

INDEPENDENT AUDITOR'S REPORT



Government of South Australia

Audit Office of South Australia

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

To the Presiding Member Urban Renewal Authority

Opinion

I have audited the financial report of the Urban Renewal Authority for the financial year ended 30 June 2024.

In my opinion, the accompanying financial report gives a true and fair view of the financial position of the Urban Renewal Authority as at 30 June 2024, its financial performance and its cash flows for the year then ended in accordance with relevant Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2024
- a Statement of Financial Position as at 30 June 2024
- a Statement of Changes in Equity for the year ended 30 June 2024
- a Statement of Cash Flows for the year ended 30 June 2024
- notes, comprising material accounting policy information and other explanatory information
- a Certificate from the Presiding Member, the Chief Executive and the Executive Director, Commercial and Business Services.

Basis for opinion

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

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

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

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

In preparing the financial report, the Chief Executive is responsible for assessing the entity's ability to continue as a going concern, taking into account any policy or funding decisions the government has made which affect the continued existence of the entity. The Chief Executive is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the assessment indicates that it is not appropriate.

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

Auditor's responsibilities for the audit of the financial report

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987* and section 27(4) of the *Urban Renewal Act 1995*, I have audited the financial report of the Urban Renewal Authority for the financial year ended 30 June 2024.

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

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

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Urban Renewal Authority's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Chief Executive
- conclude on the appropriateness of the Chief Executive's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify the opinion. My conclusion is based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

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



Andrew Blaskett
Auditor-General

22 September 2024

OFFICIAL

Urban Renewal Authority

FINANCIAL STATEMENTS

For the financial year ended 30 June 2024



Renewal SA



Government
of South Australia

OFFICIAL

Financial Statements

STATEMENT OF COMPREHENSIVE INCOME

For the Year Ended 30 June 2024

| | Note No. | 2024 \$'000 | 2023 \$'000 |
|------------------------------------------------------|-------------|----------------|----------------|
| Income | | | |
| Revenue from sales | 4 | 176 621 | 64 272 |
| Less: Cost of sales | 4 | 94 464 | 34 727 |
| Gross Profit from Sales | | 82 157 | 29 545 |
| Share of net profit in joint ventures | 5 | 172 | 465 |
| Revenues from SA Government | 6 | 8 140 | 6 960 |
| Interest revenues | 7 | 9 552 | 9 278 |
| Property income | 8 | 36 433 | 32 595 |
| Other revenues | 9 | 834 | 8 696 |
| Net gain from changes in value of non-current assets | 23 | - | 114 685 |
| Total Other Income | | 55 131 | 172 679 |
| Total Income | | 137 288 | 202 224 |
| Expenses | | | |
| Employee benefits expenses | 13 | 21 940 | 17 177 |
| Operating expenditure | 15 | 62 936 | 52 270 |
| Bad and doubtful debts expense | 19 | (463) | (541) |
| Borrowing costs | 16 | 17 909 | 9 482 |
| Depreciation and amortisation | 22 | 2 877 | 2 977 |
| Net loss from changes in value of non-current assets | 23 | 19 606 | - |
| Net loss from disposal of non-current assets | 10 | 67 | 352 |
| Total Expenses | | 124 872 | 81 717 |
| Profit Before Income Tax Equivalent | | 12 416 | 120 507 |
| Less: Income tax equivalent | | 4 115 | 36 153 |
| Total Comprehensive Result | | 8 301 | 84 354 |

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 2024

| | Note No. | 2024 \$'000 | 2023 \$'000 |
|--------------------------------------|-------------|----------------|----------------|
| Current Assets | | | |
| Cash and cash equivalents | 18 | 8 775 | 26 688 |
| Receivables | 19 | 38 418 | 22 448 |
| Inventories | 20 | 97 747 | 140 439 |
| Investment in joint ventures | 5 | 261 | 84 |
| Total Current Assets | | 145 201 | 189 659 |
| Non-Current Assets | | | |
| Receivables | 19 | 108 996 | 72 906 |
| Inventories | 20 | 514 348 | 294 418 |
| Investment properties | 21 | 127 485 | 111 219 |
| Property, plant and equipment | 22 | 86 762 | 14 856 |
| Total Non-Current Assets | | 837 591 | 493 399 |
| Total Assets | | 982 792 | 683 058 |
| Current Liabilities | | | |
| Payables | 25 | 24 134 | 9 662 |
| Financial liabilities | 26 | 264 910 | 126 222 |
| Unearned income | 27 | 5 880 | 1 241 |
| Provisions | 28 | 10 017 | 41 345 |
| Employee benefits | 14 | 3 134 | 2 583 |
| Other liabilities | 29 | 791 | 746 |
| Total Current Liabilities | | 308 866 | 181 799 |
| Non-Current Liabilities | | | |
| Payables | 25 | 4 331 | 4 331 |
| Financial liabilities | 26 | 378 987 | 349 012 |
| Unearned income | 27 | 13 322 | 13 746 |
| Provisions | 28 | 336 | 153 |
| Employee benefits | 14 | 2 907 | 2 752 |
| Total Non-Current Liabilities | | 399 883 | 369 994 |
| Total Liabilities | | 708 749 | 551 793 |
| Net Assets | | 274 043 | 131 265 |
| Equity | | | |
| Contributed capital | | 838 542 | 618 663 |
| Retained earnings | | (564 499) | (487 398) |
| Total Equity | | 274 043 | 131 265 |

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 2024

| | Note No. | Contributed Capital '\$000 | Retained Earnings '\$000 | Total '\$000 |
|------------------------------------------------------------------|-------------|----------------------------------|--------------------------------|-----------------|
| 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 |
| Total Comprehensive Result for 2023-24 | | - | 8 301 | 8 301 |
| Transactions with the SA Government in their capacity as owners: | | | | |
| Equity contribution | | 219 879 | - | 219 879 |
| Dividends paid | 17 | - | (85 402) | (85 402) |
| Balance as at 30 June 2024 | | 838 542 | (564 499) | 274 043 |

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 2024

| | Note No. | 2024 \$'000 | 2023 \$'000 |
|--------------------------------------------------------------------------------|-------------|-------------------|-------------------|
| Cash Flows from Operating Activities | | | |
| Cash Inflows | | | |
| Receipts from sales | | 134 908 | 50 812 |
| Receipts from tenants (rent and recoveries) | | 37 017 | 38 533 |
| Receipts from SA Government | | 8 014 | 7 087 |
| Interest received | | 601 | 503 |
| Recoveries and sundry receipts | | 13 537 | 25 501 |
| Cash Generated from Operations | | 194 077 | 122 436 |
| Cash Outflows | | | |
| Payments for land purchase and development | | (290 717) | (77 406) |
| Payments in the course of operations for supplies, services and employee costs | | (93 677) | (70 647) |
| Interest paid | | (14 791) | (7 880) |
| Income tax equivalent paid | | (36 153) | (14 946) |
| Cash Used in Operations | | (435 338) | (170 879) |
| Net Cash Used in Operating Activities | 30 | (241 261) | (48 443) |
| Cash Flows from Investing Activities | | | |
| Cash Inflows | | | |
| Distributions of profit by joint ventures | | - | 600 |
| Proceeds from the sale of investment properties | | - | 6 430 |
| Cash Generated from Investing Activities | | - | 7 030 |
| Cash Outflows | | | |
| Purchase of investment property | | (1 613) | (927) |
| Purchase of property, plant and equipment | | (74 516) | (25) |
| Cash Used in Investing Activities | | (76 129) | (952) |
| Net Cash (Used in)/Generated from Investing Activities | | (76 129) | 6 078 |
| Cash Flows from Financing Activities | | | |
| Cash Inflows | | | |
| Equity contributions received from the SA Government | | 219 879 | 10 656 |
| Proceeds from borrowings | | 537 450 | 263 950 |
| Cash Generated from Financing Activities | | 757 329 | 274 606 |
| Cash Outflows | | | |
| Repayment of borrowings | | (372 450) | (185 252) |
| Dividends paid to SA Government | | (85 402) | (34 792) |
| Cash Used in Financing Activities | | (457 852) | (220 044) |
| Net Cash Provided by Financing Activities | | 299 477 | 54 562 |
| Net (Decrease)/Increase in Cash Held | | (17 913) | 12 197 |
| Cash at the beginning of the financial year | | 26 688 | 14 491 |
| Cash at the End of the Financial Year | 18 | 8 775 | 26 688 |

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 | Employee Benefits Expenses |
| Note 14 | Employee Benefits Liabilities |
| Note 15 | Operating Expenditure |
| 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 Changes 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 and Statements not yet effective |
| Note 35 | 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.

Financial Statements

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 2024 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 2024 and therefore an income tax equivalent is 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;
- trade 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.

Financial Statements

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.

Note 3 Significant Transactions with Government Related Entities

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

Equity contributions of \$219.879 million and Community Service Obligation funding of \$11.779 million were received from the Department of Treasury and Finance during the financial year.

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 \$0.807 million to the Department for Infrastructure and Transport.

During the financial year, Renewal SA charged the Department for Industry, Innovation and Science \$0.514 million for rental of space within the Lot Fourteen Marnirni-Apinthi Building.

During the financial year, Renewal SA purchased land and public realm assets from the Department of the Premier and Cabinet for \$82.158 million.

During the financial year, Renewal SA acquired land from the South Australia Housing Trust at Seaton for nil consideration.

During the financial year, Renewal SA acquired land from the South Australia Housing Trust at Noarlunga for nil consideration.

Note 4 Revenue from Sales and Cost of Sales

| | 2024 \$'000 | 2023 \$'000 |
|------------------------------------------------------------------|----------------|----------------|
| Sales revenue for the reporting period is summarised as follows: | | |
| <i>Land sales to:</i> | | |
| Entities within the SA Government | - | 1 291 |
| Other - sales to non-SA Government entities | 176 621 | 62 981 |
| Total Sales Revenue | 176 621 | 64 272 |
| <i>Cost of sales associated with:</i> | | |
| Entities within the SA Government | - | 1 112 |
| Other - sales to non-SA Government entities | 94 464 | 33 615 |
| Total Cost of Sales | 94 464 | 34 727 |

Financial Statements

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.

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 2024-25.

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:

| | 2024 | 2023 |
|----------------------------------------|------------|------------|
| | \$'000 | \$'000 |
| Revenues | 187 | 484 |
| Expenses | (15) | (19) |
| Profit from Ordinary Activities | 172 | 465 |

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

| | 2024 | 2023 |
|--------------------------------------------------------------|------------|-----------|
| | \$'000 | \$'000 |
| Share of investment in joint ventures: | | |
| Carrying amount at the beginning of the period | 84 | 219 |
| Profit for the reporting period | 177 | 465 |
| Distribution of profit | - | (600) |
| Total Carrying Amount of Investment in Joint Ventures | 261 | 84 |

Financial Statements

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

| | 2024 | 2023 |
|------------------------------|------------|------------|
| | \$'000 | \$'000 |
| Current assets: | | |
| Cash | 90 | 107 |
| Receivables | 178 | - |
| Total Assets | 268 | 107 |
| Current liabilities: | | |
| Creditors and other payables | 7 | 23 |
| Total Liabilities | 7 | 23 |
| Net Assets | 261 | 84 |

Note 6 Revenues from SA Government

| | 2024 | 2023 |
|--------------------------------------------------|--------------|--------------|
| | \$'000 | \$'000 |
| Community service obligations from SA Government | 8 376 | 6 974 |
| Other SA Government revenues | 70 | - |
| Gross Revenues from SA Government | 8 446 | 6 974 |
| Less: Revenue deferred for development costs | (306) | (14) |
| Total Revenues from SA Government | 8 140 | 6 960 |

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.

Financial Statements

Note 7 Interest Revenues

| | 2024 | 2023 |
|---------------------------------------------|--------------|--------------|
| | \$'000 | \$'000 |
| Interest from deferred payment arrangements | 8 052 | 8 261 |
| Interest from cash and cash equivalents | 1 030 | 264 |
| Finance debtor interest | 470 | 485 |
| Other Interest | - | 268 |
| Total Interest Revenues | 9 552 | 9 278 |

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

Note 8 Property Income

| | 2024 | 2023 |
|------------------------------|---------------|---------------|
| | \$'000 | \$'000 |
| Rental income | 23 700 | 24 658 |
| Recoveries | 9 213 | 6 424 |
| Other property income | 3 520 | 1 513 |
| Total Property Income | 36 433 | 32 595 |

Property income arising from investment properties is recognised when invoiced. 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 \$13.917 million (2022-23: \$14.945 million).

Note 9 Other Revenues

| | 2024 | 2023 |
|-----------------------------|------------|--------------|
| | \$'000 | \$'000 |
| Consulting revenue | 201 | 841 |
| Recoveries | 5 | 9 |
| Other revenues | 628 | 7 846 |
| Total Other Revenues | 834 | 8 696 |

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.

Financial Statements

Note 10 Net Gain/(Loss) from Disposal of Assets

| | 2024 | 2023 |
|---------------------------------------------------------------|--------------|---------------|
| | \$'000 | \$'000 |
| Plant and equipment: | | |
| Net book value of assets disposed | (67) | 5 |
| Net (Loss)/Gain from Disposal of Plant and Equipment | (67) | 5 |
| Investment properties: | | |
| Proceeds from disposal | - | 6 430 |
| Less: Net book value of assets disposed | - | (6 787) |
| Net Loss from Disposal of Completed Non-Current Assets | - | (357) |
| Total Net Loss from Disposal of Non-Current Assets | (67) | (352) |

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 (including right-of-use assets) is recognised when control of the asset has passed to the purchaser and is determined by comparing proceeds with the carrying amount.

Note 11 Key Management Personnel

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

Total compensation for key management personnel was \$2.316 million (2022-23: \$1.923 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*.

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

| | 2024 | 2023 |
|-------------------------------------------------|--------------|--------------|
| | \$'000 | \$'000 |
| Salaries and other short-term employee benefits | 2 085 | 1 734 |
| Post-employment benefits | 231 | 189 |
| Total Compensation | 2 316 | 1 923 |

There were no transactions with Key Management Personnel.

Financial Statements

Note 12 Board and Committee Members

Members during the year ended 30 June 2024 were:

Urban Renewal Authority Board of Management

- S Hains, Presiding Member
- A Skipper (resigned 30 July 2023)
- K Willits
- A Moroney
- A Taylor
- B Gallacher (appointed 31 July 2023)
- D O'Loughlin
- D Walker *

Urban Renewal Authority Finance, Risk and Audit Committee

- A Taylor (appointed by the Board as Chair on 31 July 2022)
- A Skipper (resigned 30 July 2023)
- B Gallacher (appointed 31 July 2023)
- J Miller
- T Pavic

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

Board and Committee Remuneration

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

| | 2024 | 2023 |
|--------------------------------|-----------|-----------|
| | No: | No: |
| \$0 to \$19 999 | 4 | 8 |
| \$20 000 to \$39 999 | 5 | 5 |
| \$60 000 to \$89 999 | 1 | 1 |
| Total Number of Members | 10 | 14 |

Total remuneration received and receivable by all members for the period they held office was \$0.286 million (2022-23: \$0.293 million). Remuneration of members includes sitting fees and superannuation contributions.

Financial Statements

Note 13 Employee Benefits Expenses

| | 2024 | 2023 |
|----------------------------------------------------|---------------|---------------|
| | \$'000 | \$'000 |
| Salaries and wages | 18 503 | 15 321 |
| Long service leave | 596 | 90 |
| Annual leave | 1 932 | 1 391 |
| Skills and experience retention leave | 60 | 50 |
| Employment on-costs - superannuation | 2 341 | 1 656 |
| Employment on-costs - other | 1 326 | 1 278 |
| Board and committee fees | 257 | 266 |
| Other employee related expenses | 207 | (8) |
| Gross Employee Benefits Expenses | 25 222 | 20 044 |
| Less: Employee benefits capitalised to inventories | (3 282) | (2 867) |
| Total Employee Benefits Expenses | 21 940 | 17 177 |

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.

| | 2024 | 2023 |
|-----------------------------------------------------------------------------------------------------|-----------|-----------|
| | No: | No: |
| The number of employees whose remuneration received or receivable falls within the following bands: | | |
| \$160 001 to \$166 000* | n/a | 3 |
| \$166 001 to \$186 000 | 8 | 8 |
| \$186 001 to \$206 000 | 3 | 4 |
| \$206 001 to \$226 000 | 6 | 3 |
| \$226 001 to \$246 000 | 2 | 1 |
| \$246 001 to \$266 000 | 5 | 2 |
| \$266 001 to \$286 000 | - | 1 |
| \$286 001 to \$306 000 | 1 | 2 |
| \$306 001 to \$326 000 | 1 | - |
| \$326 001 to \$346 000 | 1 | 1 |
| \$346 001 to \$366 000 | 1 | - |
| \$446 001 to \$466 000 | - | 1 |
| \$466 001 to \$486 000 | 1 | - |
| Total | 29 | 26 |

* This band has been included for the purposes of reporting comparative figures based on the executive base level remuneration rate for 2022-23.

Financial Statements

The table includes all employees who received remuneration equal to or greater than the base executive remuneration level during the year. Remuneration of employees reflects all costs of employment including salaries and wages, payments in lieu of leave, superannuation contributions, salary sacrifice benefits and fringe benefits and any fringe benefits tax paid or payable in respect of those benefits. The total remuneration received by these employees for the year was \$6.827 million (2022-23: \$5.739 million).

Note 14 Employee Benefits Liabilities

| | 2024 | 2023 |
|--------------------------------------------|--------------|--------------|
| | \$'000 | \$'000 |
| Current | | |
| Annual leave | 2 030 | 1 817 |
| Employment on costs | 624 | 496 |
| Long service leave | 410 | 199 |
| Skills and experience retention leave | 70 | 71 |
| Total Current Employee Benefits | 3 134 | 2 583 |
| Non-Current | | |
| Employment on costs | 423 | 392 |
| Long service leave | 2 484 | 2 360 |
| Total Non-Current Employee Benefits | 2 907 | 2 752 |
| Total Employee Benefits | 6 041 | 5 335 |

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.

Financial Statements

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 4.25% in 2023-24 from 4.00% in 2022-23.

As a result of the actuarial assessment performed by the Department of Treasury and Finance, the salary inflation rate of 3.50% for the 2023-24 financial year has increased from 2.5% in the 2022-23 financial year for the valuation of the long service leave liability.

The net financial effect of the changes to actuarial assumptions in the current financial year is a increase in the long service leave liability of \$0.145 million and employee benefits expense of \$0.260 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.

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 44% (2022-23: 43%) and the average factor for the calculation of employer superannuation on-costs was 11.5% (2022-23: 11.1%). 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.

Financial Statements

Note 15 Operating Expenditure

| | 2024 | 2023 |
|--------------------------------------|---------------|---------------|
| | \$'000 | \$'000 |
| Property expenditure | 25 922 | 27 797 |
| Land tax | 15 548 | 10 957 |
| Consultants | 1 056 | 1 681 |
| Contractors | 3 279 | 1 364 |
| Accommodation costs | 996 | 1 119 |
| Administration and other expenditure | 16 135 | 9 352 |
| Total Operating Expenditure | 62 936 | 52 270 |

Auditor General Remuneration

Audit fees paid/payable to the Audit Office of South Australia relating to work performed under the *Public Finance and Audit Act 1987* included in administration and other expenditure total \$0.231 million (2022-23: \$0.215 million).

SA Business and Non-SA Business

The following table includes all expenditure in relation to contracts above \$0.055 million (GST inclusive) resulting from a procurement as defined in Treasurer's Instruction 18 – Procurement. Arrangements between public authorities and arrangements with other governments are not included.

Expenditure is inclusive of non-recoverable GST.

| | 2024 | Proportion SA and |
|--------------------------------------------------------|---------------|-------------------|
| | \$'000 | non-SA businesses |
| Total expenditure with South Australian businesses | 70 556 | 99% |
| Total expenditure with non-South Australian businesses | 763 | 1% |
| Total Expenditure on Contracts | 71 319 | 100% |

Classification of SA business or non-SA business is based on circumstances as at the time of entering into a contract. For contracts entered into prior to 20 February 2023, where assessment was made under previous procurement requirements is known, this has been adopted to determine classification. For contracts where such evidence of prior assessment is not available for all other contracts, classification is based on the definition of SA business provided in Treasurer's Instruction 18 – Procurement.

Treasurer's Instruction 18 – Procurement defines a business as being South Australian where it operates in South Australia and more than 50% of the workforce delivering the contract resulting from the procurement on behalf of the business are South Australian residents.

The disclosure for expenditure with SA businesses reflects the total spent on contracts within the Treasurer's Instruction 18 – Procurement definition and in some instances includes the cost of goods sourced from outside South Australia.

In many cases, the determination has been made on the basis of representations made by suppliers at a point in time which has not been subject to independent verification.

Financial Statements

Note 16 Borrowing Costs

| | 2024 | 2023 |
|--------------------------------------------------|---------------|--------------|
| | \$'000 | \$'000 |
| Borrowing costs on Premises SA Scheme loan | - | 24 |
| Borrowing costs on other loans | 13 540 | 4 808 |
| Borrowing costs on overdraft | 475 | 961 |
| Interest expense on lease liabilities | 287 | 304 |
| Guarantee fees on Premises SA Scheme loan | - | 54 |
| Guarantee fees on other loans | 4 442 | 3 110 |
| Guarantee fees on overdraft | 138 | 221 |
| Gross Borrowing Costs | 18 882 | 9 482 |
| Less: Borrowing costs capitalised to inventories | (973) | - |
| Total Borrowing Costs | 17 909 | 9 482 |

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.

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

Note 17 Dividends Paid to SA Government

| | 2024 | 2023 |
|----------------------------------------------|---------------|---------------|
| | \$'000 | \$'000 |
| Dividends paid | 85 402 | 34 792 |
| Total Dividends Paid to SA Government | 85 402 | 34 792 |

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 \$3.992 million in relation to its 2023-24 general activities.

The Treasurer has determined that Renewal SA will pay the remainder of the dividend on the profits from its 2023-24 general activities as part of the 2024-25 dividend declaration process.

Renewal SA also paid a dividend of \$80.338 million in relation to its 2022-23 general activities during 2023-24. This amount is the difference between the original dividend calculated and paid off forecast profit results in 2022-23 and final 2022-23 statutory profit. The statutory profits were materially higher due to positive year-end accounting adjustments made after the dividend declaration in May 2023.

Financial Statements

Renewal SA are also required to make special dividend payments associated with the Adelaide Station and Environs Redevelopment (ASER) site and Festival Plaza. In 2023-24 the Minister and Treasurer approved a dividend payment of \$1.072 million for the ASER site only.

Note 18 Cash and Cash Equivalents

| | 2024 | 2023 |
|----------------------------------------|--------------|---------------|
| | \$'000 | \$'000 |
| Deposits with the Treasurer | 6 180 | 24 220 |
| Cash held for Lot Fourteen Car Park | 791 | 746 |
| Cash at bank and on hand | 1 804 | 1 722 |
| Total Cash and Cash Equivalents | 8 775 | 26 688 |

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.

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

| | 2024 | 2023 |
|--------------------------------------|----------------|---------------|
| | \$'000 | \$'000 |
| Current | | |
| Contractual Receivables | | |
| Trade and other receivables | 7 672 | 2 702 |
| Provision for doubtful debts | (29) | (506) |
| Lease receivables | 1 120 | 848 |
| Deferred payment arrangements | 21 175 | 19 134 |
| Total Contractual Receivables | 29 938 | 22 178 |
| Statutory Receivables | | |
| GST receivable | 596 | - |
| Total Statutory Receivables | 596 | - |
| Prepayments | 7 884 | 270 |
| Total Current Receivables | 38 418 | 22 448 |
| Non-Current | | |
| Lease receivables | 8 326 | 8 365 |
| Deferred payment arrangements | 100 670 | 64 541 |
| Total Non-Current Receivables | 108 996 | 72 906 |
| Total Receivables | 147 414 | 95 354 |

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

Financial Statements

Movement in the Allowance for Doubtful Debts

An 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.

| | 2024 | 2023 |
|---------------------------------------------------------|---------------|---------------|
| | \$'000 | \$'000 |
| Carrying amount at the beginning of the period | 506 | 1 053 |
| Debts no longer being pursued | (14) | (3) |
| (Decrease) in the allowance | (463) | (544) |
| Carrying Amount at the End of the Period | 29 | 506 |
| <i>Bad debts written off:</i> | | |
| Lease receivables | 14 | 3 |
| <i>Transfer (from)/to provision for doubtful debts:</i> | | |
| Trade debtors | (473) | 473 |
| Lease receivables | (4) | (1 017) |
| Total Bad and Doubtful Debts Expense | (463) | (541) |

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.

Financial Statements

Note 20 Inventories

| | 2024 | 2023 |
|--------------------------------------|----------------|----------------|
| | \$'000 | \$'000 |
| Current | | |
| Land held for sale | 36 924 | 56 556 |
| Development projects | 60 823 | 83 883 |
| Total Current Inventories | 97 747 | 140 439 |
| Non-Current | | |
| Land held for sale | 83 561 | 174 232 |
| Development projects | 430 287 | 120 186 |
| Licences | 500 | - |
| Total Non-Current Inventories | 514 348 | 294 418 |
| Total Inventories | 612 095 | 434 857 |

Movements in Carrying Amounts:

| | 2024 | 2023 |
|-------------------------------------------------|----------------|----------------|
| | \$'000 | \$'000 |
| Carrying amount at the beginning of the period | 434 857 | 290 859 |
| Land purchases | 240 196 | 20 139 |
| Licences acquired attributable to inventories | 500 | - |
| Development costs capitalised | 65 405 | 56 011 |
| Cost of sales | (94 496) | (34 727) |
| Inventory write down | (34 367) | - |
| Reversal of inventory write down | - | 102 575 |
| Carrying Amount at the End of the Period | 612 095 | 434 857 |

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 2024 to ensure they are carried at the lower of cost and NRV.

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

The write downs of \$34.367 million in 2023-24 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.

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.

Financial Statements

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 down 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.

Land held for sale is classified as inventory and has a carrying amount of \$120.485 million. If these assets were not classified as inventory, they would require recognition as their fair value, estimated to be \$503.382 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

| | 2024 | 2023 |
|-----------------------------------------------------|----------------|----------------|
| | \$'000 | \$'000 |
| Freehold Land & Buildings at Fair Value: | | |
| Independent valuation | 127 485 | 111 219 |
| Total Investment Properties | 127 485 | 111 219 |

Movements in Carrying Amounts

| | 2024 | 2023 |
|-------------------------------------------------------|----------------|----------------|
| | \$'000 | \$'000 |
| Land & Buildings at fair value: | | |
| Carrying amount at the beginning of the period | 111 219 | 105 035 |
| Capitalised grants received | (306) | (15) |
| Capitalised expenditure | 1 613 | 927 |
| Disposals | - | (6 786) |
| Net gain/(loss) on fair value adjustments | 14 959 | 12 058 |
| Carrying Amount at the End of the Period | 127 485 | 111 219 |
| Total Carrying Amount at the End of the Period | 127 485 | 111 219 |

Amounts Recognised in the Statement of Comprehensive Income

| | 2024 | 2023 |
|------------------------------------------------------------------------------------------------------------------|--------------|--------------|
| | \$'000 | \$'000 |
| Property Income (refer to Note 8) | 13 917 | 14 945 |
| Direct operating expenses arising from investment properties that generated rental income (refer Note 15) | (11 919) | (6 738) |
| Direct operating expenses arising from investment properties that did not generate rental income (refer Note 15) | (734) | (66) |
| Total Amount Recognised in the Statement of Comprehensive Income | 1 264 | 8 141 |

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

Investment properties are initially recognised at cost. Costs incurred subsequent to initial acquisition are capitalised when it is probable that future economic benefits in excess of the originally assessed performance of the asset will flow to Renewal SA.

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

Rental income from the leasing of investment properties is recognised in the Statement of Comprehensive Income as part of property income, when invoiced.

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 \$5.018 million, an increase in land value at New Castalloy by \$5.956 million and land value at Technology Park by \$2.130 million.

Financial Statements

Valuation Basis

An independent valuation of all Renewal SA's investment properties was conducted as at 30 June 2024. Valuations of all investment properties were undertaken by qualified Certified Practising Valuers with extensive experience in the local market with equivalent properties. Valuations were carried out in accordance with the relevant provisions of the *Australian Property Institute of Australia and New Zealand's Valuation and Property Standards* and as per *AASB 140 Investment Property*. The valuer arrived at fair value using either the direct comparison, capitalisation of net income, or discounted cash flow approach.

Note 22 Property, Plant and Equipment

| | 2024 | 2023 |
|-------------------------------------------------------|---------------|---------------|
| | \$'000 | \$'000 |
| Right-of-use Buildings | | |
| At cost | 13 967 | 13 695 |
| Accumulated amortisation | (7 424) | (5 427) |
| Total Buildings | 6 543 | 8 268 |
| Property | | |
| At cost | 14 026 | - |
| Total Property | 14 026 | - |
| Accommodation and Leasehold Improvements | | |
| At cost | 1 311 | 1 320 |
| Right-of-use asset at cost | 5 293 | 7 574 |
| Accumulated depreciation | (1 854) | (3 347) |
| Total Accommodation and Leasehold Improvements | 4 750 | 5 547 |
| Plant and Equipment | | |
| At cost | 62 667 | 2 260 |
| Right-of-use asset at cost | 101 | 42 |
| Accumulated depreciation | (1 325) | (1 261) |
| Total Plant and Equipment | 61 443 | 1 041 |
| Total property, plant and equipment at cost | 78 004 | 3 580 |
| Total right-of-use assets at cost | 19 361 | 21 311 |
| Total accumulated depreciation | (10 603) | (10 035) |
| Total Property, Plant and Equipment | 86 762 | 14 856 |

Financial Statements

Movements in Carrying Amounts

| | 2024 | 2023 |
|-------------------------------------------------|---------------|---------------|
| | \$'000 | \$'000 |
| Buildings: | | |
| Carrying amount at the beginning of the period | 8 268 | 9 574 |
| Right of use asset - remeasurement | 272 | 598 |
| Amortisation | (1 997) | (1 904) |
| Carrying Amount at the End of the Period | 6 543 | 8 268 |
| Property: | | |
| Additions | 14 026 | - |
| Carrying Amount at the End of the Period | 14 026 | - |
| Accommodation and Leasehold Improvements: | | |
| Carrying amount at the beginning of the period | 5 547 | 6 333 |
| Additions | - | 25 |
| Disposals | (9) | - |
| Right of use asset - additions | - | 116 |
| Right of use asset - disposals | (74) | (65) |
| Depreciation | (714) | (862) |
| Carrying Amount at the End of the Period | 4 750 | 5 547 |
| Plant and Equipment: | | |
| Carrying amount at the beginning of the period | 1 041 | 1 227 |
| Additions | 60 507 | - |
| Right of use asset - additions | 75 | 25 |
| Disposals | (14) | - |
| Depreciation | (166) | (211) |
| Carrying Amount at the End of the Period | 61 443 | 1 041 |
| Total Property, Plant and Equipment | 86 762 | 14 856 |

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 buildings, property, 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.

Property increase of \$14.026 million relating to land and plant and equipment increase of \$60.507 million are in relation to Festival Plaza Public Realm assets.

Financial Statements

Depreciation of \$2.877 million (2022-23: \$2.977 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 |
| Computer equipment | Straight Line | 5 years |
| Furniture and fittings | Straight Line | 5 - 10 years |
| Leasehold improvements | Straight Line | Life of lease |
| Plant and equipment | Straight Line | 5 - 19 years |

Impairment

There were no indications of impairment of buildings, leasehold improvements or plant and equipment as at 30 June 2024. 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 Playford.
- Four motor vehicle leases with the South Australian Government Financing Authority (SAFA).

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

| | Note | 2024 \$'000 | 2023 \$'000 |
|--------------------------------------------------------------------------------|------|------------------|----------------|
| Inventories | | | |
| Inventory write down | 20 | (34 367) | - |
| Reversal of inventory write down | 20 | - | 102 575 |
| Total Gain from Changes in Value of Inventories | | (34 367) | 102 575 |
| Investment Property | | | |
| Net gain on freehold land fair value adjustments | 21 | 14 359 | 12 166 |
| Net gain/(loss) on building fair value adjustments | 21 | 600 | (108) |
| Total Gain from Changes in Value of Investment Property | | 14 959 | 12 058 |
| Deferred Payment Arrangement | | | |
| Net (loss)/gain on deferred payment arrangement | | (198) | 52 |
| Total (Loss)/Gain from Changes in Value of Deferred Payment Arrangement | | (198) | 52 |
| Total Net (Loss)/Gain from Changes in Value of Non-Current Assets | | (19 606) | 114 685 |

Financial Statements

Note 24 Fair Value Measurement

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

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

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

Fair Value Hierarchy

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

Fair Value Measurements at 30 June 2024

| | 2024 \$'000 | Level 2 \$'000 | Level 3 \$'000 |
|------------------------------------------------|----------------|-------------------|-------------------|
| Recurring Fair Value Measurement | | | |
| Investment properties (Note 21) | 127 485 | 127 485 | - |
| Property (Note 22) | 14 026 | 14 026 | - |
| Leasehold improvements (Note 22) | 1 120 | - | 1 120 |
| Plant and equipment (Note 22) | 61 375 | - | 61 375 |
| Total Recurring Fair Value Measurements | 204 006 | 141 511 | 62 495 |

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 |

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 2023-24, 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.

Financial Statements

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 2023-24 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 2024

| | Leasehold Improvements | Plant & Equipment |
|-------------------------------------------------------|---------------------------|----------------------|
| | \$'000 | \$'000 |
| Opening Balance at the Beginning of the Period | 1 280 | 1 024 |
| Acquisitions | - | 60 507 |
| Disposals | (9) | (14) |
| Depreciation and amortisation expenses | (151) | (142) |
| Carrying Amount at the End of the Period | 1 120 | 61 375 |

Reconciliation of Level 3 Recurring Fair Value Measurements as at 30 June 2023

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

Financial Statements

Note 25 Payables

| | 2024 | 2023 |
|---------------------------------------|---------------|---------------|
| | \$'000 | \$'000 |
| Current | | |
| Contractual Payables | | |
| Trade creditors | 1 549 | 970 |
| Sundry creditors and accrued expenses | 19 929 | 7 937 |
| Total Contractual Payables | 21 478 | 8 907 |
| Statutory Payables | | |
| GST payable | - | 540 |
| Parental leave scheme | 4 | - |
| Sundry creditors and accrued expenses | 2 652 | 215 |
| Total Statutory Payables | 2 656 | 755 |
| Total Current Payables | 24 134 | 9 662 |
| Non-Current | | |
| Sundry creditors and accrued expenses | 4 331 | 4 331 |
| Total Non-Current Payables | 4 331 | 4 331 |
| Total Payables | 28 465 | 13 993 |

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.

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

| | 2024 | 2023 |
|---------------------------------------------------------|----------------|----------------|
| | \$'000 | \$'000 |
| Current | | |
| Loans - South Australian Government Financing Authority | 261 751 | 123 150 |
| Lease liabilities | 3 159 | 3 072 |
| Total Current Borrowings | 264 910 | 126 222 |
| Non-Current | | |
| Loans - South Australian Government Financing Authority | 363 249 | 336 850 |
| Lease liabilities | 15 738 | 12 162 |
| Total Non-Current Borrowings | 378 987 | 349 012 |
| Total Borrowings | 643 897 | 475 234 |

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.

Borrowings are recognised at cost and have fixed maturity dates. The interest rate is determined by the Treasurer. The interest rate varied between 0.29% and 4.39% in 2023-24 (2022-23: 0.20% and 4.31%). In addition, the government guarantee fee rate on new and refinanced borrowings was 1.34% (2022-23: 0.76%). 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

| | 2024 | 2023 |
|------------------------------------------|---------------|---------------|
| | \$'000 | \$'000 |
| Current | | |
| Unearned income | 5 880 | 1 241 |
| Total Current Unearned Income | 5 880 | 1 241 |
| Non-Current | | |
| Unearned income | 13 322 | 13 746 |
| Total Non-Current Unearned Income | 13 322 | 13 746 |
| Total Unearned Income | 19 202 | 14 987 |

Movements in Carrying Amounts

| | 2024 | 2023 |
|-----------------------------------------------------|---------------|---------------|
| | \$'000 | \$'000 |
| Carrying amount at the beginning of the period | 14 987 | 25 292 |
| Received during the year | 17 064 | 3 137 |
| Recognised in the statement of comprehensive income | (12 849) | (13 442) |
| Carrying Amount at the End of the Period | 19 202 | 14 987 |

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 \$13.912 million (2022-23: \$14.310 million), revenues from SA Government of \$4.817 million (2022-23: \$0.656 million) and sales and other revenue of \$0.481 million (2022-23: \$0.20 million mainly consisted of revenue from sales of property rights that had not transferred to the buyer at 30 June 2023).

Financial Statements

Note 28 Provisions

| | 2024 | 2023 |
|---------------------------------------------------------------------|---------------|---------------|
| | \$'000 | \$'000 |
| Current | | |
| Provision for workers compensation | 81 | 46 |
| Provision for income tax equivalent | 4 115 | 36 153 |
| Provision for contractual claims | 5 821 | 5 146 |
| Total Current Provisions | 10 017 | 41 345 |
| Non-Current | | |
| Provision for workers compensation | 336 | 153 |
| Total Non-Current Provisions | 336 | 153 |
| Total Provisions | 10 353 | 41 498 |
| Movements in Carrying Amounts | | |
| | 2024 | 2023 |
| | \$'000 | \$'000 |
| Provision for workers compensation | | |
| Carrying amount at the beginning of the period | 199 | 203 |
| Increase in provisions recognised | 218 | - |
| Reductions in provisions | - | (4) |
| Carrying Amount at the End of the Period | 417 | 199 |
| Provision for income tax equivalent | | |
| Carrying amount at the beginning of the period | 36 153 | 14 946 |
| Increase in provisions recognised | 4 115 | 36 153 |
| Reductions arising from payments | (36 153) | (14 946) |
| Carrying Amount at the End of the Period | 4 115 | 36 153 |
| Provision for future development expenditure and contractual claims | | |
| Carrying amount at the beginning of the period | 5 146 | 1 700 |
| Reductions arising from payments for contractual claims | (356) | (483) |
| Increase in provision for potential contractual claims | 1 071 | 5 106 |
| Decrease in provision for potential contractual claims | (40) | (1 177) |
| Carrying Amount at the End of the Period | 5 821 | 5 146 |
| Total Provisions | 10 353 | 41 498 |

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.

Financial Statements

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 2024 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.

A provision has been recognised for contractual claims relating to various contractual arrangements which Renewal SA is party to. These contracts are with various counter parties.

Note 29 Other Liabilities

| | 2024 \$'000 | 2023 \$'000 |
|----------------------------------------|----------------|----------------|
| Current | | |
| Funds held in trust | 791 | 746 |
| Total Current Other Liabilities | 791 | 746 |
| Total Other Liabilities | 791 | 746 |

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

Financial Statements

Note 30 Cash Flow Reconciliation

| | 2024 | 2023 |
|-----------------------------------------------------------------------------------------------|-------------------|-------------------|
| | \$'000 | \$'000 |
| Reconciliation of Cash and Cash Equivalents at the End of the Reporting Period: | | |
| Statement of Cash Flows | 8 775 | 26 688 |
| Statement of Financial Position | 8 775 | 26 688 |
| Reconciliation of total comprehensive result to net cash used in operating activities: | | |
| Total comprehensive result | 8 301 | 84 354 |
| Add/Less Non Cash Items | | |
| Inventories write down | 34 367 | - |
| Depreciation and amortisation | 2 877 | 2 977 |
| Net loss on disposal of plant and equipment | 67 | (5) |
| Provision for doubtful debts | (463) | (544) |
| Bad debt write off | (14) | (3) |
| Share of net profits of joint ventures | (172) | (465) |
| Net loss on disposal of investment property | - | (357) |
| Reversal of inventories write-down | - | (102 575) |
| Net gain on Investment property fair value adjustments | (14 959) | (12 058) |
| | <u>21 703</u> | <u>(113 030)</u> |
| Movements in Assets / Liabilities | | |
| (Increase)/Decrease in other receivables | (39 097) | 7 668 |
| Increase in prepayments | (7 614) | (58) |
| Increase in inventories | (211 605) | (41 423) |
| Increase in payables | 13 936 | 6 202 |
| Increase/(Decrease) in unearned income | 4 215 | (16 805) |
| Increase in provisions | (31 145) | 24 649 |
| Increase in other liabilities | 45 | - |
| | <u>(271 265)</u> | <u>(19 767)</u> |
| Net Cash Used in Operating Activities | <u>(241 261)</u> | <u>(48 443)</u> |

Financial Statements

Note 31 Unrecognised Contractual Commitments

| | 2024 | 2023 |
|-----------------------------------------------------------------------------------------------------------|----------------|----------------|
| | \$'000 | \$'000 |
| Operating Lease Receivables | | |
| Future minimum rental revenues under non-cancellable operating property leases held but not provided for: | | |
| Due within one year | 18 298 | 16 254 |
| Due later than one year not longer than five years | 49 168 | 47 172 |
| Due later than five years | 453 647 | 474 538 |
| Total Operating Lease Receivables | 521 113 | 537 964 |

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.

| | 2024 | 2023 |
|-------------------------------------------------------------|----------------|---------------|
| | \$'000 | \$'000 |
| Capital and Operating Expenditure Commitments | | |
| Payable within one year | 176 051 | 28 507 |
| Payable later than one year not longer than five years | 75 367 | 19 650 |
| Total Capital and Operating Expenditure Commitments: | 251 418 | 48 157 |

Commitments include operating, capital and outsourcing arrangements arising from contractual or statutory sources and are disclosed at their nominal value. The majority of the increase in Capital and Operating Expenditure commitments relates to the construction contract executed to construct the Deeper Maintenance and Modification Facility at Edinburgh Parks.

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

There are no contingent assets or contingent liabilities to report.

Financial Statements

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 interest bearing liabilities (borrowings from the SA Government).

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

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

Renewal SA undertakes all its borrowings from 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.

Financial Statements

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) | 4 315 | 0.9 | 37 |
| Loss Allowance | 4 315 | | 37 |

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 \$0.037 million there are expected losses of \$0.029 million for specifically identified customers.

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

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

Categorisation of Financial Instruments

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

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

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

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

Renewal SA measures all financial instruments at amortised cost.

Financial Statements

| 2024 | Note | Carrying | 2024 Contractual Maturities | | | Amortised |
|-------------------------------------------|------|-------------------|-----------------------------|-------------------|---------------|-------------------|
| | | Amount | < 1 year | 1-5 years | > 5 years | Cost |
| | | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Financial Assets: | | | | | | |
| Cash and cash equivalents | 18 | 8 775 | 8 775 | - | - | 8 775 |
| Loans and receivables: | | | | | | |
| Receivables | 19 | 138 963 | 29 967 | 45 189 | 60 942 | 136 098 |
| Allowance for doubtful debts | 19 | (29) | (29) | - | - | (29) |
| Total Financial Assets | | 147 709 | 38 713 | 45 189 | 60 942 | 144 844 |
| Financial Liabilities: | | | | | | |
| Financial liabilities at cost: | | | | | | |
| Payables | 25 | 25 809 | 21 478 | 2 252 | 2 079 | 25 809 |
| Borrowings | 26 | 625 000 | 255 987 | 315 970 | - | 571 957 |
| Lease Liabilities | 26 | 18 897 | 3 159 | 8 663 | 5 301 | 17 123 |
| Total Financial Liabilities | | 669 706 | 280 624 | 326 885 | 7 380 | 614 889 |
| Net Financial Assets/(Liabilities) | | (521 997) | (241 911) | (281 696) | 53 562 | (470 045) |

| 2023 | Note | Carrying | 2023 Contractual Maturities | | | Amortised |
|-------------------------------------------|------|-------------------|-----------------------------|-------------------|---------------|-------------------|
| | | Amount | < 1 year | 1-5 years | > 5 years | Cost |
| | | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Financial Assets: | | | | | | |
| Cash and cash equivalents | 18 | 26 688 | 26 688 | - | - | 26 688 |
| Loans and receivables: | | | | | | |
| Receivables | 19 | 95 590 | 22 684 | 53 132 | 58 635 | 134 451 |
| Allowance for doubtful debts | 19 | (506) | (506) | - | - | (506) |
| Total Financial Assets | | 121 772 | 48 866 | 53 132 | 58 635 | 160 633 |
| Financial Liabilities: | | | | | | |
| Financial liabilities at cost: | | | | | | |
| Payables | 25 | 13 238 | 8 907 | 2 252 | 2 079 | 13 238 |
| 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 | | 488 472 | 133 219 | 322 429 | 4 555 | 460 203 |
| Net Financial Assets/(Liabilities) | | (366 700) | (84 353) | (269 297) | 54 080 | (299 570) |

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).

Contractual receivables do not include prepayments as these are not financial instruments.

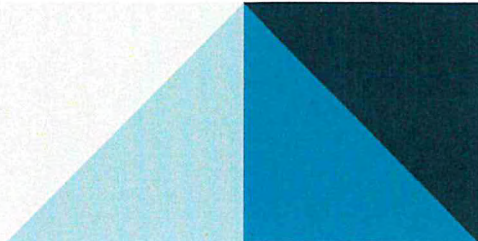
Financial Statements

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.

Note 35 Events after the Reporting Period

On the 11th of July 2024, a project deed was executed between Renewal SA, the University of South Australia and the Minister for Climate, Environment and Water, for the acquisition of the Mawson Lakes Campus by Renewal SA for \$50 million. The acquisition occurred in July 2024.



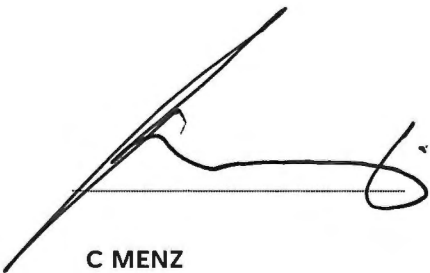
Financial Statements

CERTIFICATION OF THE FINANCIAL STATEMENTS

We certify that the:

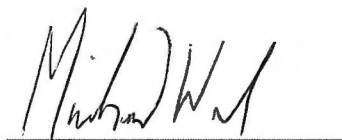
- general purpose financial statements for the Urban Renewal Authority (trading as Renewal SA):
 - comply with relevant Treasurer’s Instructions issued under Section 41 of the *Public and Finance Audit Act 1987*, and relevant Australian Accounting Standards;
 - are in accordance with the accounts and 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 2024 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.



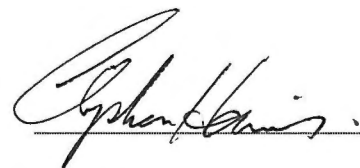
C MENZ
CHIEF EXECUTIVE

16 September 2024



M WOOD
EXECUTIVE DIRECTOR
COMMERCIAL AND
BUSINESS SERVICES

16 September 2024



S HAINS
PRESIDING MEMBER

16 September 2024

OFFICIAL



Renewal **SA**



OFFICIAL