part of its role, the agency continues to generate further revenue for the state by transacting on government land and assets that have been declared surplus. This financial year, surplus land sales managed through Renewal SA equated to \$3.9 million in additional revenue.

Renewal SA also currently manages a portfolio comprising more than 3,300 hectares of land that generates in excess of \$100 million of income each financial year for the South Australian Government.

Renewal SA sold 16.7 hectares of land across our industrial portfolio, including at Tonsley Innovation District to unlock future economic and employment activity.

Some of our 2022-23 key achievements include:

- formally entering into a development agreement with MAB Corporation for the remediation, acquisition and redevelopment of the former Brompton Gasworks at Bowden

- being selected as the preferred proponent to purchase the former Franklin Street Bus Station site from the Adelaide City Council which is targeting the creation of Adelaide's first carbon neutral precinct
- returning a resized parcel of land at Aldinga back to market, following the reservation of a rail corridor, for the delivery of more than 800 homes
- acceleration of planning and infrastructure investigations for a 1000-home community at Onkaparinga Heights (formerly Hackham)
- fast-tracking master-planning for 600 homes, including integrated affordable and social housing in partnership with the South Australian Housing Authority (SAHA), at Noarlunga Downs
- establishing a dedicated Office for Regional Housing within Renewal SA
- selling almost 11,000 sqm of land at Tonsley Innovation District to various private sector businesses, returning nearly \$2.8 million to the State Government
- significantly enhancing public amenity at Tonsley Innovation District through the opening of boutique 4-star hotel *La Loft*, and the naming of decorated South Australian publicans The Duxton Pubs Group as the successful proponent to reinvigorate the historic Boiler House
- facilitating installation of almost 6000 new solar panels at Tonsley Innovation District to double the site's green energy output
- completing a Foyer Forest under the Main Assembly Building at Tonsley Innovation District, taking the tree canopy site-wide to more than 1061 trees and 42,513 plants and shrubs
- completing the state's first fully affordable, carbon neutral in operation, housing development *Nightingale Bowden* which was delivered in partnership with Housing Choices South Australia, SAHA and not-for-profit innovator Nightingale Housing
- delivering almost \$10,000 in grants returned to the Playford Alive community via the Playford Alive Initiatives Fund administered by the City of Playford
- facilitating four educational activities with industry, 61 accredited training places, 19 traineeships/apprenticeships, 96 work experience placements and 15 paid employment positions for South Australians across Renewal SA's flagship projects
- assisting state government on critical real-estate matters related to the proposed University of Adelaide and the University of South Australia merger, AUKUS defence agreement, hydrogen industry development in the north as well as land acquisitions and divestments
- installing new architectural lighting at Adelaide Railway Station.

Agency specific objectives and performance

During the year, Renewal SA completed delivery against its *Strategic Plan (2020-23)*. This plan was formulated on a foundation of four pillars — people, pipeline, partnerships and projects and delivered what it set out to do:

- drive positive change throughout the organisation and develop a high-performance culture
- work closely and collaboratively with our partners across the public and private sectors
- increase our pipeline of projects and attract investment to South Australia
- deliver economic, social and environmental benefits through our projects.

The table below outlines our achievements against our objectives in our *Strategic Plan (2020-23) for 2022-23*.

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.	
Indicators	Performance
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.	<p>Achieved zero reportable incidents, and no new workers compensation claims, and continued our ongoing commitment to the safety and wellbeing of our staff and contractors by:</p> <ul style="list-style-type: none"> ○ establishing a regular review cycle of WHS operational risks ○ undertaking an audit focussed on Renewal SA contractor WHS management ○ ensuring hazard and incident reporting awareness and process is embedded in the induction and onboarding activities.
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.	<p>Renewal SA restructured the organisation to:</p> <ul style="list-style-type: none"> ○ ensure that our workforce is well positioned to deliver on our current and future projects in line with government and organisation strategy ○ ensure the agency can effectively and efficiently deliver against to our priorities ○ enable capability, skills growth, career development and succession planning. <p>Additionally:</p> <ul style="list-style-type: none"> • all staff were retained through this process and all new roles were advertised internally prior to being advertised externally

	<ul style="list-style-type: none"> undertook research and developed our Employee Value Proposition to elevate our employee experience and workforce strategies and ensure alignment of our activities and effort to what current and prospective employees want.
Renewal SA sets clear expectations and engages our people, so they are motivated to perform at their best.	<ul style="list-style-type: none"> 91.3% of eligible employees had a Performance Development Plan in 2022-23 Undertook a review of the performance and development framework and refreshed the process and documents ensuring strong alignment to our Business Plans and Strategic Plan.
Renewal SA enables our people to reach their potential and develops future capabilities for the business.	<ul style="list-style-type: none"> Developed and launched an organisation-specific Capability Framework outlining the capabilities and behaviours required to operate successfully in Renewal SA and create consistent performance expectations and practices throughout the workforce Delivered a leadership development program for 11 senior staff; eight females and three males Sponsored four women to participate in the Property Council of Australia's 500 Women in Property Program 39 roles were newly created as a result of the organisation restructure and were advertised internally in the first instance, with the expectation that a significant proportion of these roles would be filled by internal candidates
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.	<ul style="list-style-type: none"> Attended the Adelaide Careers Expo with the Property Council of Australia's Girls in Property group, to promote careers in property and opportunities for training and employment through the Renewal SA Works Program Continued our delivery of Renewal SA's Innovate Reconciliation Action Plan Continued to deliver cultural awareness training to staff to meet our 100% target Won the Urban Development Institute of Australia (UDIA) State Award for Diversity in Development and represented South Australia as a national finalist in recognition of our work in championing and

	<p>supporting diversity within Renewal SA and the broader property and urban development industry.</p> <ul style="list-style-type: none"> Supported diversity and inclusion in the broader industry through: <ul style="list-style-type: none"> representation on both the UDIA SA and Property Council of Australia - SA (PCA) diversity committees sponsorship of the UDIA SA Young Professionals Program and PCA SA Girls in Property Program and Reconciliation Week event forging training, work experience and employment pathways for people of diverse ages, genders, cultural and socio-economic backgrounds and abilities through our dedicated Works Program.
--	---

Partnerships

Three-year goal

Renewal SA's strong and collaborative partnerships unlock new opportunities and produce exceptional market-leading results for South Australia.

Indicators	Performance
Renewal SA enters into multiple private and public sector partnerships, and investment in South Australia increases as a result.	<ul style="list-style-type: none"> Played an integral and lead role in the planned real estate consolidation and packaging of land around Osborne Naval Shipyard to accommodate construction of Australia's new AUKUS submarines in partnership with Department of Defence Negotiated and finalised a development agreement with MAB Corporation for the remediation, acquisition and redevelopment of the former Brompton Gasworks at Bowden Announced South Australia's first premium Build-to-Rent project at Bowden, to be delivered by global property giant Sentinel. The rental model introduces a new asset class to the South Australian market Renewal SA selected through an Expression of Interest market process as the preferred proponent to purchase the former Franklin Street Bus Station site from the Adelaide City Council Tonsley Innovation District continued to build its reputation on the world stage via its membership of The Global Network of Innovation Districts - a

	handpicked group of advanced 21st century innovation precincts recognised as exemplars globally.
Renewal SA is known as a genuine relationship builder that communicates opportunity, manages conflict and brings together partners to achieve results.	<ul style="list-style-type: none"> • Maintained strong relationships with relevant industry associations and stakeholders across state and local government, community housing sector and private industry to promote our strategic and business goals and opportunities to participate in our projects • Nine staff represented Renewal SA, communicating about opportunities and issues, and contributing to the broader industry through positions on industry committees • Continued our corporate partnerships with the UDIA SA and PCA SA, and sponsored the Housing Industry Association's Housing Awards • Sponsored the Planning Institute of Australia's National Congress in Adelaide in May 2023; organising and delivering site tours to four Renewal SA projects: Lot Fourteen, Our Port, Bowden and Tonsley Innovation District • Sponsored the PCA's Reconciliation Breakfast for a second year and spoke to industry attendees about our commitment to reconciliation and what it means to be part of our nation's journey towards a united future • Delivered Yarning Series events at Oakden and Bowden, bringing together Kaurna leaders, project partners and stakeholders to broaden engagement on, and inclusion of, First Nations culture into the planning of our projects. • Launched the 'First Nations Terminology and Language Guidelines' across the organisation a resource tool to support staff with their communication • Completed cultural heritage surveys for all new projects (Prospect, Forestville and Penfield Deeper Maintenance and Modification Facility) • Undertook extensive consultation with country communities – including more than 50% of the state's regional councils - to identify need and provide advice and assistance around the implementation of regional housing projects

	<ul style="list-style-type: none"> Delivered community engagement activities and completed key consultation around green space outcomes at Prospect and design outcomes at Forestville.
The Renewal SA brand is recognised by South Australians for achieving tangible growth outcomes.	<ul style="list-style-type: none"> Delivered a new corporate website aligned to government and strategic priorities and enabling improved access to project information and opportunities to partner with Renewal SA Delivered regular communications through our digital channels and electronic direct mail about our achievements and opportunities to partner with Renewal SA Maximised proactive communications and media opportunities to inform stakeholders of our activities and achievements.
Renewal SA is the government agency for all property related matters and undertakes multiple developments and property transactions on behalf of other government agencies.	<ul style="list-style-type: none"> Assisted government agencies with strategic property solutions including the Department for Infrastructure and Transport, South Australia Police, SA Health, Department for Education and SA Ambulance Service Continued working on property initiatives and projects with government partners such as SAHA, Department for Trade and Investment, Department of Treasury and Finance, Department for the Environment and Water, Department of Infrastructure and Transport, Office of Hydrogen Power SA, Department of the Premier and Cabinet and Defence SA.

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 South Australia.

Indicators	Performance
Renewal SA uses a structured business planning process that results in a tangible and achievable pipeline of opportunities.	<ul style="list-style-type: none"> Ensured that all projects and strategic initiatives had an approved annual business plan aligned to organisation strategy An internal Investment Committee supported strategic pipeline goals by assessing and endorsing

	investment/pipeline opportunities against agreed criteria.
Renewal SA is the peak government agency for property and project delivery.	<ul style="list-style-type: none"> Assisted other government agencies in the management of 43 transactions, including the sale or purchase of sites Released Highgate Park (former Julia Farr Centre) to market, for sale on behalf of the sole trustee, the Minister for Human Services Partnered with the Department of Defence and Defence SA to deliver an Expression of Interest campaign for the construction of a Deeper Maintenance and Modification Facility for military aircraft at Penfield.
Renewal SA delivers a pipeline of projects annually that leads the market and increases investment into South Australia and Gross State Product.	<ul style="list-style-type: none"> Enabled approximately \$550m in capital investment during 2022-23, generating approximately \$450m in Gross State Product Negotiated a development agreement with MAB Corporation for the remediation and redevelopment of the former Brompton Gasworks at Bowden Returned greenfield land at Aldinga to the open market following the reservation of a rail corridor by the state government Accelerated the planning and infrastructure investigations for a new 1000-home community at Onkaparinga Heights (formerly Hackham), following the successful rezoning of 68 hectares bordering Main South Road Announced a new project at Noarlunga Downs to deliver 600 homes, that will include integrated affordable and social housing in partnership with SAHA Announced five new affordable housing projects: two at Bowden, two at Prospect and one at Playford Alive Established a dedicated Office for Regional Housing to create pathways to increase both rental accommodation and affordable ownership in country areas, and support industries struggling to attract staff and grow their businesses Launched the Regional Key Worker Housing Scheme - a pilot program to deliver 30 new homes for key

	workers across the Copper Coast, Riverland, Mount Gambier, Port Augusta and Ceduna.
Project origination comes from across the entire organisation. Staff are engaged and active in the process; 'pipeline is everyone's responsibility'.	<ul style="list-style-type: none"> • Ensured there were regular opportunities for collaboration and information-sharing across the organisation • An internal Investment Committee drove new project development across the organisation, instituted cross agency working groups and delivered on key investment/pipeline opportunities for the state.

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 style="list-style-type: none"> • Introduced Salesforce CRM digital platform for enquiry, inventory and sales tracking. Continued to track, analyse and update sales and conversion data weekly and adjusted forecasts and activities accordingly • Enquiry remained strong across our residential portfolio, translating into better than forecast sales while sales performance across the industrial portfolio remained strong • Achieved total sales revenue of \$57.7 million* for the 2022-23 financial year, which is materially consistent with the 2021-22 result <p>* exclusive of AASB 15 upfront revenue recognition.</p>
Projects demonstrate excellence in delivery, management and completion/handover.	Adelaide Railway Station and Festival Plaza projects won several awards in 2022-23: <ul style="list-style-type: none"> • Festival Plaza: <ul style="list-style-type: none"> ○ Australian Institute of Landscape Architects Awards: ARM, TLC and Aspect Studios won two Landscape Architecture awards for Festival Plaza Stage 1, in two categories: <ul style="list-style-type: none"> - Civic Landscape and - Urban Design ○ Australian Institute of Project Management Awards: Mott MacDonald won two awards: <ul style="list-style-type: none"> - Project Winners, Construction/Engineering - Project of the Year

	<ul style="list-style-type: none"> Adelaide Railway Station: <ul style="list-style-type: none"> South Australia and Northern Territory National Electrical and Communications Association Excellence Awards: SKS won an award for best medium-sized commercial, for the Adelaide Railway Station lighting South Australian Architecture Awards: Stallard Meek Flightpath Architect won Award for Heritage Architecture (SA) for the Adelaide Railway Station façade and ramp restoration. <p>Additionally:</p> <ul style="list-style-type: none"> Renewal SA developed and launched an enhanced Project Management Framework to ensure consistent and high-quality management of project delivery a Project Strategy and Development Committee met regularly to oversee the delivery of projects to ensure that we are achieving excellence and prudent project governance.
<p>The <i>Our Future Housing Strategy 2020-30</i> objectives and activities for Renewal SA are incorporated within the relevant projects and developments.</p>	<ul style="list-style-type: none"> Delivered 187 affordable homes for sale across metropolitan projects at Bowden, Playford Alive, Tonsley, Port Adelaide and Oakden Generated a pipeline of 2100 affordable homes and rentals over the coming five years through our key projects and Development Management Agreements Curated six priority projects across Bowden, Playford Alive and Prospect that will deliver more than 373 affordable homes and rentals over the next two years Selected through an Expression of Interest market process as the preferred proponent to purchase the former Franklin Street Bus Station site from the Adelaide City Council. At least 137 affordable apartments are proposed at this development which is anticipated to be complete by 2029 Continued our long-standing partnership with SAHA to drive delivery and renewal in Playford Alive, including the delivery of substantial affordable homes.
<p>All projects result in job growth.</p>	<ul style="list-style-type: none"> Supported more than 3000 FTEs across the construction and related industries through Renewal SA enabled projects Across our flagship projects the Renewal SA Works Program facilitated:

	<ul style="list-style-type: none"> ○ four educational activities with industry ○ 61 accredited training places ○ 19 traineeships/apprenticeships ○ 96 work experience placements ○ 15 paid employment positions for South Australians.
Renewal SA leads and delivers on economic recovery initiatives relating to property.	<ul style="list-style-type: none"> ● Established the Office for Regional Housing within Renewal SA to: <ul style="list-style-type: none"> ○ facilitate the development of new key worker rental housing in regional South Australia through the Regional Key Worker Housing Scheme ○ support the planning and implementation of housing projects through advice and assistance

Corporate performance summary

Employment opportunity programs

Program name	Performance
Diversity and Inclusion	<p>Renewal SA remained committed to fostering a diverse and inclusive workplace that enriches the environment we work in, enhances performance and therefore our ability to deliver great outcomes for South Australia.</p> <p>We remained committed to participation in property events and programs that supported evolution and advancement of dynamic professionals from diverse heritage. Diversity is about embracing rich culture and harnessing that ability to become a driving force for innovation and change.</p> <p>As at 30 June 2023 our workforce comprised of:</p> <ul style="list-style-type: none"> ● 54.5% females ● 33% women on the Executive team (defined as Executive Director, reporting to the Chief Executive) ● 3.4% staff identifying from First Nations heritage ● 20.3% of employees who were born in another country.
Building a Culturally Aware Workplace	<p>Renewal SA is continued to deliver on its Innovate stage <i>Reconciliation Action Plan</i> and committed to delivery of cultural awareness training for all employees.</p> <p>This training ensured that all employees learnt about First Nations culture and have the tools to build successful relationships with First Nations peoples and ensures we</p>

	<p>have a culturally safe work environment for everyone who works at Renewal SA.</p> <p>This training set the foundations for all employees to engage and participate in their own individual reconciliation journeys.</p>
Women in Property	<p>At Renewal SA, we are committed to providing opportunities for women to thrive in their careers and develop into leadership roles.</p> <p>We recognise the importance of promoting and encouraging girls and women to pursue a career in the property industry; creating a diverse, inclusive and psychologically safe environment, where employees are all treated equally; providing more opportunities for women in senior leadership roles; and supporting and encouraging women to take a step up in their career.</p> <p>Current initiatives:</p> <ul style="list-style-type: none"> • in 2023 Renewal SA has four (4) women participating in the PCA's, National 500 Women in Property Mentoring Program. In 2022, we had five (5) women complete this program. • Renewal SA is committed to increasing female participation in our industry and during the year continued to be a Major Partner of the PCA's Girls in Property program • We aim to have 50/50 male/female representation on recruitment and selection panels at Renewal SA • We have a commitment to have 50% representation of women on all leadership development programs in Renewal SA, and the inaugural Leadership Program for the agency in 2022 comprised 27% (3) males and 73% (8) females.

Agency performance management and development systems

In December 2022, Renewal SA developed and launched an organisation specific Capability Framework to outline the key skills and capabilities required in the workforce to deliver on the Strategic Plan. A review of the performance and development framework occurred in 2023, with the focus of incorporating the Capability Framework as well as aligning to the new Strategic Plan.

Performance management and development system	Performance
<p>Performance plans are facilitated and documented through our Performance Development Conversation (PDC) framework. The formal performance development conversation process sets a plan at the start of the financial year (or on commencement of employment), then formally reviews it after six months.</p>	<p>113 active employees lodged a formal performance development plan between 1 July 2022 and 31 December 2022</p> <p>14 active employees lodged a formal performance development plan between 1 January 2023 and 30 June 2023.</p>

Work health, safety and return to work programs

Program name	Performance
Work Health and Safety framework	<p>Our Work Health and Safety (WHS) framework is based on the <i>Work, Health and Safety Act 2012</i> (SA) and the international standard for Safety Management systems ISO45001:2018.</p> <p>We continued to build on this framework in 2022-23 by:</p> <ul style="list-style-type: none"> • establishing second line assurance activities via the establishment of a regular review cycle of WHS operational risks by our WHS Committee • undertaking a deep dive audit, focussed on Renewal SA contractor WHS management. Renewal SA continued to drive hazard and incident reporting awareness embedding in inductions and onboarding activities through the 2022-2023 period.
Wellbeing program	<p>Over the year, we maintained our approach to holistic employee wellness with a variety of programs focused on mental health, physical health, reducing fatigue and the financial, emotional and social aspects of staff wellness.</p> <p>Highlights of the program include:</p> <ul style="list-style-type: none"> • establishing a tailored Fitness Passport workplace fitness membership available to all staff • offering employees the first opportunity to monitor and capture their own health and wellbeing data via the deployment of SiSU automated Health Assessment Station in January 2023. Employees could then set goals and be proactive about making improvements. When the SiSU automated Health Assessment Station returned in May, employees could track their progress. • supporting multiple team nominations for the Corporate Cup, an annual 16-week fitness program • continuing to maintain a fully trained complement of Mental Health First Aiders business wide • Maintained an Employee Assistance Program (EAP) available to staff and their families throughout the year.

Return to Work Program	<p style="text-align: center;">OFFICIAL</p> <p>Renewal SA remains committed to the effective management and care of any injured employees both work-related and non-work-related.</p> <p>We continue to work closely with our Return to Work and Work Injury service provider to ensure employees receive care and support in their return to the workplace following an injury.</p> <p>Renewal SA had zero claims through the 2022-2023 period, and for injuries that did occur, continued to meet public sector performance targets ensuring:</p> <ul style="list-style-type: none"> • early assessment within two business days for rehabilitation • claims determined within 10 days. <p>Renewal SA has maintained the appointment of a trained Return to Work Coordinator to coordinate the effective return to work of injured employees.</p>
------------------------	--

Workplace injury claims	Current year 2022-23	Past year 2021-22	% Change (+ / -)
Total new workplace injury claims	0	0	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%

*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)

Work health and safety regulations	Current year 2022-23	Past year 2021-22	% Change (+ / -)
Number of notifiable incidents (<i>Work Health and Safety Act 2012, Part 3</i>)	0	0	0%
Number of provisional improvement, improvement and prohibition notices (<i>Work Health and Safety Act 2012 Sections 90, 191 and 195</i>)	0	0	0%

Return to work costs**	Current year 2022-23	Past year 2021-22	% Change (+ / -)
Total gross workers compensation expenditure (\$)	\$0	\$0	0%
Income support payments – gross (\$)	\$0	\$0	0%

***before third-party recovery*

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

Executive employment in the agency

Executive classification	Number of executives*
Chief Executive	1
Executives	20 (excluding Chief Executive)

* 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 \$157,715 per annum or more; and
- has professional or managerial 'executive' responsibilities.

Five of the Executives reported above are in the Executive team supporting the Chief Executive. The remainder of the Executives reported are high level senior professionals who 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: <https://data.sa.gov.au/data/dataset/executive-employment-rsa>

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.

Financial performance

Financial performance at a glance

The following is a brief summary of Renewal SA's overall financial position. The information is unaudited. Full audited financial statements for 2022-2023 are attached to this report.

The Comprehensive Result is a profit of \$84.4 million, which is an improvement of \$49.5 million on the previous financial year. A significant driver of the improved profit position over the prior year was due to changes in asset valuations of \$114.9 million.

The Underlying Operating Result is a profit of \$15.3 million. This result excludes the impact of one-off valuation adjustments and financing costs resulting from the level of borrowings determined by the South Australian Government for Renewal SA.

The continuation of the buoyant property market has led to strong sales performance for the year, particularly in our industrial projects notably at East Grand Trunkway and in Elizabeth.

The Statement of Financial Position shows a positive Net Asset and Equity position of \$131.3 million, representing a \$60.3 million improvement on the Net Asset surplus reported for the last financial year. The government provided additional equity contributions during the financial year of \$10.6 million, primarily for the Bowden and Tonsley projects.

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 2023 are attached to this report.

Statement of Comprehensive Income	2022-23 Actual \$000s	2021-22 Actual \$000s
Revenue from Sales	64 272	149 020
Less: Cost of Sales	(34 727)	(89 683)
Gross Profit on Sales	29 545	59 337
Other Income	58 021	48 326
Operating Expenses	(72 235)	(68 208)
Underlying Operating Result	15 331	39 455
Borrowing Costs	(9 482)	(5 650)
Net Gain from Changes in Asset Values	114 685	16 016
Comprehensive Result – before Income Tax	120 507	49 821
Income Tax	36 153	14 946

Statement of Comprehensive Income	2022-23 Actual \$000s	2021-22 Actual \$000s
Total Comprehensive Result	84 354	34 875

Statement of Financial Position	2022-23 Actual \$000s	2021-22 Actual \$000s
Current Assets	189 659	143 012
Non-Current Assets	493 399	387 274
Total Assets	683 058	530 286
Current Liabilities	181 799	190 638
Non-Current Liabilities	369 994	268 601
Total Liabilities	551 793	459 239
Net Assets	131 265	71 047
Total Equity	131 265	71 047

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
All consultancies below \$10,000 each - combined	Various	177,858

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

Consultancies	Purpose	\$ Actual payment
Agilyx Pty Ltd	ERP Systems Discovery	21 103
BlueSphere Enviromental Pty Ltd	Cost Estimate - Remediation - Potential land acquisition	10 464
City Collective Pty Ltd	Structure Plan and Concept Design - Masterplanning	23 250

Consultancies	Purpose	\$ Actual payment
D Squared Consulting Pty Ltd	Carbon Neutral Certification Advice	11 200
D Squared Consulting Pty Ltd	Renewal SA Sustainability Policy Advice	14 500
Daniels Consulting Pty Ltd	Festival Plaza Committee Governance	30 000
Department of Infrastructure and Transport	Riverbank Central Promenade - Karrawirra Para Precinct	255 490
EBS Heritage	Heritage Advice - Regency Road, Prospect	48 300
Empirical Traffic Advisory Pty Ltd	Concept Design - Tonsley Parking Study	10 750
Holmes Dyer	Noarlunga Downs Master Plan	10 000
Intelligent Business Research Services Pty Ltd	Software Assessment and Implementation Consultant	20 625
Judith Sellick Consulting Pty Ltd	People and Culture Team Development	31 000
KBR Pty Ltd	Engineering Services - Hackham Land Development	47 000
M L Smith Consulting	Policy Governance Advisory	30 809
Mercer Consulting (Australia) Pty Ltd	Position Description Development and Review	87 200
Metric Marketing Pty Ltd	Potential land acquisition - Early Insights Research Report	12 474
Peter Berry Consultancy	Hogan Assessments	17 475
Price Waterhouse Coopers	Accounting Advice - Revenue Recognition Scenarios (3 contracts)	19 125
Price Waterhouse Coopers	Accounting Advice - Non Cash Considerations	10 659
Price Waterhouse Coopers	Economic Impact - Franklin Street	16 875

Consultancies	Purpose	\$ Actual payment
Price Waterhouse Coopers	People and Organisation Stream Initiative Support	210 234
Price Waterhouse Coopers	Renewal SA Strategy	50 000
Price Waterhouse Coopers	TMO and Digital Strategy	134 032
Robert Bird Group Pty Ltd	Concept Design - Dock One Pedestrian Bridge	13 245
Robert Bird Group Pty Ltd	Engineering Services - ASER Waterproofing Project	22 350
Stallard Meek - Flightpath	Architectural Services - ARS Skybridge Removal and Eastern Balcony Reinstatement	15 140
Step Two Design Pty Ltd	Intranet Design and Governance	28 370
Turner & Townsend	Project Management Framework Review	213 740
Woods Bagot Pty Ltd	Architectural Services - Franklin Street Submission	49 540
WT Partnership Pty Limited	Cost Estimate Advice - Playford Subdivision	20 460
WT Partnership Pty Limited	Franklin Street Development Feasibility	17 800
	Total	1 503 211

Data for previous years is available at:

<https://data.sa.gov.au/data/dataset/consultants-engaged-by-renewal-sa>

See also the [Consolidated Financial Report of the Department of Treasury and Finance](#) 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. [View the agency list of contracts](#).

The website also provides details of [across government contracts](#).

Risk management

Risk and audit at a glance

Renewal SA has a robust Risk Management Policy and Framework to ensure an appropriate risk culture prevails with a high level of risk awareness throughout the organisation. The Framework includes formalised risk management processes - 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.

The Urban Renewal Authority Board of Management has an established Finance, Risk and Audit Committee. The principal functions of this committee 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
- oversee financial performance.

The committee comprises members of the Board and external members. The committee met on five occasions during 2022-23.

There is also risk reporting in place to the Executive team and the Board.

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

The Auditor General completed their annual audit of Renewal SA's financial statements and internal controls for 2022-23 and raised no material concerns.

Fraud detected in the agency

There were no actual (or reasonably suspected) incidents of fraud at Renewal SA for the 2022-23 financial year.

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

Strategies implemented to control and prevent fraud

Renewal SA has two fraud policies:

1. *Fraud and Corruption Prevention, Detection and Reporting Policy (for staff)*
2. *Fraud and Corruption Prevention, Detection and Reporting Policy (for suppliers).*

These 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.

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.

The strategy encompasses:

- training for all staff in fraud and corruption control every three years
- provision of information on fraud and corruption and employee obligations to all new starters
- maintenance of a central record of all offers of gifts or benefits made to staff (whether or not accepted), which are reported to the Executive and the Finance, Risk and Audit Committee
- regular risk assessments undertaken by staff, as appropriate, at an enterprise, program, project, operational and transactional level
- implementation of an annual assurance program, whereby all Directors and Executives provide statements of compliance regarding fraud and risk management, and are signed by the Chief Executive, noted by the Finance, Risk and Audit Committee and considered by the Board and Presiding Member. Any breach is reported to the Finance, Risk and Audit Committee.

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

Public interest disclosure

Number of occasions on which public interest information has been disclosed to a responsible officer of the agency under the *Public Interest Disclosure Act 2018*:

0

Data for previous years is available at:
<https://data.sa.gov.au/data/dataset/whistleblowers-disclosure>

Note: Disclosure of public interest information was previously reported under the *Whistleblowers Protection Act 1993* and replaced by the *Public Interest Disclosure Act 2018* on 1/7/2019.

Reporting required under any other act or regulation

Act or Regulation	Requirement
Nil	Nil

Public complaints

Number of public complaints reported

One complaint was received by Renewal SA during the 2022-23 financial year.

Complaint categories	Sub-categories	Example	Number of Complaints 2022-23
Professional behaviour	Staff attitude	Failure to demonstrate values such as empathy, respect, fairness, courtesy, extra mile; cultural competency	1
		Total	1

The total number of enquiries during 2022-23 was 347.

Service improvements

Renewal SA has considered its processes for receiving and managing enquires and complaints and is finalising a Complaints and Feedback Policy to manage complaints and feedback in a responsive and effective way.

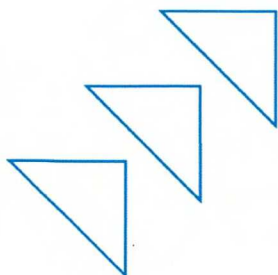
Further information

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

Appendix: Audited financial statements 2022-23

**URBAN
RENEWAL
AUTHORITY
FINANCIAL
STATEMENTS**

For the financial year ended 30 June 2023



RenewalSA



Government
of South Australia

FINANCIAL STATEMENTS

STATEMENT OF COMPREHENSIVE INCOME

For the Year Ended 30 June 2023

	Note No.	2023 \$'000	2022 \$'000
Income			
Revenue from sales	4	64 272	149 020
Less: Cost of sales	4	34 727	89 683
Gross Profit from Sales		29 545	59 337
Share of net profit in joint ventures	5	465	3 046
Revenues from SA Government	6	6 960	7 694
Interest revenues	7	9 278	6 877
Property income	8	32 595	25 753
Other revenues	9	8 696	4 956
Net gain from changes in value of non-current assets	23	114 685	16 016
Total Other Income		172 679	64 342
Total Income		202 224	123 679
Expenses			
Employee benefits expenses	13	17 177	15 747
Operating expenditure	15	52 270	49 769
Bad and doubtful debts expense	19	(541)	(105)
Borrowing costs	16	9 482	5 651
Depreciation and amortisation	22	2 977	2 794
Net loss from disposal of non-current assets	10	352	2
Total Expenses		81 717	73 858
Profit Before Income Tax Equivalent		120 507	49 821
Less: Income tax equivalent		36 153	14 946
Total Comprehensive Result		84 354	34 875

The total comprehensive result is attributable to the SA Government as owner.

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

FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

	Note No.	2023 \$'000	2022 \$'000
Current Assets			
Cash and cash equivalents	18	26 688	14 491
Receivables	19	22 448	19 500
Inventories	20	140 439	108 802
Investment in joint ventures	5	84	219
Total Current Assets		189 659	143 012
Non-Current Assets			
Receivables	19	72 906	83 048
Inventories	20	294 418	182 057
Investment properties	21	111 219	105 035
Property, plant and equipment	22	14 856	17 134
Total Non-Current Assets		493 399	387 274
Total Assets		683 058	530 286
Current Liabilities			
Payables	25	10 158	13 139
Financial liabilities	26	126 222	146 266
Unearned income	27	1 241	11 723
Provisions	28	41 345	16 694
Employee benefits	14	2 087	2 070
Other liabilities	29	746	746
Total Current Liabilities		181 799	190 638
Non-Current Liabilities			
Payables	25	4 723	163
Financial liabilities	26	349 012	252 296
Unearned income	27	13 746	13 569
Provisions	28	153	155
Employee benefits	14	2 360	2 418
Total Non-Current Liabilities		369 994	268 601
Total Liabilities		551 793	459 239
Net Assets		131 265	71 047
Equity			
Contributed capital		618 663	608 007
Retained earnings		(487 398)	(536 960)
Total Equity		131 265	71 047

The total equity is attributable to the SA Government as owner.

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

FINANCIAL STATEMENTS

STATEMENT OF CHANGES IN EQUITY

For the Year Ended 30 June 2023

	Note No.	Contributed Capital '\$000	Retained Earnings '\$000	Total '\$000
Balance as at 30 June 2021		567 856	(567 781)	75
Total Comprehensive Result for 2021-22		-	34 875	34 875
Transactions with the SA Government in their capacity as owners:				
Equity contribution		40 151	-	40 151
Dividends paid	17	-	(4 054)	(4 054)
Balance as at 30 June 2022		608 007	(536 960)	71 047
Total Comprehensive Result for 2022-23		-	84 354	84 354
Transactions with the SA Government in their capacity as owners:				
Equity contribution		10 656	-	10 656
Dividends paid	17	-	(34 792)	(34 792)
Balance as at 30 June 2023		618 663	(487 398)	131 265

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

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

FINANCIAL STATEMENTS

STATEMENT OF CASH FLOWS

For the Year Ended 30 June 2023

	Note No.	2023 \$'000	2022 \$'000
Cash Flows from Operating Activities			
Cash Inflows			
Receipts from sales		50 812	74 047
Receipts from tenants (rent and recoveries)		38 533	30 136
Receipts from SA Government		7 087	9 347
Interest received		503	-
Recoveries and sundry receipts		25 501	13 753
Cash Generated from Operations		122 436	127 283
Cash Outflows			
Payments for land purchase and development		(77 406)	(61 578)
Payments in the course of operations for supplies, services and employee costs		(70 647)	(69 713)
Interest paid		(7 880)	(5 306)
Income tax equivalent paid		(14 946)	-
Cash Used in Operations		(170 879)	(136 597)
Net Cash Used in Operating Activities	30	(48 443)	(9 314)
Cash Flows from Investing Activities			
Cash Inflows			
Distributions of profit by joint ventures		600	4 900
Proceeds from the sale of investment properties		6 430	1 400
Cash Generated from Investing Activities		7 030	6 300
Cash Outflows			
Purchase of investment property		(927)	(9 019)
Purchase of property, plant and equipment		(25)	(1 976)
Cash Used in Investing Activities		(952)	(10 995)
Net Cash Generated from/(Used in) Investing Activities		6 078	(4 695)
Cash Flows from Financing Activities			
Cash Inflows			
Equity contributions received from the SA Government		10 656	40 151
Proceeds from borrowings		263 950	6 401
Cash Generated from Financing Activities		274 606	46 552
Cash Outflows			
Repayment of borrowings		(185 252)	(26 401)
Dividends paid to SA Government		(34 792)	(4 054)
Cash Used in Financing Activities		(220 044)	(30 455)
Net Cash Provided by Financing Activities		54 562	16 097
Net Increase in Cash Held		12 197	2 088
Cash at the beginning of the financial year		14 491	12 403
Cash at the End of the Financial Year	18	26 688	14 491

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

FINANCIAL STATEMENTS

NOTE INDEX

Note	1	Objectives of the Urban Renewal Authority
Note	2	Basis of Preparation
Note	3	Significant Transactions with Government Related Entities
Note	4	Revenue from Sales and Cost of Sales
Note	5	Joint Ventures
Note	6	Revenues from SA Government
Note	7	Interest Revenues
Note	8	Property Income
Note	9	Other Revenues
Note	10	Net Gain/(Loss) from Disposal of Assets
Note	11	Key Management Personnel
Note	12	Board and Committee Members
Note	13	Employees Benefits Expenses
Note	14	Employee Benefits Liabilities
Note	15	Operating Expenses
Note	16	Borrowing Costs
Note	17	Dividends Paid to SA Government
Note	18	Cash and Cash Equivalents
Note	19	Receivables
Note	20	Inventories
Note	21	Investment Properties
Note	22	Property, Plant and Equipment
Note	23	Net Gain/(Loss) from charges in Value of Non-Current Assets
Note	24	Fair Value Measurement
Note	25	Payables
Note	26	Financial Liabilities
Note	27	Unearned Income
Note	28	Provisions
Note	29	Other Liabilities
Note	30	Cash Flow Reconciliation
Note	31	Unrecognised Contractual Commitments
Note	32	Contingent Assets and Liabilities
Note	33	Financial Instruments Disclosure and Financial Risk Management
Note	34	Impact of Standards not yet effective
Note	35	COVID - 19 Pandemic Outlook
Note	36	Events after the Reporting Period

FINANCIAL STATEMENTS

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 Her Excellency the Governor and comprises up to seven members, including a Presiding Member. The Presiding Member reports to the Minister for Housing and Urban Development 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
- facilitating the orderly development of areas through the management and release of land
- holding land and other property to be made available as appropriate for commercial, industrial, residential or other purposes.

As the state government's property development agency, Renewal SA's role is to deliver lasting impact through property and projects for South Australia, across the environment, community and economy.

Renewal SA co-ordinates, develops and delivers projects and initiatives in line with the Government of South Australia's strategic priorities and objectives.

We collaborate with private and public sector partners to deliver, support and enable property and projects for the benefit of South Australians.

Key priority areas include increasing the amount and availability of affordable housing, creating connected and sustainable communities, accelerating the supply of housing in our regions, unlocking land for industrial and commercial developments and contributing meaningfully to the elimination of carbon emissions to reach the government's target of net carbon zero by 2050.

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 2023 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 reported a net profit for the reporting period ending 30 June 2023 and therefore an income tax equivalent is payable.

FINANCIAL STATEMENTS

Renewal SA reported a net profit for the reporting period ending 30 June 2022 and therefore an income tax equivalent was 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;
- 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 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 \$0.010 million are capitalised.

All non-current assets, having a 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 historic 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.

FINANCIAL STATEMENTS

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

COVID-19 has not impacted Renewal SA significantly in the current year and it is not envisaged that it will impact in the future.

Note 3 Significant Transactions with Government Related Entities

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

Equity contributions of \$10.656 million and Community Service Obligation funding of \$6.335 million were received from the Department of Treasury and Finance during the financial year.

Renewal SA sold land at Tonsley Innovation District to the Commissioner of Highways for \$1.291 million for the extension of Selgar Avenue.

During the financial year, Renewal SA charged the Department for Industry, Innovation and Science \$1.016 million for rental of the BioInnovation building located at 40 to 46 West Thebarton Road, Thebarton. Further, the BioInnovation building was sold to the Department for Industry, Innovation and Science for \$6.430 million.

Renewal SA occupies Level 16 of 11 Waymouth Street, Adelaide under a 10 year lease arrangement from the Department for Infrastructure and Transport. Renewal SA paid \$0.616 million to the Department for Infrastructure and Transport.

During the financial year, Renewal SA charged the Department for Industry, Innovation and Science \$0.619 million for rental of space within the Lot Fourteen TechCentral and the Marnirni-Apinthi Buildings.

During the financial year, Renewal SA purchased 275 North Terrace, Adelaide from the Department for Health and Wellbeing for \$15.000 million.

Note 4 Revenue from Sales and Cost of Sales

	2023 \$'000	2022 \$'000
Sales revenue for the reporting period is summarised as follows:		
Land sales to:		
Joint ventures	-	3 535
Entities within the SA Government	1 291	4 978
Other - sales to general public and developers	62 981	140 507
Total Sales Revenue	64 272	149 020
Cost of sales associated with:		
Joint ventures	-	1 936
Entities within the SA Government	1 112	3 978
Other - sales to general public and developers	33 615	83 769
Total Cost of Sales	34 727	89 683

Sales revenue comprises revenue earned from the sale of land for residential, commercial and community purposes. Revenue from land sales is recognised when Renewal SA has completed its performance obligations in terms of the contract of sale and control of the land has passed to the purchaser, irrespective of cash receipt.

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 the sale occurs. A portion of future development obligations in respect of land which has been sold is also recognised in cost of sales when the sale occurs, where applicable. Assumptions of future costs and revenues involve an element of professional judgement when estimating cost of sales for long life projects.

FINANCIAL STATEMENTS

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.

The Joint Venture is expected to be completed in 2023-24.

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:

	2023	2022
	\$'000	\$'000
Revenues	484	6 167
Expenses	(19)	(3 121)
Profit from Ordinary Activities	465	3 046

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

	2023	2022
	\$'000	\$'000
Share of investment in joint ventures:		
Carrying amount at the beginning of the period	219	2 073
Profit for the reporting period	465	3 046
Distribution of profit	(600)	(4 900)
Total Carrying Amount of Investment in Joint Ventures	84	219

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

	2023	2022
	\$'000	\$'000
Current assets:		
Cash	107	460
Receivables	-	126
Total Assets	107	586
Current liabilities:		
Creditors and other payables	23	367
Total Liabilities	23	367
Net Assets	84	219

FINANCIAL STATEMENTS

Note 6 Revenues from SA Government

	2023	2022
	\$'000	\$'000
Community service obligations from SA Government	6 974	5 557
Other SA Government revenues	-	4 325
Gross Revenues from SA Government	6 974	9 882
Less: Revenue deferred for development costs	(14)	(2 188)
Total Revenues from SA Government	6 960	7 694

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.

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.

Note 7 Interest Revenues

	2023	2022
	\$'000	\$'000
Interest from deferred payment arrangements	8 261	6 403
Interest from cash and cash equivalents	264	-
Finance debtor interest	485	474
Other Interest	268	-
Total Interest Revenues	9 278	6 877

Interest revenue includes interest from deferred payment arrangements, interest received on bank deposits and interest from finance lease arrangements.

Note 8 Property Income

	2023	2022
	\$'000	\$'000
Rental income	24 658	19 605
Recoveries	6 424	5 942
Other property income	1 513	206
Total Property Income	32 595	25 753

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 \$14.945 million (2021-22 \$12.766 million).

FINANCIAL STATEMENTS

Note 9 Other Revenues

	2023	2022
	\$'000	\$'000
Consulting revenue	841	843
Recoveries	9	7
Other revenues	7 846	4 106
Total Other Revenues	8 696	4 956

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

	2023	2022
	\$'000	\$'000
Plant and equipment:		
Net book value of assets disposed	5	(2)
Net Gain/(Loss) from Disposal of Plant and Equipment	5	(2)
Investment properties:		
Proceeds from disposal	6 430	1 400
Less: Net book value of assets disposed	(6 787)	(1 400)
Net Loss from Disposal of Completed Non-Current Assets	(357)	-
Total Net Loss from Disposal of Non-Current Assets	(352)	(2)

Income from the disposal of investment properties is recognised when Renewal SA has completed its performance obligations in terms of the contract of sale and control of the investment property has passed to the purchaser.

Income from the disposal of property, 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.

FINANCIAL STATEMENTS

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 \$1.923 million (2021-22: \$2.056 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*.

	2023	2022
	\$'000	\$'000
Salaries and other short-term employee benefits	1 734	1 612
Post-employment benefits	189	444
Total Compensation	1 923	2 056

There were no transactions with Key Management Personnel.

Note 12 Board and Committee Members

Members during the year ended 30 June 2023 were:

Urban Renewal Authority Board of Management

C Tragakis, Presiding Member (to 30 July 2022)
 A Skipper
 K Willits
 D Hughes (to 30 July 2022)
 H M Fulcher (to 30 July 2022)
 J P Rundle (to 30 July 2022)
 S Hains, Presiding Member (from 31 July 2022)
 A Moroney (from 31 July 2022)
 A Taylor (from 31 July 2022)
 D O'Loughlin (from 31 July 2022)
 D Walker * (from 31 July 2022)

Urban Renewal Authority Finance, Risk and Audit Committee

D Hughes, Chair (to 30 July 2022)
 C Tragakis (to 30 July 2022)
 H M Fulcher (to 30 July 2022)
 A Taylor (appointed by the Board as Chair on 31 July 2022)
 A Skipper (from 31 July 2022)
 J Miller (from 31 July 2022)
 T Pavic (from 31 July 2022)

*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.

FINANCIAL STATEMENTS

Board and Committee Remuneration

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

	2023	2022
	No:	No:
\$0 to \$19 999	7	1
\$20 000 to \$39 999	5	1
\$40 000 to \$59 999	-	4
\$60 000 to \$89 999	1	1
Total Number of Members	13	7

Total remuneration received and receivable by all members for the period they held office was \$0.293 million (2021-22: \$0.279 million). Remuneration of members includes sitting fees and superannuation contributions.

Note 13 Employee Benefits Expenses

	2023	2022
	\$'000	\$'000
Salaries and wages	15 321	14 175
Long service leave	90	(60)
Annual leave	1 391	1 236
Skills and experience retention leave	50	72
Employment on-costs - superannuation	1 656	2 104
Employment on-costs - other	1 278	1 051
Board and committee fees	266	274
Other employee related expenses	(8)	106
Gross Employee Benefits Expenses	20 044	18 958
Less: Employee benefits capitalised to inventories	(2 867)	(3 211)
Total Employee Benefits Expenses	17 177	15 747

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.

	2023	2022
	No:	No:
The number of employees whose remuneration received or receivable falls within the following bands:		
\$160 001 to \$180 000	7	6
\$180 001 to \$200 000	7	8
\$200 001 to \$220 000	4	4
\$220 001 to \$240 000	1	4
\$240 001 to \$260 000	2	2
\$260 001 to \$280 000	1	1
\$280 001 to \$300 000	-	1
\$300 001 to \$320 000	2	1
\$320 001 to \$340 000	1	1
\$440 001 to \$460 000	1	1
Total Number of Employees	26	29

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 reportable fringe benefits. The total remuneration received by these employees for the year was \$5.739 million (2021-22: \$6.387 million).

FINANCIAL STATEMENTS

Note 14 Employee Benefits Liabilities

	2023	2022
	\$'000	\$'000
Current		
Annual leave	1 817	1 799
Long service leave	199	193
Skills and experience retention leave	71	78
Total Current Employee Benefits	2 087	2 070
Non-Current		
Long service leave	2 360	2 418
Total Non-Current Employee Benefits	2 360	2 418
Total Employee Benefits	4 447	4 488

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 4.00% in 2022-23 from 3.50% in 2021-22.

As a result of the actuarial assessment performed by the Department of Treasury and Finance, the salary inflation rate of 3.50% for the 2022-23 financial year has increased from 2.50% in 2021-22 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 \$0.089 million and employee benefits expense of \$0.096 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.

Current long service leave reflects the portion of leave expected to be settled within the next 12 months, based upon previous experience.

Employee Benefit On-Costs

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

FINANCIAL STATEMENTS

Note 15 Operating Expenditure

	2023	2022
	\$'000	\$'000
Property expenditure	27 797	18 138
Land tax	10 957	10 533
Contractors and consultants	3 045	7 940
Accommodation costs	1 119	1 467
Administration and other expenditure	9 352	12 030
Gross Operating Expenditure	52 270	50 108
Less: Land tax capitalised to inventories	-	(339)
Total Operating Expenditure	52 270	49 769

External Consultants

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

	2023	2023	2022	2022
	Number	\$'000	Number	\$'000
Below \$10 000	45	178	31	118
Above \$10 000	31	1 503	20	971
Total Paid/Payable to the Consultants Engaged	76	1 681	51	1 089

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 \$0.215 million (2021-22 \$0.199 million).

Note 16 Borrowing Costs

	2023	2022
	\$'000	\$'000
Borrowing costs on Premises SA Scheme loan	24	24
Borrowing costs on other loans	4 808	1 645
Borrowing costs on overdraft	961	129
Interest expense on lease liabilities	304	351
Guarantee fees on Premises SA Scheme loan	54	54
Guarantee fees on other loans	3 110	3 215
Guarantee fees on overdraft	221	233
Gross Borrowing Costs	9 482	5 651

Borrowing costs include interest expense and guarantee fees paid to the SA Government.

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. No borrowing costs were capitalised in 2022-23 or 2021-22.

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

FINANCIAL STATEMENTS

Note 17 Dividends Paid to SA Government

	2023	2022
	\$'000	\$'000
Dividends paid	34 792	4 054
Total Dividends Paid to SA Government	34 792	4 054

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. The Minister may, in consultation with the Treasurer, approve the recommendation or determine that a specified dividend be paid as the Minister and the Treasurer consider appropriate.

Renewal SA paid a dividend of \$2.571 million in relation to its 2022-23 general activities.

The Treasurer has determined that Renewal SA will pay the remainder of the dividend on the profits from its 2022-23 general activities as part of the 2023-24 dividend declaration process.

Renewal SA also paid a dividend of \$30.749 million in relation to its 2021-22 general activities during 2022-23. This amount is the difference between the original dividend calculated and paid off forecast profit results in 2021-22 and final 2021-22 statutory profit. The statutory profit was materially higher due to positive year-end accounting adjustments made after the dividend declaration in May 2022.

Renewal SA are also required to make special dividend payments associated with the Adelaide Station and Environs Redevelopment (ASER) site and Festival Plaza. In 2022-23 the Minister and Treasurer approved a dividend payment of \$1.472 million for the ASER site only.

Note 18 Cash and Cash Equivalents

	2023	2022
	\$'000	\$'000
Deposits with the Treasurer	24 220	9 715
Short-term deposits with SAFA	-	203
Cash held for Lot Fourteen Car Park	746	746
Cash at bank and on hand	1 722	3 827
Total Cash and Cash Equivalents	26 688	14 491

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 held by property managers on behalf of Renewal SA as a working capital float to assist with management of RSA rental 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.

FINANCIAL STATEMENTS

Note 19 Receivables

	2023 \$'000	2022 \$'000
Current		
Trade and other receivables	2 702	4 824
Lease receivables	848	1 673
Deferred payment arrangements	19 134	12 756
GST receivable	-	1 088
Provision for doubtful debts	(506)	(1 053)
Prepayments	270	212
Total Current Receivables	22 448	19 500
Non-Current		
Lease receivables	8 365	13 295
Deferred payment arrangements	64 541	69 753
Total Non-Current Receivables	72 906	83 048
Total Receivables	95 354	102 548

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.

Deferred payment arrangements are receivables from purchasers to whom deferred payment terms have been granted for land sales. Control of the land has passed to the purchaser for the purpose of revenue recognition and the full transaction price has not been paid.

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 may 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.

	2023 \$'000	2022 \$'000
Carrying amount at the beginning of the period	1 053	5 516
Debts no longer being pursued	(3)	(4 357)
(Decrease) in the allowance	(544)	(106)
Carrying Amount at the End of the Period	506	1 053
<i>Bad debts written off:</i>		
Trade debtors	-	11
Lease receivables	3	4 346
<i>Transfer (from)/to provision for doubtful debts:</i>		
Trade debtors	473	(116)
Lease receivables	(1 017)	(4 346)
Total Bad and Doubtful Debts Expense	(541)	(105)

FINANCIAL STATEMENTS

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

	2023	2022
	\$'000	\$'000
Current		
Land held for sale	56 556	29 413
Development projects	83 883	79 389
Total Current Inventories	140 439	108 802
Non-Current		
Land held for sale	174 232	126 428
Development projects	120 186	55 629
Total Non-Current Inventories	294 418	182 057
Total Inventories	434 857	290 859

Movements in Carrying Amounts:

	2023	2022
	\$'000	\$'000
Carrying amount at the beginning of the period	290 859	320 849
Land purchases	20 139	4 711
Development costs capitalised	56 011	54 755
Capitalised grant funding repaid	-	50
Cost of sales	(34 727)	(89 683)
Reversal of inventory write down	102 575	177
Carrying Amount at the End of the Period	434 857	290 859

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 2023 to ensure they are carried at the lower of cost and NRV.

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

The reversals of previous write downs of \$102.575 million in 2022-23 is 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 Bowden, Lot Fourteen, Playford Alive, Prospect and Tonsley projects.

FINANCIAL STATEMENTS

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.

Land held for sale is classified as inventory and has a carrying amount of \$230.888 million. If these assets were not classified as inventory, they would require recognition at their fair value, estimated to be \$629.757 million. The fair value was estimated using independent valuations over three years, reducing the reliability of the estimate.

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.

FINANCIAL STATEMENTS

Note 21 Investment Properties

	2023	2022
	\$'000	\$'000
Freehold Land at Fair Value:		
Independent valuation	82 710	70 544
Total Freehold land at Fair Value	82 710	70 544
Buildings at Fair Value:		
Independent valuation	28 509	34 491
Total Buildings at Fair Value	28 509	34 491
Total Investment Properties	111 219	105 035

Movements in Carrying Amounts

	2023	2022
	\$'000	\$'000
Freehold land at fair value:		
Carrying amount at the beginning of the period	70 544	56 845
Disposals	-	(1 400)
Net gain on fair value adjustments	12 166	15 099
Carrying Amount at the End of the Period	82 710	70 544
Buildings at fair value:		
Carrying amount at the beginning of the period	34 491	26 920
Additions	-	6 000
Capitalised grants received	(15)	(2 188)
Capitalised expenditure	927	3 019
Disposals	(6 786)	-
Net (loss)/gain on fair value adjustments	(108)	740
Carrying Amount at the End of the Period	28 509	34 491
Total Carrying Amount at the End of the Period	111 219	105 035

Amounts Recognised in the Statement of Comprehensive Income

	2023	2022
	\$'000	\$'000
Property Income (refer to Note 8)	14 945	12 766
Direct operating expenses arising from investment properties that generated rental income (refer Note 15)	(6 738)	(4 935)
Direct operating expenses arising from investment properties that did not generate rental income (refer Note 15)	(66)	(318)
Total Amount Recognised in the Statement of Comprehensive Income	8 141	7 513

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, 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 ASER by \$2.875 million, an increase in land value at Northern Lefevre Peninsula by \$6.200 million and an increase in land value at Gillman by \$1.420 million.

FINANCIAL STATEMENTS

Valuation Basis

An independent valuation of all Renewal SA's investment properties was conducted as at 30 June 2023. 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 or capitalisation of net income.

Note 22 Property, Plant and Equipment

	2023	2022
	\$'000	\$'000
Right-of-use Buildings		
At cost	13 695	13 063
Accumulated depreciation	(5 427)	(3 489)
Total Buildings	8 268	9 574
Accommodation and Leasehold Improvements		
At cost	1 320	1 295
Right-of-use asset at cost	7 574	7 458
Accumulated depreciation	(3 347)	(2 420)
Total Accommodation and Leasehold Improvements	5 547	6 333
Plant and Equipment		
At cost	2 260	2 271
Right-of-use asset at cost	42	16
Accumulated depreciation	(1 261)	(1 060)
Total Plant and Equipment	1 041	1 227
Total property, plant and equipment at cost	3 580	3 566
Total right-of-use assets at cost	21 311	20 537
Total accumulated depreciation	(10 035)	(6 969)
Total Property, Plant and Equipment	14 856	17 134

FINANCIAL STATEMENTS

Movements in Carrying Amounts

	2023 \$'000	2022 \$'000
Buildings:		
Carrying amount at the beginning of the period	9 574	10 746
Right of use asset - remeasurement	598	598
Depreciation	(1 904)	(1 770)
Carrying Amount at the End of the Period	8 268	9 574
Accommodation and Leasehold Improvements:		
Carrying amount at the beginning of the period	6 333	548
Additions	25	1 505
Right of use asset - additions	116	5 030
Right of use asset - disposals	(65)	-
Depreciation	(862)	(750)
Carrying Amount at the End of the Period	5 547	6 333
Plant and Equipment:		
Carrying amount at the beginning of the period	1 227	1 032
Additions	-	473
Right of use asset - additions	25	-
Disposals	-	(4)
Depreciation	(211)	(274)
Carrying Amount at the End of the Period	1 041	1 227
Total Property, Plant and Equipment	14 856	17 134

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.

Depreciation of \$2.977 million (2021-22 \$2.794 million) is calculated on a straight-line basis over the estimated useful life of the following classes of assets as follows:

Class of Asset	Depreciation Method	Useful Life (Years)
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

FINANCIAL STATEMENTS

Impairment

There were no indications of impairment of buildings, leasehold improvements or plant and equipment as at 30 June 2023. Property, plant and equipment leased by Renewal SA are recorded at cost.

Short-term leases of 12 months or less and low value leases where the underlying asset value is less than \$0.015 million 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:

- Accommodation lease in the Adelaide CBD.
- A lease over a car park on Lot Fourteen in the Adelaide CBD.
- A lease for accommodation located in Bowden.
- A lease for accommodation located in Port Adelaide. This lease expired at 30 June 2023.
- A lease for accommodation located in Playford.
- Two motor vehicle leases with the South Australian Government Financing Authority (SAFA).

Note 23 Net Gain/(Loss) from Changes in Value of Non-Current Assets

A reconciliation of the net gain from changes in the values of non-current assets as follows:

	Note	2023 \$'000	2022 \$'000
Inventories			
Reversal of inventory write down	20	102 575	177
Total Gain from Changes in Value of Inventories		102 575	177
Investment Property			
Net gain on freehold land fair value adjustments	21	12 166	15 099
Net gain on building fair value adjustments	21	(108)	740
Total Gain from Changes in Value of Investment Property		12 058	15 839
Deferred Payment Arrangements			
Net gain on deferred payment arrangements		52	-
Total Gain from Changes in Value of deferred payment arrangements		52	-
Total Net Gain from Changes in Value of Non-Current Assets		114 685	16 016

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.

FINANCIAL STATEMENTS

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 2023

	2023 \$'000	Level 2 \$'000	Level 3 \$'000
Recurring Fair Value Measurement			
Investment properties (Note 21)	111 219	111 219	-
Leasehold improvements (Note 22)	1 280	-	1 280
Plant and equipment (Note 22)	1 024	-	1 024
Total Recurring Fair Value Measurements	113 523	111 219	2 304

Fair Value Measurements at 30 June 2022

	2022 \$'000	Level 2 \$'000	Level 3 \$'000
Recurring Fair Value Measurement			
Investment properties (Note 21)	105 035	105 035	-
Leasehold improvements (Note 22)	1 405	-	1 405
Plant and equipment (Note 22)	1 227	-	1 227
Total Recurring Fair Value Measurements	107 667	105 035	2 632

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 2022-23, Renewal SA had no assets 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 2022-23 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 2023

	Leasehold Improvements \$'000	Plant & Equipment \$'000
Opening Balance at the Beginning of the Period	1 405	1 227
Acquisitions	25	-
Right of use asset	-	-
Depreciation and amortisation expenses	(150)	(203)
Carrying Amount at the End of the Period	1 280	1 024

Reconciliation of Level 3 Recurring Fair Value Measurements as at 30 June 2022

	Leasehold Improvements \$'000	Plant & Equipment \$'000
Opening Balance at the Beginning of the Period	-	1 028
Acquisitions	1 505	473
Disposals	-	(4)
Depreciation and amortisation expenses	(100)	(270)
Carrying Amount at the End of the Period	1 405	1 227

FINANCIAL STATEMENTS

Note 25 Payables

	2023	2022
	\$'000	\$'000
Current		
Trade creditors	1 185	2 763
Sundry creditors and accrued expenses	7 937	9 943
GST payable	540	-
Employment on costs	496	433
Total Current Payables	10 158	13 139
Non-Current		
Sundry creditors and accrued expenses	4 331	-
Employment on costs	392	163
Total Non-Current Payables	4 723	163
Total Payables	14 881	13 302

Payables include creditors, accrued expenses and employment on-costs.

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.

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 43% (2021-22: 42%) and the average factor for the calculation of employer superannuation on-costs was 11.1% (2021-22: 10.6%). 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. As a result, interest and credit risk are limited.

Categorisation of Financial Instruments and Maturity Analysis of Payables

Refer to table in Note 33.

Risk Exposure Information

Refer to table in Note 33.

FINANCIAL STATEMENTS

Note 26 Financial Liabilities

	2023	2022
	\$'000	\$'000
Current		
Loans - South Australian Government Financing Authority (a)	-	6 401
Loans - South Australian Government Financing Authority (b)	123 150	136 851
Lease Liabilities	3 072	3 014
Total Current Borrowings	126 222	146 266
Non-Current		
Loans - South Australian Government Financing Authority (b)	336 850	238 050
Lease Liabilities	12 162	14 246
Total Non-Current Borrowings	349 012	252 296
Total Borrowings	475 234	398 562

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 0.20% and 4.83% in 2022-23 (2021-22: 0.18% and 0.91%). In addition, the government guarantee fee rate on new and refinanced borrowings was 0.76% (2021-22: 0.85%). Guarantee fees are paid to the Government of South Australia to remove any competitive advantage Renewal SA might have due to its ability to borrow under the Government of South Australia credit rating.

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 operating leases and have been recognised in accordance with AASB 16. All material cash flows are reflected in the lease liabilities disclosed above.

FINANCIAL STATEMENTS

Note 27 Unearned Income

	2023	2022
	\$'000	\$'000
Current		
Unearned income	1 241	11 723
Total Current Unearned Income	1 241	11 723
Non-Current		
Unearned income	13 746	13 569
Total Non-Current Unearned Income	13 746	13 569
Total Unearned Income	14 987	25 292

Movements in Carrying Amounts

	2023	2022
	\$'000	\$'000
Carrying amount at the beginning of the period	25 292	16 540
Received during the year	3 137	14 234
Recognised in the statement of comprehensive income	(13 442)	(5 482)
Carrying Amount at the End of the Period	14 987	25 292

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 \$14.310 million (2021-22: \$13.926 million), revenues from SA Government of \$0.656 million (2021-22: \$2.234 million) and sales and other revenue of \$0.020 million (2021-22: \$8.662 million mainly consisted of revenue from sales of property rights that had not transferred to the buyer at 30 June 2022).

Note 28 Provisions

	2023	2022
	\$'000	\$'000
Current		
Provision for workers compensation	46	48
Provision for income tax equivalent	36 153	14 946
Provision for contractual claims	5 146	1 700
Total Current Provisions	41 345	16 694
Non-Current		
Provision for workers compensation	153	155
Total Non-Current Provisions	153	155
Total Provisions	41 498	16 849

FINANCIAL STATEMENTS

Movements in Carrying Amounts

	2023 \$'000	2022 \$'000
Provision for workers compensation		
Carrying amount at the beginning of the period	203	91
Increase in provisions recognised	-	112
Reductions in provisions	(4)	-
Carrying Amount at the End of the Period	199	203
Provision for income tax equivalent		
Carrying amount at the beginning of the period	14 946	-
Increase in provisions recognised	36 153	14 946
Reductions arising from payments	(14 946)	-
Carrying Amount at the End of the Period	36 153	14 946
Provision for future development expenditure and contractual claims		
Carrying amount at the beginning of the period	1 700	-
Reductions arising from payments for contractual claims	(483)	-
Increase in provision for potential contractual claims	5 106	1 700
Decrease in provision for potential contractual claims	(1 177)	-
Carrying Amount at the End of the Period	5 146	1 700
Total Provisions	41 498	16 849

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 recognised to reflect unsettled workers compensation claims. The workers compensation provision is based on an actuarial assessment of the outstanding liability as at 30 June 2023 provided by a consulting actuary engaged through the Office of the Commissioner for Public Sector Employment (a division of the Department Treasury and Finance). The provision is for the estimated cost of ongoing payments to employees as required under current legislation.

A provision has been recognised for the income tax equivalents. 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 (currently 30%) be applied to the net profit. The provision for income tax equivalent relates to the income tax expense outstanding for the current period.

Note 29 Other Liabilities

	2023 \$'000	2022 \$'000
Current		
Funds held in trust	746	746
Total Current Other Liabilities	746	746
Total Other Liabilities	746	746

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

FINANCIAL STATEMENTS

Note 30 Cash Flow Reconciliation

	2023 \$'000	2022 \$'000
Reconciliation of Cash and Cash Equivalents at the End of the Reporting Period:		
Statement of Cash Flows	26 688	14 491
Statement of Financial Position	26 688	14 491
Reconciliation of profit after income tax equivalent to net cash used in operating activities:		
Profit/(Loss) after income tax equivalent	84 354	34 875
Add/Less Non Cash Items		
Depreciation and amortisation	2 977	2 794
Net gain on disposal of plant and equipment	(5)	2
Provision for doubtful debts	(544)	(106)
Bad debt write off	(3)	-
Share of net profits of joint ventures	(465)	(3 046)
Net loss on disposal of investment property	(357)	-
Reversal of inventories write-down	(102 575)	(177)
Net gain on Investment property fair value adjustments	(12 058)	(15 839)
	<u>(113 030)</u>	<u>(16 372)</u>
Movements in Assets / Liabilities		
Decrease/(Increase) in other receivables	7 668	(80 244)
Increase in prepayments	(58)	(196)
(Increase)/Decrease in inventories	(41 423)	30 167
Increase/(Decrease) in payables	6 202	(3 369)
(Decrease)/Increase in unearned income	(16 805)	8 752
Increase in provisions	24 649	16 646
Increase in employee benefits	-	425
Increase in other liabilities	-	2
	<u>(19 767)</u>	<u>(27 817)</u>
Net Cash Used in Operating Activities	<u>(48 443)</u>	<u>(9 314)</u>

FINANCIAL STATEMENTS

Note 31 Unrecognised Contractual Commitments

	2023	2022
	\$'000	\$'000
Operating Lease Receivables		
Future minimum rental revenues under non-cancellable operating property leases held but not provided for:		
Due within one year	16 254	19 674
Due later than one year not longer than five years	47 172	41 463
Due later than five years	474 538	362 220
Total Operating Lease Receivables	537 964	423 357

These amounts comprise of property leases. The property leases are non-cancellable over varying terms up to eighty-five years, with rent payable monthly in advance. The non-cancellable period includes periods covered by an option to extend the lease where Renewal SA is reasonably certain the lessee will exercise that option. A factor considered in determining the reasonable certainty of the option being exercised is the significant leasehold improvements made by the lessee.

	2023	2022
	\$'000	\$'000
Capital and Operating Expenditure Commitments		
Payable within one year	28 507	59 494
Payable later than one year not longer than five years	19 650	7 833
Payable later than five years	-	96
Total Capital and Operating Expenditure Commitments:	48 157	67 423

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.

Note 32 Contingent Assets and Liabilities

Contingents Assets

The Department for Infrastructure and Transport has constructed Festival Plaza public realm assets. Further work is required to split the responsibility for the public realm assets between the Department of the Premier and Cabinet, the Adelaide Festival Centre Trust and Renewal SA. Further work is also required to confirm the accounting treatment which will be applied to these assets and the resulting value which will be recognised. It is expected this will be finalised in 2023-24.

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.

FINANCIAL STATEMENTS

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

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

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 expected credit losses for non-government debtors:

	Gross carrying amount \$'000	Loss %	Lifetime expected losses \$'000
Current (not past due)	1 327	0.5	6
Loss Allowance	1 327		6

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 with subsequent recoveries of amounts previously written off credited against the same line item. In addition to the expected loss of \$0.006 million there are expected losses of \$0.500 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.

FINANCIAL STATEMENTS

Renewal SA measures all financial instruments at amortised cost.

		Carrying	2023 Contractual Maturities			Amortised
	Note	Amount	< 1 year	1-5 years	> 5 years	Cost
		\$'000	\$'000	\$'000	\$'000	\$'000
2023						
Financial Assets:						
Cash and cash equivalents	18	26 688	26 688	-	-	26 688
Loans and receivables:						
Receivables	19	95 860	22 684	53 132	58 635	134 451
Allowance for doubtful debts	19	(506)	(506)	-	-	(506)
Total Financial Assets		122 042	48 866	53 132	58 635	160 633
Financial Liabilities:						
Financial liabilities at cost:						
Payables	25	14 881	10 158	2 643	2 079	14 881
Borrowings	26	460 000	121 240	309 610	-	430 850
Lease Liabilities	26	15 234	3 072	10 567	2 476	16 115
Total Financial Liabilities		490 115	134 470	322 820	4 555	461 846
Net Financial Assets/(Liabilities)		(368 073)	(85 604)	(269 688)	54 080	(301 213)

		Carrying	2022 Contractual Maturities			Amortised
	Note	Amount	< 1 year	1-5 years	> 5 years	Cost
		\$'000	\$'000	\$'000	\$'000	\$'000
2022						
Financial Assets:						
Cash and cash equivalents	18	14 491	14 491	-	-	14 491
Loans and receivables:						
Receivables	19	103 601	18 803	25 848	57 200	101 851
Allowance for doubtful debts	19	(1 053)	(1 053)	-	-	(1 053)
Total Financial Assets		117 039	32 241	25 848	57 200	115 289
Financial Liabilities:						
Financial liabilities at cost:						
Payables	25	12 503	12 503	-	-	12 503
Borrowings	26	381 302	142 427	224 030	-	366 457
Lease Liabilities	26	17 295	3 021	10 636	3 638	17 295
Total Financial Liabilities		411 100	157 951	234 666	3 638	396 255
Net Financial Assets/(Liabilities)		(294 061)	(125 710)	(208 818)	53 562	(280 966)

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).

FINANCIAL STATEMENTS

Note 34 Impact of Standards not yet Effective

Renewal SA has assessed the impact of new and changed Australian Accounting Standards Board standards and interpretations not yet effective. No Australian Accounting Standards have been early adopted other than *AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definitions of Accounting Estimates* which was adopted from 1 July 2021. The main requirements of this standard amend requirements and guidance relating to what accounting policy information is disclosed and clarifies the distinction between changes in accounting policy and changes in accounting estimates.

Note 35 COVID-19 Pandemic Outlook

COVID-19 has not impacted Renewal SA significantly this year and it is not envisaged that it will impact in the future.

Note 36 Events after the Reporting Period

There are no events to report.

FINANCIAL STATEMENTS

CERTIFICATION OF THE FINANCIAL STATEMENTS

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

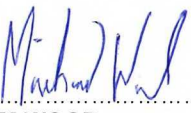
- comply with relevant Treasurer's Instructions issued under Section 41 of the *Public and Finance Audit Act 1987*, and relevant Australian Accounting Standards;
 - are in accordance with the accounts and records of the Urban Renewal Authority; and
 - present a true and fair view of the financial position of the Urban Renewal Authority as at 30 June 2023 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

14 September 2023



M WOOD
EXECUTIVE DIRECTOR,
COMMERCIAL AND
BUSINESS SERVICES

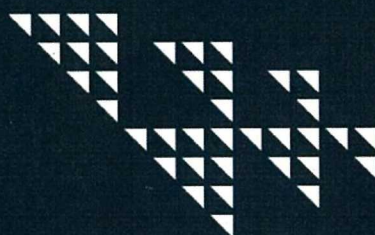
13th September 2023



S HAINS
PRESIDING MEMBER

17 September 2023

GROWTH AND
LEADERSHIP
THROUGH PROPERTY
AND PROJECTS



RenewalSA