# **Our finances**

# Financial overview

7.8% return on investment
Operating surplus \$35.3M
Revenue <b>\$70.4M</b>
Over <b>\$1B</b> in assets

#### Market recovery boosts the RTA to strong financial performances

During the year the RTA refocused its investment portfolio to maximise earnings during the market recovery, without exposing the portfolio to unnecessary risk. These changes in the investment mix ensured the portfolio was able to capitalise on the market recovery which ended up being Australian Stock Exchange's largest annual return to date in over 30 years, resulting in revenue of \$70.4M for 2020–21.

The operating result was aided by a strong focus on operating expenses while continuing to make progress on the RTA's modernisation objectives through the delivery of more online services and infrastructure upgrades. It also demonstrated the RTA's strong management and focus to provide the Queensland rental sector with services that enhance the customer experience.

Expenses met budget for the year and decreased by \$1M from 2019–20 (when excluding fair value loss on investments), resulting in a surplus of \$35.3M. The RTA is also reporting \$1B in assets for the first time in its history with total assets increasing by \$58M since 30 June 2020.

#### **Financial performance**

2016-17 to 2020-21

Financial year	Income \$m	Expenditure \$m	Grant Expenditure \$m	Surplus/deficit \$m
2016–17	35.0	34.3	-	0.7
2017–18	26.1	34.0	-	(7.9)
2018–19	40.3	31.7	-	8.6
2019–20	34.4	77.7	-	(43.3)
2020–21	70.4	35.1	-	35.3

#### **Financial position**

The recovery in the global financial markets has provided welcome relief with the RTA reporting a net asset position of \$35M compared to -\$0.3M at the end of 2019–20.

#### **Investment management**

In 2020–21, the RTA enhanced its investment mix to maximise the earnings potential of the QIC investment portfolio by increasing allocations to the QIC Long Term Diversified Fund, QIC Global Credit Fund and the QIC Short Term Income Fund while reducing allocations in poorer performing cash investments. This resulted in a 5.2% above forecast growth in the RTA's portfolio. The RTA's investment in the QIC Long Term Diversified Fund was exposed to markets in the Australian All Ordinaries Index, which experienced its strongest year of growth since 1987, enabling that investment product to return \$43.4M at 18.2% – the largest of our portfolio's return.

All investment products are managed in accordance with Part 3, Division 5 of the *Residential Tenancies and Rooming Accommodation Act 2008* and with the *Statutory Bodies Financial Arrangements Act 1982*.

Earnings from the investment of rental bonds are allocated between the rental bond portfolio and the business operations portfolio. The rental bond portfolio represents the investment of all rental bonds held. It is actively managed by fund manager QIC and funds are allocated across a range of asset classes according to the investment strategy adopted by the RTA Board. The RTA has also allocated investment funds to the Queensland Treasury Corporation (QTC).

The investment mix of the rental bond portfolio is detailed on page 55–57 in notes 9, 10 and 11.

The business operations portfolio represents the earnings from investments and is used to fund all RTA business operating expenses and grants.

The result demonstrated the RTA's strong management and focus to provide the Queensland rental sector with services that enhance the customer experience.

#### **Operating income**

#### QIC fund returns

	Ann		20–21	Annual return 2019–20			
QIC Fund name	%	Capital \$m	Distributions \$m	%	Capital \$m	Distributions \$m	
QIC Cash Enhanced Fund	0.8	(0.1)	0.7	1.7	0.2	0.3	
QIC Global Credit Fund	3.0	6.9	0.0	2.5	-4.4	8.5	
QIC Global Credit Opportunities Fund	17.4	0.3	0.0	2.0	0.0	0.0	
QIC Long Term Diversified Fund	18.2	43.4	3.3	-3.2	-7.5	5.5	
QIC Property Fund	4.2	2.0	3.1	-16.6	-30.0	5.4	
QIC Short Term Income Fund	4.6	6.2	3.2	2.3	0.0	4.0	
Portfolio Total	7.8	58.7	10.3^	-2.0	-41.6	23.7^	

<sup>^</sup> Totals exclude revenue from interest distributions provided by QTC

#### **RTA** expenses

The RTA spent \$35M to fund its operations in 2020–21, and 60% of this funding represented employee costs to ensure the RTA continues to provide vital services to the Queensland rental sector.

During the year the RTA continued to invest in projects for business improvements, including:

- replacement of ageing information technology (IT) infrastructure to the cloud
- implementation of a modern voice and telephone solution
- the delivery of two further RTA Web Services to provide additional channels for essential transactions and improve the customer experience.

Supplies and services accounted for the bulk of our non-employee costs including rent, investment management fees and project delivery expenses.

As part of the RTA's strategy to deliver business efficiencies, the RTA relocated to a new office space within the Brisbane CBD resulting in the recognition of one-off costs, which will be offset in the future by cost savings in rent, maintenance and energy efficiencies delivered by the new premises.

# General Purpose Financial Report

#### for the year ended 30 June 2021

#### **Contents**

Financial Sta	atements	
Statement of	Comprehensive Income	44
Statement of	Financial Position	45
Statement of	Changes in Equity	46
Statement of	Cash Flows	47
CF1: Reconc	iliation of operating result to net cash from operating activities	48
Notes to the	Financial Statements	
Note 1:	Basis of financial statement preparation	49-51
Note 2:	Objectives and principal activities of the RTA	51
Note 3:	Controlled entity of the RTA	52
Statement of	f Comprehensive Income Notes	
Note 4:	Investment returns	52
Note 5:	Employee expenses	53-54
Note 6(a):	Supplies and services	54
Note 6(b):	Finance costs	54
Note 7:	Depreciation and amortisation	55
Note 8:	Other expenses	55
Statement of	f Financial Position Notes	
Note 9:	Cash and cash equivalents	55
Note 10:	Other financial assets	56
Note 11:	Fair value measurement	57
Note 12:	Receivables	58
Note 13:	Other assets	58
Note 14:	Intangible assets	59-60
Note 15:	Property, plant and equipment	61–62
Note 16:	Leases	63-64
Note 17:	Payables	65
Note 18:	Accrued employee benefits	66
Note 19:	Financing arrangements	66
Note 20:	Financial instruments	67–71
Other Disclo	sures	
Note 21:	Key executive management personnel and remuneration expenses	71–74
Note 22:	Board disclosures	75
Note 23:	Related party disclosures	75
Note 24:	Contingencies	76
Note 25:	Capital commitments	76
Note 26:	Events occurring after balance date	76
Note 27:	Future impact of accounting standards not yet effective	76
Note 28:	Taxation	76
Budgetary R	eporting Disclosures	
Note 29:	Budgetary reporting disclosures	77
Certification		
Management	Certificate	78

For information in relation to the RTA and its controlled entity's financial statements please email <a href="media@rta.qld.gov.au">media@rta.qld.gov.au</a>, or visit <a href="media@rta.qld.gov.au/annualreport">rta.qld.gov.au/annualreport</a>.

## Statement of Comprehensive Income

for the year ended 30 June 2021

		Group		Parent	
		2021	2020	2021	2020
	Notes	\$'000	\$'000	\$'000	\$'000
Income					
Investment revenue	4	44,343	24,951	44,342	24,949
Fair value gain on investments	4	25,065	-	25,065	-
Other revenue		8	18	8	18
Other income	16–17	941	9,479	941	9,479
Total income		70,357	34,448	70,356	34,446
Expenses					
Employee expenses	5	22,027	21,708	716	755
Supplies and services	6 (a)	9,128	10,920	30,441	31,874
Finance costs	6 (b)	44	102	44	102
Depreciation and amortisation	7	3,270	3,131	3,270	3,131
Impairment losses	16	429	-	429	-
Fair value loss on investments	4	-	41,623	-	41,623
Other expenses	8	162	216	159	213
Total expenses		35,060	77,700	35,059	77,698
Operating result for the year		35,297	(43,252)	35,297	(43,252)
Other comprehensive income					
Total operating result		35,297	(43,252)	35,297	(43,252)

# Statement of Financial Position as at 30 June 2021

		Group		Pare	ent
		2021	2020	2021	2020
	Notes	\$'000	\$'000	\$'000	\$'000
Current assets					
Cash and cash equivalents	9	48,602	76,845	48,570	76,703
Other financial assets	10	959,869	870,950	959,869	870,950
Receivables	12	1,203	921	1,168	565
Other current assets	13	449	434	290	367
Total current assets	-	1,010,123	949,150	1,009,897	948,585
Non current assets					
Intangible assets	14	8,362	9,317	8,362	9,317
Property, plant and equipment	15	435	306	435	306
Right-of-use assets	16	-	2,000	-	2,000
Other non current assets	13	62	62	62	62
Total non current assets	-	8,859	11,685	8,859	11,685
	-				
Total assets	:	1,018,982	960,835	1,018,756	960,270
Current liabilities					
Payables	17a	2,762	5,245	7,323	9,312
Rental bonds and unclaimed monies	17b	975,983	948,334	975,983	948,334
Lease liabilities	16	430	2,480	430	2,480
Accrued employee benefits	18	3,566	3,444	35	26
Total current liabilities	- -	982,741	959,503	983,771	960,152
Non current liabilities					
Lease liabilities	16	_	430	_	430
Accrued employee benefits	18	1,256	1,214	_	-
Total non current liabilities		1,256	1,644	-	430
	-	,			
Total liabilities		983,997	961,147	983,771	960,582
Net assets	:	34,985	(312)	34,985	(312)
Equity					
Accumulated surplus		34,985	(312)	34,985	(312)
Total equity	<u>.</u>	34,985	(312)	34,985	(312)

# Statement of Changes in Equity

for the year ended 30 June 2021

	\$'000 Accumulated	\$'000 Total
	Surplus	Equity
2021	5.53	<u> </u>
	(040)	(010)
Balance as 1 July 2020	(312)	(312)
Operating result from continuing operations	35,297	35,297
Balance as at 30 June 2021	34,985	34,985
2020		
Balance as 1 July 2019	44,279	44,279
Adjustment from the adoption of AASB 16	(1,339)	(1,339)
Operating result from continuing operations	(43,252)	(43,252)
Balance as at 30 June 2020	(312)	(312)
	Pare	nt
2021		
Balance as 1 July 2020	(312)	(312)
Operating result from continuing operations	35,297	35,297
Balance as at 30 June 2021	34,985	34,985
2020		
Balance as 1 July 2019	44,279	44,279
Adjustment from the adoption of AASB 16	(1,339)	(1,339)
Operating result from continuing operations	(43,252)	(43,252)
Balance as at 30 June 2020	(312)	(312)

			Group		Parent		
Cash flows from operating activities   Inflows			2021	2020	2021	2020	
Inflows         Interest income         477         1,296         476         1,294           Bond lodgements         408,241         427,119         408,241         427,119         408,241         427,119         408,241         427,119         408,241         427,119         408,241         427,119         408,241         427,119         408,241         427,119         408,241         427,119         408,241         427,119         408,241         427,119         408,241         427,119         408,241         427,119         408,241         427,119         408,241         427,119         408,241         427,119         408,241         427,119         408,241         427,119         408,241         427,119         408,241         428,118         108         949         118         685         608,000         11,175         11,030         11,175         11,030         11,175         11,030         11,175         11,030         11,175         11,030         11,175         11,030         12,149         12,149         12,149         12,149         12,149         12,149         12,149         12,149         12,149         12,149         12,149         12,149         12,149         12,149         12,149         12,149         12,149         12,149		Notes	\$'000	\$'000	\$'000	\$'000	
Interest income	Cash flows from operating activities						
Bond lodgements	Inflows						
Other operating receipts         949         18         949         18           GST collected from customers         101         21         101         21           GST refunds received         1,430         1,175         1,430         1,175           Custle of control of	Interest income		477	1,296	476	1,294	
GST collected from customers         101         21         101         21           GST refunds received         1,430         1,175         1,430         1,175           Outflows           Bond claims         (380,592)         (384,566)         (380,592)         (384,566)         (760)         (760)           Supplies and services         (10,348)         (7,736)         (31,488)         (28,580)           Other expenses         (162)         (216)         (159)         (213)           GST paid to suppliers         (11,918)         (1,499)         (1,198)         (1,499)           Interest on leases         (44)         (102)         (44)         (102)           Net cash provided by/(used in) operating activities         CF.1         (3,102)         14,058         (2,992)         13,947           Cash flows from investing activities         CF.1         (3,102)         14,058         (2,992)         13,947           Cash flows from investing activities         CF.1         (3,102)         14,058         (2,992)         13,947           Cash flows from investing activities         CF.1         (3,102)         14,223         21,929         4,223         21,929           Payments for purchased software         (4	Bond lodgements		408,241	427,119	408,241	427,119	
Cutflows         1,430         1,175         1,430         1,175           Bond claims         (380,592)         (384,566)         (380,592)         (380,592)         (384,566)         (708)         (760)           Employee expenses         (21,956)         (21,492)         (708)         (760)         (760)           Supplies and services         (10,348)         (7,736)         (31,488)         (28,580)         (21)         (1,459)         (1,198)         (1,459)         (1,198)         (1,459)         (1,198)         (1,459)         (1,198)         (1,459)         (1,198)         (1,459)         (1,198)         (1,459)         (1,198)         (1,459)         (1,198)         (1,459)         (1,198)         (1,459)         (1,198)         (1,459)         (1,1459)	Other operating receipts		949	18	949	18	
Outflows         Bond claims         (380,592) (384,566)         (380,592) (384,566)         (380,592) (384,566)         (380,592) (384,566)         (380,592) (384,566)         (380,592) (384,566)         (380,592) (708)         (760)           Employee expenses         (21,956) (21,492)         (708) (7760)         (31,488) (28,580)         (216) (169) (213)         (213)         (213)         (213)         (213)         (215)         (213)         (214)         (210)         (213)         (214)         (210)         (213)         (214)         (210)         (213)         (214)         (210)         (213)         (214)         (212)         (230)         (213)         (214)         (212)         (230)         (213)         (214)         (214)         (210)         (210)         (210)         (210)         (210)         (210)         (210)         (210)         (210)         (210)         (210)         (210)         (210)         (210)         (210)         (210)         (210)<	GST collected from customers		101	21	101	21	
Bond claims	GST refunds received		1,430	1,175	1,430	1,175	
Employee expenses   (21,956) (21,492) (708) (760)	Outflows						
Supplies and services       (10,348)       (7,736)       (31,488)       (28,580)         Other expenses       (162)       (216)       (159)       (213)         GST paid to suppliers       (1,198)       (1,459)       (1,198)       (1,459)         Interest on leases       (44)       (102)       (44)       (102)         Net cash provided by/(used in) operating activities       CF.1       (3,102)       14,058       (2,992)       13,947         Cash flows from investing activities         Infillows       Investments redeemed       4,223       21,929       4,223       21,929         Outflows         Payments for purchased software       -       (73)       -       (73)         Payments for internally generated software       (435)       (1,132)       (435)       (1,132)         Payments for work in progress       (122)       (236)       (122)       (236)         Payment for property, plant and equipment       (327)       (107)       (327)       (107)         Payments for investments       (26,000)       (30,000)       (26,000)       (30,000)         Net cash provided by/(used in) investing activities       (2,480)       (2,324)       (2,480)       (2,324) <td>Bond claims</td> <td></td> <td>(380,592)</td> <td>(384,566)</td> <td>(380,592)</td> <td>(384,566)</td>	Bond claims		(380,592)	(384,566)	(380,592)	(384,566)	
Other expenses         (162)         (216)         (159)         (213)           GST paid to suppliers         (1,198)         (1,459)         (1,198)         (1,459)           Interest on leases         (44)         (102)         (44)         (102)           Net cash provided by/(used in) operating activities         CF.1         (3,102)         14,058         (2,992)         13,947           Cash flows from investing activities         Inflows         Investments redeemed         4,223         21,929         4,223         21,929           Outflows         Payments for purchased software         - (73)	Employee expenses		(21,956)	(21,492)	(708)	(760)	
Cash provided by/(used in) operating activities   CF.1   (1,198)   (1,459)   (2,992)   (1,947)	Supplies and services		(10,348)	(7,736)	(31,488)	(28,580)	
Interest on leases	Other expenses		(162)	(216)	(159)	(213)	
Net cash provided by/(used in) operating activities         CF.1         (3,102)         14,058         (2,992)         13,947           Cash flows from investing activities Inflows         Investments redeemed         4,223         21,929         4,223         21,929           Outflows         - (73)         - (74)         - (236)         (1,132)         (435)         (1,132)         (435)         (1,132)         (435)         (1,	GST paid to suppliers		(1,198)	(1,459)	(1,198)	(1,459)	
Cash flows from investing activities Inflows           Investments redeemed         4,223         21,929         4,223         21,929           Outflows         Payments for purchased software         - (73)         - (73)         - (73)           Payments for internally generated software         (435)         (1,132)         (435)         (1,132)           Payments for work in progress         (122)         (236)         (122)         (236)           Payment for property, plant and equipment         (327)         (107)         (327)         (107)           Payments for investments         (26,000)         (30,000)         (26,000)         (30,000)           Net cash provided by/(used in) investing activities         (22,661)         (9,619)         (22,661)         (9,619)           Cash flows from financing activities         (2,480)         (2,324)         (2,480)         (2,324)           Net cash provided by/(used in) financing activities         (2,480)         (2,324)         (2,480)         (2,324)           Net increase/(decrease) in cash and cash equivalents         (28,243)         2,115         (28,133)         2,004		-	(44)	(102)	(44)		
Inflows       4,223       21,929       4,223       21,929         Outflows         Payments for purchased software       - (73)       - (73)       - (73)         Payments for internally generated software       (435)       (1,132)       (435)       (1,132)         Payments for work in progress       (122)       (236)       (122)       (236)         Payment for property, plant and equipment       (327)       (107)       (327)       (107)         Payments for investments       (26,000)       (30,000)       (26,000)       (30,000)         Net cash provided by/(used in) investing activities       (22,661)       (9,619)       (22,661)       (9,619)         Cash flows from financing activities       (2,480)       (2,324)       (2,480)       (2,324)         Net cash provided by/(used in) financing activities       (2,480)       (2,324)       (2,480)       (2,324)         Net increase/(decrease) in cash and cash equivalents       (28,243)       2,115       (28,133)       2,004	Net cash provided by/(used in) operating activities	CF.1	(3,102)	14,058	(2,992)	13,947	
Outflows         4,223         21,929         4,223         21,929           Payments for purchased software         - (73)         - (73)         - (73)           Payments for internally generated software         (435)         (1,132)         (435)         (1,132)           Payments for work in progress         (122)         (236)         (122)         (236)           Payment for property, plant and equipment         (327)         (107)         (327)         (107)           Payments for investments         (26,000)         (30,000)         (26,000)         (30,000)           Net cash provided by/(used in) investing activities         (22,661)         (9,619)         (22,661)         (9,619)           Cash flows from financing activities         (2,480)         (2,324)         (2,480)         (2,324)           Net cash provided by/(used in) financing activities         (2,480)         (2,324)         (2,480)         (2,324)           Net increase/(decrease) in cash and cash equivalents         (28,243)         2,115         (28,133)         2,004	Cash flows from investing activities						
Outflows         Payments for purchased software       - (73)       - (73)         Payments for internally generated software       (435)       (1,132)       (435)       (1,132)         Payments for work in progress       (122)       (236)       (122)       (236)         Payment for property, plant and equipment       (327)       (107)       (327)       (107)         Payments for investments       (26,000)       (30,000)       (26,000)       (30,000)         Net cash provided by/(used in) investing activities       (22,661)       (9,619)       (22,661)       (9,619)         Cash flows from financing activities       (2,480)       (2,324)       (2,480)       (2,324)         Net cash provided by/(used in) financing activities       (2,480)       (2,324)       (2,480)       (2,324)         Net increase/(decrease) in cash and cash equivalents       (28,243)       2,115       (28,133)       2,004	Inflows						
Payments for purchased software       - (73)       - (73)         Payments for internally generated software       (435)       (1,132)       (435)       (1,132)         Payments for work in progress       (122)       (236)       (122)       (236)         Payment for property, plant and equipment       (327)       (107)       (327)       (107)         Payments for investments       (26,000)       (30,000)       (26,000)       (30,000)         Net cash provided by/(used in) investing activities       (22,661)       (9,619)       (22,661)       (9,619)         Cash flows from financing activities       (2,480)       (2,324)       (2,480)       (2,324)         Net cash provided by/(used in) financing activities       (2,480)       (2,324)       (2,480)       (2,324)         Net increase/(decrease) in cash and cash equivalents       (28,243)       2,115       (28,133)       2,004	Investments redeemed		4,223	21,929	4,223	21,929	
Payments for purchased software       - (73)       - (73)         Payments for internally generated software       (435)       (1,132)       (435)       (1,132)         Payments for work in progress       (122)       (236)       (122)       (236)         Payment for property, plant and equipment       (327)       (107)       (327)       (107)         Payments for investments       (26,000)       (30,000)       (26,000)       (30,000)         Net cash provided by/(used in) investing activities       (22,661)       (9,619)       (22,661)       (9,619)         Cash flows from financing activities       (2,480)       (2,324)       (2,480)       (2,324)         Net cash provided by/(used in) financing activities       (2,480)       (2,324)       (2,480)       (2,324)         Net increase/(decrease) in cash and cash equivalents       (28,243)       2,115       (28,133)       2,004	Outfloure						
Payments for internally generated software       (435)       (1,132)       (435)       (1,132)         Payments for work in progress       (122)       (236)       (122)       (236)         Payment for property, plant and equipment       (327)       (107)       (327)       (107)         Payments for investments       (26,000)       (30,000)       (26,000)       (30,000)         Net cash provided by/(used in) investing activities       (22,661)       (9,619)       (22,661)       (9,619)         Cash flows from financing activities       (2,480)       (2,324)       (2,480)       (2,324)         Net cash provided by/(used in) financing activities       (2,480)       (2,324)       (2,480)       (2,324)         Net increase/(decrease) in cash and cash equivalents       (28,243)       2,115       (28,133)       2,004				(70)		(70)	
Payments for work in progress       (122)       (236)       (122)       (236)         Payment for property, plant and equipment       (327)       (107)       (327)       (107)         Payments for investments       (26,000)       (30,000)       (26,000)       (30,000)         Net cash provided by/(used in) investing activities       (22,661)       (9,619)       (22,661)       (9,619)         Cash flows from financing activities       (2,480)       (2,324)       (2,480)       (2,324)         Net cash provided by/(used in) financing activities       (2,480)       (2,324)       (2,480)       (2,324)         Net increase/(decrease) in cash and cash equivalents       (28,243)       2,115       (28,133)       2,004			(405)		(405)		
Payment for property, plant and equipment       (327)       (107)       (327)       (107)         Payments for investments       (26,000)       (30,000)       (26,000)       (30,000)         Net cash provided by/(used in) investing activities       (22,661)       (9,619)       (22,661)       (9,619)         Cash flows from financing activities       (2,480)       (2,324)       (2,480)       (2,324)         Net cash provided by/(used in) financing activities       (2,480)       (2,324)       (2,480)       (2,324)         Net increase/(decrease) in cash and cash equivalents       (28,243)       2,115       (28,133)       2,004	,						
Payments for investments         (26,000)         (30,000)         (26,000)         (30,000)           Net cash provided by/(used in) investing activities         (22,661)         (9,619)         (22,661)         (9,619)           Cash flows from financing activities         (2,480)         (2,324)         (2,480)         (2,324)           Net cash provided by/(used in) financing activities         (2,480)         (2,324)         (2,480)         (2,324)           Net increase/(decrease) in cash and cash equivalents         (28,243)         2,115         (28,133)         2,004							
Net cash provided by/(used in) investing activities  (22,661) (9,619)  (22,661) (9,619)  (22,661) (9,619)  (23,661) (9,619)  (24,661) (9,619)  (24,661) (9,619)  (24,661) (9,619)  (24,661) (9,619)  (24,661) (9,619)  (24,661) (9,619)  (24,661) (9,619)  (24,661) (9,619)  (24,661) (9,619)  (24,661) (9,619)  (24,661) (9,619)						, ,	
Cash flows from financing activities  Outflows  Repayment of lease liabilities  (2,480) (2,324) (2,480) (2,324)  Net cash provided by/(used in) financing activities  (2,480) (2,324) (2,480) (2,324)  Net increase/(decrease) in cash and cash equivalents  (28,243) 2,115 (28,133) 2,004		-					
OutflowsRepayment of lease liabilities(2,480)(2,324)(2,480)(2,324)Net cash provided by/(used in) financing activities(2,480)(2,324)(2,480)(2,324)Net increase/(decrease) in cash and cash equivalents(28,243)2,115(28,133)2,004	Net cash provided by/(used iii) investing activities		(22,001)	(9,019)	(22,001)	(9,019)	
Repayment of lease liabilities (2,480) (2,324) (2,480) (2,324)  Net cash provided by/(used in) financing activities (2,480) (2,324) (2,480) (2,324)  Net increase/(decrease) in cash and cash equivalents (28,243) 2,115 (28,133) 2,004	Cash flows from financing activities						
Net cash provided by/(used in) financing activities (2,480) (2,324) (2,480) (2,324)  Net increase/(decrease) in cash and cash equivalents (28,243) 2,115 (28,133) 2,004	Outflows						
Net increase/(decrease) in cash and cash equivalents (28,243) 2,115 (28,133) 2,004	Repayment of lease liabilities		(2,480)	(2,324)	(2,480)	(2,324)	
	Net cash provided by/(used in) financing activities		(2,480)	(2,324)	(2,480)	(2,324)	
Cash and cash equivalents at heginning of financial year 9 76 945 74 730 76 702 74 600	Net increase/(decrease) in cash and cash equivalents	-	(28,243)	2,115	(28,133)	2,004	
2001 and 3001 equivalents at Deginning of infancial year 3 10,043 14,700 10,703 14,099	Cash and cash equivalents at beginning of financial year	9	76,845	74,730	76,703	74,699	
Cash and cash equivalents at end of financial year         9         48.602         76,845         48,570         76,703	Cash and cash equivalents at end of financial year	9	48.602	76,845	48,570	76,703	

Group		Par	ent
2021	2020	2021	2020
\$'000	\$'000	\$'000	\$'000

#### CF.1 Reconciliation of operating result to net cash from operating activities

#### Reconciliation of cash

Cash at the end of the reporting period as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

Operating result	35,297	(43,252)	35,297	(43,252)
Add: Depreciation and amortisation	3,270	3,131	3,270	3,131
Impairment losses	429	-	429	-
Loss on disposal of property, plant and equipment	11	-	11	-
Decrease in prepayments	-	-	77	-
Increase in accrued employee benefits	164	286	9	-
Unrealised decrease in investments	-	17,879	-	17,879
Increase in rental bonds	27,649	42,553	27,649	42,553
Decrease in operating lease payable	-	3,634	-	3,460
	66,820	24,231	66,742	23,771
Less:				
Increase in receivables	282	505	603	223
Decrease in trade creditors	2,483	-	1,989	-
Increase in prepayments	15	189	-	122
Decrease in unclaimed bonds	-	9,479	-	9,479
Unrealised increase in investments	67,142	-	67,142	-
	69,922	10,173	69,734	9,824
Net Cash provided by operating activities	(3,102)	14,058	(2,992)	13,947

for the year ended 30 June 2021

#### 1. Basis of financial statement preparation

#### General information

The RTA is a self-funded regulatory authority committed to providing targeted services to meet the diverse needs of Queensland's residential rental sector.

These financial statements cover the Residential Tenancies Authority (RTA) and its controlled entity Residential Tenancies Employing Office (RTEO).

The RTA is controlled by the State of Queensland which is the ultimate parent.

During the year the head office and principal place of business of the RTA changed to Level 11, Midtown Centre, 150 Mary Street, Brisbane 4000.

#### Compliance with prescribed requirements

The RTA has prepared these statements in compliance with section 39 of the *Financial and Performance Management Standard 2019.* 

These financial statements are general purpose financial statements, and have been prepared on an accrual basis (except for the Statement of Cash Flows which is prepared on a cash basis) in accordance with Australian Accounting Standards and Interpretations applicable to not for profit entities. In addition, the financial statements comply with Queensland Treasury's Minimum Reporting Requirements for reporting periods beginning on or after 1 July 2020, and other authoritative pronouncements and the requirements prescribed by:

- Residential Tenancies and Rooming Accommodation Act 2008 (Qld) (RTRA Act); and
- Statutory Bodies Financial Arrangements Act 1982 (Qld) (SBFA Act).

#### First year of application of new accounting standards or change in accounting policy

#### Accounting standards applied for the first time

No new accounting standards with material impact were applied for the first time in 2020-21.

#### Accounting standards early adopted

No Australian Accounting Standards have been early adopted for 2020-21.

#### Changes in accounting policy

The RTA did not change any accounting policies during 2020-21.

for the year ended 30 June 2021

#### Presentation

#### Currency and rounding

Amounts included in the financial statements are in Australian dollars and rounded to the nearest \$1,000 or, where the amount is \$500 or less, to zero, unless disclosure of the full amount is specifically required.

#### Comparatives

Comparative information reflects the audited 2019–20 financial statements.

#### Current/non current classification

Assets and liabilities are classified as either 'current' or 'non current' in the Statement of Financial Position and associated notes. Assets are classified as 'current' where their carrying amount is expected to be realised within 12 months after the reporting date. Liabilities are classified as 'current' when they are due to be settled within 12 months after the reporting date, or the RTA does not have an unconditional right to defer settlement to beyond 12 months after the reporting date. All other assets and liabilities are classified as non current.

#### Authorisation of financial statements for issue

The financial statements are authorised for issue by the RTA Chief Executive Officer and Board Chairperson at the date of signing the Management Certificate.

#### Basis of measurement

Historical cost is used as the measurement basis in this financial report except for investments which are reported at fair value and provisions expected to be settled 12 or more months after reporting date which are measured at their present value.

#### **Historical cost**

Under historical cost, assets are recorded at the amount of cash or cash equivalents paid or the fair value of the consideration given to acquire assets at the time of their acquisition. Liabilities are recorded at the amount of proceeds received in exchange for the obligation or at the amounts of cash or cash equivalents expected to be paid to satisfy the liability in the normal course of business.

#### Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly derived from observable inputs or estimated using another valuation technique. Fair value is determined using one of the following three approaches:

- The *market approach* uses prices and other relevant information generated by market transactions involving identical or comparable (i.e. similar) assets, liabilities or a group of assets and liabilities, such as a business.
- The cost approach reflects the amount that would be required currently to replace the service capacity of an asset. This method includes the current/depreciated replacement cost methodology.
- The *income approach* converts multiple future cash flow amounts to a single (i.e. discounted) amount. When the income approach is used, the fair value measurement reflects current market expectations about those future amounts.

Where fair value is used, the fair value approach is disclosed.

#### Present value

Present value represents the present discounted value of the future net cash inflows that the item is expected to generate (in respect of assets) or the present discounted value of the future net cash outflows expected to settle (in respect of liabilities) in the normal course of business.

#### Working capital/market volatility

The statement of financial position as at 30 June 2020 disclosed a shortfall in working capital due to the impact of the COVID-19 pandemic on global financial markets. Since the easing of restrictions in late 2020 financial markets have recovered sufficiently to allow the RTA to report a surplus in working capital as at 30 June 2021.

As outlined in Note 1, General information, the RTA is a self-funded regulatory authority, with funding (income) generated through returns on its investments. The RTA is therefore reliant upon investment returns to fund its operating expenditure commitments (i.e. excluding bond refunds). Such returns only accrue to the RTA to the extent that the investment values exceed the value of bonds under custody, that is, the rental bond portfolio is in surplus.

for the year ended 30 June 2021

The rental bond portfolio is in surplus at 30 June 2021 and as at that date, the RTA has \$26M (approximately 9 months operational expenditure coverage) in the business operations portfolio, based on budgeted cash outflows. The RTA also has access to \$15.5M grant funding from Queensland Treasury, which approximates to more than 5 months operating cash outflows. Should investment returns in the 2021–22 financial year not be sufficient to generate additional cash inflows to cover the excess of budgeted expenditure over current cash reserves, the RTA will draw down on these funds in consultation with Queensland Treasury and Department of Communities, Housing and Digital Economy (DCHDE) in the future.

Further information on how the RTA manages its market and liquidity risks are contained in note 20.

#### The reporting entity

The consolidated financial statements include all income, expenses, assets, liabilities and equity of the 'economic entity' comprising the RTA and the entity it controls. All transactions and balances internal to the economic entity have been eliminated in full.

The RTA as an economic entity consists of the parent entity together with the RTEO controlled entity. The parent entity financial statements include all income, expenses, assets, liabilities and equity of the RTA only.

#### 2. Objectives and principal activities of the RTA

The RTA's core responsibility is to administer and provide services in accordance with the *Residential Tenancies and Rooming Accommodation Act 2008* (RTRA).

The RTA's strategic objectives include:

- Customers value our services because they are tailored to their needs and provide positive experiences;
- Provide smart digital services that deliver easy to use, accessible and targeted service channels;
- Business efficiency focuses on business improvements, systems and resources to deliver streamlined services to our customers, and
- Customer focused workforce where our people are highly capable and agile to deliver services and support our customers.

The RTA supported the government's objectives for the community Our Future State: Advancing Queensland's Priorities to be a responsive government by providing targeted services that meet our clients' needs and balance the rights and responsibilities of all stakeholders in Queensland's residential rental sector.

The RTA is a statutory body under Section 9 of the *Financial Accountability Act 2009* (Qld). The RTA falls within the portfolio of the Minister for Communities and Housing, Minister for Digital Economy and Minister for the Arts.

Section 491 of the RTRA Act establishes the RTEO as a statutory body for the purposes of the *Financial Accountability Act* 2009 (Qld).

To ensure full transparency of the services and functionality that the RTEO provides the RTA, a Work Performance Arrangement was developed in accordance with Section 493 of the RTRA Act. This document provides the authority under which employees of the RTEO perform work for the RTA and stipulates operational activities of the RTEO effective from 1 July 2008.

#### RTA funds management

The RTA is a custodian of rental bond monies and is unable to utilise such funds to support operations in accordance with Sections 152 and 153 of the RTRA Act.

The RTA manages cash in accordance with Part 3, Division 5 of the RTRA Act and invests that cash in accordance with provisions and regulations of the SBFA Act.

#### 3. Controlled entity of the RTA

The following entity is controlled by the Residential Tenancies Authority:

Directly controlled

Name: Residential Tenancies Employing Office

Purpose and principal activity: Employs staff to perform work for the parent entity as per the

work performance agreement between the two entities in

accordance with the RTRA Act.

Nature of relationship: The Statutory Bodies Legislation Amendment Act 2007 (Qld)

amended the *Residential Tenancies Act 1994* (Qld) to allow the RTA to enter into a Work Performance Arrangement with the RTEO. This arrangement details how the RTEO provides employment services to the RTA. The RTEO invoices the RTA on a yearly basis for all expenses incurred as part of the

arrangement.

Auditor and audit fees: Queensland Audit Office (QAO) 2021: \$3,200 (2020: \$3,100)

Financial information:

Total assets: \$4.90 M (2020: \$4.71 M) Total revenue: \$21.20 M (2020: \$20.62 M)

Total liabilities: \$4.90 M (2020: \$4.71 M) Total operating result: \$nil (2020: \$nil)

	Group		Parent	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
4. Investment returns				
Investment revenue				
Interest on cash assets and investments				
Investment distribution income	43,898	23,744	43,898	23,744
Bank interest	445	1,207	444	1,205
Total investment revenue	44,343	24,951	44,342	24,949
Fair value gain on investments	25,065		25,065	
Expenses				
Fair value loss on investments	-	41,623	-	41,623

#### Accounting policy - investment revenue recognition

Changes in the net market value of investments are recognised in the period in which they occur. The net market value is based on the closing unit redemption price and includes both realised and unrealised movements. Distributions are reinvested into either Queensland Investment Corporation (QIC) managed funds or Queensland Treasury Corporation (QTC) Guaranteed Capital Cash Fund. Any interest derived on funds invested with other financial institutions is brought to account when earned.

	Group		Parent	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
5. Employee expenses				
Employee benefits				
Salaries and wages	16,427	15,993	276	263
Allowances	31	113	-	-
Annual leave expense	1,556	1,721	23	29
Long service leave expense	473	561	8	10
Employer superannuation contributions	2,163	2,079	38	38
Total employee benefits	20,650	20,467	345	340
Employee related expenses				
Fringe benefits tax	42	57	42	57
Workers' compensation insurance	147	92	138	79
Payroll tax	1,018	834	25	24
Other employee related expenses	170	258	166	255
Total employee related expenses	1,377	1,241	371	415
Total employee expenses *	22,027	21,708	716	755

<sup>\*</sup> Salaries and wages of 2020 includes \$265,925 of \$1,250 one-off, pro-rata payments for 213 full-time equivalent employees. This amount has been offset by the refund made by the former Department of Housing and Public Works for the same amount.

The number of employees as at 30 June including both full-time employees and part-time employees measured on a full-time equivalent basis is:

Gro	up	Par	ent
2021	2020	2021	2020
No.	No.	No.	No.
197	204	1	1

#### Accounting policy - wages, salary and sick leave

All employees of the RTEO and of the RTA are employed under the Act. No employees are employed under the *Public Service Act 2008* (Qld) (Section 311C). Wages and salaries due but unpaid at reporting date are recognised in the Statement of Financial Position as at the current salary rates.

As the RTA expects such liabilities to be wholly settled within 12 months of reporting date, the liabilities are recognised at undiscounted amounts.

As sick leave is non-vesting, an expense is recognised for this leave as it is taken.

#### 5. Employee expenses (continued)

#### Accounting policy - superannuation

Post-employment benefits for superannuation are provided through defined contribution (accumulation) plans or the Queensland Government's QSuper defined benefit plan as determined by the employee's condition of employment and employee instructions as to superannuation plan (where applicable).

<u>Defined contribution plans</u> – Contributions are made to eligible complying superannuation funds based on the rates specified in the relevant EBA or other conditions of employment. Contributions are expensed when they are paid or become payable following completion of the employee's service each pay period.

<u>Defined benefit plan</u> – The liability for defined benefits is held on a whole-of-government basis and reported in those financial statements pursuant to AASB 1049 *Whole of Government and General Government Sector Financial Reporting*. The amount of contributions for defined benefit obligations is based upon the rates determined on the advice of the State Actuary. Contributions are paid by the RTA at the specified rates following completion of the employee's service pay each pay period. The RTA's obligations are limited to those contributions paid.

#### Accounting policy - workers compensation premiums

The RTA pays premiums to WorkCover Queensland in respect of its obligations for employee compensation. Workers compensation insurance is a consequence of employing staff but is not counted in an employee's total remuneration package. It is not employee benefits and is recognised separately as employee related expenses.

	Group		Parent	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
6 (a). Supplies and services				
Delivery of service expenses	930	950	930	950
Board fees	158	143	158	143
Building expenses *	1,642	338	1,642	338
Office expenses	97	80	97	80
Contractors and consultants	2,204	6,063	2,204	6,062
Less: capitalised costs	(582)	(1,549)	(465)	(1,208)
Investment fees	1,798	1,803	1,798	1,803
Technology expenses	2,680	2,733	2,680	2,733
Legal expenses	41	59	41	59
Client engagement expenses	41	104	40	103
RTEO service fees	-	-	21,197	20,614
Other supplies and services	119	196	119	197
Total supplies and services	9,128	10,920	30,441	31,874

<sup>\*</sup> Includes one off make good costs. Refer to Note 16 for more details.

	Group		Parent	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
6 (b). Finance costs				
Interest on lease liabilities	44	102	44	102
Total Finance costs	44 102		44	102

	Group		Pare	ent
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
7. Depreciation and amortisation				
Depreciation and amortisation were incurred in respect of:				
Plant and equipment	42	57	42	57
Leasehold improvements	145	75	145	75
Intangible assets				
Internally generated software	1,478	1,272	1,478	1,272
Purchased software	34	12	34	12
Depreciation of right-of-use assets	1,571	1,715	1,571	1,715
Total depreciation and amortisation	3,270	3,131	3,270	3,131
8. Other expenses				
External audit fees *	38	37	35	34
Internal audit fees	96	126	96	126
Bad and impaired debts	4	25	4	25
Special payments	-	2	-	2
Insurance premiums	24	26	24	26
Total other expenses	162	216	159	213

<sup>\*</sup> Total external audit fees payable to QAO relating to the 2020–21 financial year are estimated to be \$38,150 for the group (2019–20: \$37,400 for the group). There are no non-audit services included in this amount.

	Group		Parent	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
9. Cash and cash equivalents				
Cash at bank	3,553	4,580	3,521	4,438
Queensland Treasury Corporation (QTC)	45,049	72,265	45,049	72,265
Total cash and cash equivalents	48,602	76,845	48,570	76,703

#### Accounting policy - cash and cash equivalents

For the purposes of the Statement of Financial Position and the Statement of Cash Flows, cash assets include all cash and cheques receipted but not banked at 30 June including deposits at call with financial institutions. It also includes investments with short periods to maturity that are readily convertible to cash at the RTA's option.

	Group		Parent	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
10. Other financial assets				
Managed funds – QIC	959,869	870,950	959,869	870,950
Total other financial assets	959,869	870,950	959,869	870,950

Represented by:

		Group and Parent					
QIC Investment Products as at 30 June 2021	Annual average return on investments	Treasurer approved strategic asset allocation parameter	Actual Allocation	Amount \$'000			
QIC Cash Enhanced Fund	0.84%	0% - 60%	2.90%	27,793			
QIC Global Credit Fund	2.99%	10% - 45%	25.32%	243,037			
QIC Global Credit Opportunities Fund	17.36%	0% - 20%	0.19%	1,835			
QIC Long Term Diversified Fund	18.18%	0% - 30%	34.05%	326,868			
QIC Property Fund	4.17%	5% - 20%	13.03%	125,091			
QIC Short Term Income Fund	4.64%	10% - 30%	24.51%	235,245			
Total Portfolio	7.77%		100.00%	959,869			

QIC Investment Products as at 30 June 2020	Annual average return on investments	Treasurer approved strategic asset allocation parameter	Actual Allocation	Amount \$'000
QIC Cash Enhanced Fund	1.66%	0% - 60%	0.43%	3,740
QIC Global Credit Fund	2.45%	10% - 45%	39.08%	340,363
QIC Global Credit Opportunities Fund	1.99%	0% - 20%	0.18%	1,553
QIC Long Term Diversified Fund	-3.21%	0% - 30%	26.31%	229,190
QIC Property Fund	-16.64%	5% - 20%	14.02%	122,075
QIC Short Term Income Fund	2.30%	10% - 30%	19.98%	174,029
Total Portfolio	-2.02%		100.00%	870,950

#### Accounting policy - other financial assets

Funds managed by QIC are held at market value in a portfolio of six products covering various levels of investment risk and investment return. The RTA does not engage in any transactions for speculative purposes.

The RTA values the investment portfolio at market value as stated by the QIC investment portfolio funds manager and is categorised as level 2 with the exception of the QIC Property Fund which is level 3 in the fair value hierarchy. Refer to Note 11 for further information regarding the RTA's fair value accounting policies.

#### 11. Fair value measurement

#### (a) Accounting policies and inputs for fair values

#### What is fair value?

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly derived from observable inputs or estimated using another valuation technique.

Observable inputs are publicly available data that are relevant to the characteristics of the assets/liabilities being valued.

Unobservable inputs are data, assumptions and judgements that are not available publicly, but are relevant to the characteristics of the assets/liabilities being valued. The RTA's investment portfolio is valued at the market value as measured by the QIC portfolio funds manager and does not apply any other unobservable assumptions or judgements to the fair value assessment.

The market value of each of the funds the RTA invests in is determined as a function of the value of the investments the fund holds. Such investments are ordinarily valued using level 1 or 2 inputs. The exception is the QIC Property Fund, the value of which is determined by the value of real property assets which include level 3 valuation inputs.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use.

#### Fair value measurement hierarchy

Details of individual assets and liabilities measured under each category of fair value are shown below.

All assets and liabilities of the RTA and its controlled entity for which fair value is measured or disclosed in the financial statements are categorised within the following fair value hierarchy, based on the data and assumptions used in the most recent specific appraisals:

Level 1	represents fair value measurements that reflect unadjusted quoted market prices in active markets for identical assets and liabilities;
Level 2	represent fair value measurements that are substantially derived from inputs other than quoted prices included within level 1 that are observable, either directly or indirectly; and
Level 3	represents fair value measurements that are substantially derived from unobservable inputs.

The RTA and its controlled entity values the investment portfolio at market value as stated by the QIC investment portfolio funds manager which is categorised per the following fair value hierarchies as per the below table. There were no transfers of assets between fair value hierarchy levels during the period.

QIC Investment Products as at 30 June 2021	30 June 2021 Amount \$'000	30 June 2020 Amount \$'000	Fair value hierarchy category
QIC Cash Enhanced Fund	27,793	3,740	Level 2
QIC Global Credit Fund	243,037	340,363	Level 2
QIC Global Credit Opportunities Fund	1,835	1,553	Level 2
QIC Long Term Diversified Fund	326,868	229,190	Level 2
QIC Property Fund	125,091	122,075	Level 3
QIC Short Term Income Fund	235,245	174,029	Level 2
Total Portfolio	959,869	870,950	

For short term trade receivables and payables with a contractual maturity date of one year or less, the carrying amount, as adjusted for any allowances for impairment, is deemed to reflect the fair value. There are no other assets or liabilities of the RTA which are measured at fair value. There were no transfers of assets between fair value hierarchy levels during the period.

for the year ended 30 June 2021

	Group		Parent	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
12. Receivables				
Debtors	1,063	541	1,028	185
Less: allowance for expected credit losses	(32)	(70)	(32)	(70)
	1,031	471	996	115
Accrued interest revenue	21	53	21	53
GST receivable	151	397	151	397
Total receivables	1,203	921	1,168	565

	Gro	Group		nt
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
13. Other assets				
Current				
Prepayments	449	434	290	367
Total current	449	434	290	367
Non current				
Prepayments	62	62	62	62
Total non current	62	62	62	62
Total other assets	511	496	352	429

	Group		oup Parent	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
14. Intangible assets				
Software internally generated: at cost				
Gross	16,835	16,400	16,835	16,400
Less: accumulated amortisation	(8,951)	(7,473)	(8,951)	(7,473)
	7,884	8,927	7,884	8,927
Software purchased: at cost				
Gross	823	822	823	822
Less: accumulated amortisation	(723)	(688)	(723)	(688)
	100	134	100	134
Work in progress: at cost				
Gross	378	256	378	256
Total intangible assets	8,362	9,317	8,362	9,317

Reconciliation of Intangible assets				
	Software internally generated	Software purchased	Software work in progress	Total
		Group ar	nd Parent	
	\$'000	\$'000	\$'000	\$'000
2021				
Carrying amount at 1 July 2020	8,927	134	256	9,317
Acquisitions	435	-	122	557
Amortisation	(1,478)	(34)	-	(1,512)
Carrying amount at 30 June 2021	7,884	100	378	8,362
2020				
Carrying amount at 1 July 2019	9,066	74	21	9,161
Acquisitions	1,133	72	235	1,440
Amortisation	(1,272)	(12)		(1,284)
Carrying amount at 30 June 2020	8,927	134	256	9,317

#### 14. Intangible assets (continued)

#### Accounting policy - recognition and measurement

Intangible assets of the RTA comprise both internally generated and purchased software. Intangible assets with a historical cost or other value equal to or greater than \$100,000 are recognised in the financial statements. Items with a lesser value are expensed.

There is no active market for any of the RTA's intangible assets. As such, the assets are recognised and carried at historical cost less accumulated amortisation and accumulated impairment losses.

Expenditure on research activities relating to internally generated intangible assets is recognised as an expense in the period in which it is incurred.

Costs associated with the internal development of computer software are capitalised and amortised under the amortisation policy below. Costs that do not meet the criteria for capitalisation are expensed as incurred.

The residual value is zero for all of the RTA's intangible assets.

#### Accounting policy - amortisation expense

#### Key judgement - intangible assets

All intangible assets of the RTA have finite useful lives and are amortised on a straight line basis over their estimated useful life to the organisation. Straight line amortisation is used reflecting the expected consumption of economic benefits on a progressive basis over the useful life of intangibles.

#### Useful life

#### Key estimate - intangible assets

For each class of intangible asset the following amortisation rates are used:

Intangible asset	Useful life
Software purchased	3 to 10 years
Software internally generated	5 to 10 years

#### Accounting policy - impairment

All intangible assets are assessed for indicators of impairment on an annual basis. If an indicator of possible impairment exists, the RTA determines the asset's recoverable amount. Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss in the profit and loss.

Intangible assets are principally assessed for impairment by reference to the actual and expected continuing use of the asset by the RTA, including discontinuing the use of the software. Recoverable amount is determined as the higher of the asset's fair value less costs to sell and its value-in-use.

for the year ended 30 June 2021

	Group		Parent	
	2021 2020		2021	2020
	\$'000	\$'000	\$'000	\$'000
15. Property, plant and equipment				
Property, plant and equipment: at cost				
Gross	2,081	4,555	2,081	4,555
Less: accumulated depreciation	(1,646)	(4,249)	(1,646)	(4,249)
Total property, plant and equipment	435	306	435	306

### Reconciliation of Property, plant and equipment

	Plant and Equipment	Total
	Group an	d Parent
	\$'000	\$'000
2021		
Carrying amount at 1 July 2020	306	306
Acquisitions	327	327
Disposals	(11)	(11)
Depreciation	(187)	(187)
Carrying amount at 30 June 2021	435	435
2020		
Carrying amount at 1 July 2019	330	330
Acquisitions	107	107
Depreciation	(131)	(131)
Carrying amount at 30 June 2020	306	306

#### 15. Property, plant and equipment (continued)

#### Accounting policy - recognition and acquisition

#### Basis of capitalisation and recognition thresholds

Items of property, plant and equipment with a historical cost equal to or exceeding the following thresholds in the year of acquisition are reported as property, plant and equipment in the following classes:

Plant and equipment \$5,000

Items with a lesser value are expensed in the year of acquisition.

Expenditure on property, plant and equipment is capitalised where it is probable that the expenditure will produce future service potential for the RTA. Subsequent expenditure is only added to an asset's carrying amount if it increases the service potential or useful life of that asset. Maintenance expenditure that merely restores original service potential (lost through ordinary wear and tear) is expensed.

#### Accounting policy - cost of acquisition

Historical cost is used for the initial recording of all property, plant and equipment acquisitions. Historical cost is determined as the value given as consideration and costs incidental to the acquisition, plus all other costs incurred in getting the assets ready for use.

#### Accounting policy - depreciation expense

Property, plant and equipment is depreciated on a straight-line basis so as to allocate the net cost or revalued amount of each asset, less any estimated residual value, progressively over its estimated useful life to the RTA.

#### Key judgement:

Straight line depreciation is used as it is consistent with the even consumption of service potential of these assets over their useful life to the RTA.

Separately identifiable components of complex assets are depreciated according to the useful lives of each component, as doing so results in a material impact on the depreciation expense reported.

Any expenditure that increases the originally assessed capacity or service potential of an asset is capitalised and the new depreciable amount is depreciated over the remaining useful life of the asset to the RTA.

The depreciable amount of improvements to leased buildings is allocated progressively over the estimated useful lives of the improvements or the unexpired period of the lease, whichever is the shorter. The unexpired period of a lease includes any option period where exercise of the option is probable.

For the RTA's depreciable assets, the estimated amount to be received on disposal at the end of their useful life (residual value) is determined to be zero.

#### Key estimate: depreciation rates

Depreciation rates for each class of depreciable asset (including significant identifiable components):

Property, plant and equipment	Useful life
Plant and equipment	3 to 20 years
Computer hardware	3 years
Leasehold improvements	10 years

	Group		Parent	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
16. Leases				
Reconciliation of Right-of-use assets				
a) Right-of-use assets: building				
Opening balance at 1 July	2,000	3,715	2,000	3,715
Depreciation charge	(1,571)	(1,715)	(1,571)	(1,715)
Impairment losses	(429)		(429)	
Closing balance at 30 June	-	2,000	-	2,000

Impairment loss is recognised in the current year due to the vacated premises of 179 Turbot Street, Brisbane.

b) Lease liabilities				
Current				
Lease liabilities	430	2,480	430	2,480
Non Current				
Lease liabilities	-	430	-	430
Total	430	2,910	430	2,910

	Office Building
	\$'000
At 1 July 2020	2,910
Interest expenses	44
Lease payments	(2,524)
30 June 2021	430
At 1 July 2019	5,234
Interest expenses	102
Lease payments	(2,426)
30 June 2020	2,910

#### Accounting policy - leases

A lease is a contract, or part of a contract, that conveys the right to use an asset for a period of time in exchange for consideration.

To apply this definition the RTA assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the RTA;
- the RTA has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and
- the RTA has the right to direct the use of the identified asset throughout the period of use.

The RTA assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

#### 16. Leases (continued)

#### Right-of-use assets

Right-of-use assets are initially measured at cost, comprising the following:

- the amount of the initial measurement of the lease liability
- any lease payments made at or before the commencement date, less any lease incentives received
- · any initial direct costs incurred
- the initial estimate of restoration costs

Subsequently, right-of-use assets are measured using the cost model.

The right-of-use asset is depreciated on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

Depreciation is recognised in the Statement of Comprehensive Income in 'Depreciation and amortisation'.

#### Impairment of right-of-use asset

The RTA tests for impairment where there is an indication that a right-of-use asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of a right-of-use asset is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount.

The resulting impairment loss is recognised immediately in surplus or deficit.

#### Lease liabilities

Lease liabilities are initially recognised at the present value of non-cancellable lease payments discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the RTA's incremental borrowing rate.

Subsequent to initial measurement, the lease liabilities will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

The unwind of the financial charge on the lease liabilities is recognised in the Statement of Comprehensive Income based on the incremental borrowing rate.

The RTA does not recognise leases that have a lease term of 12 months or less or are of low value as a right-of-use asset or lease liability. The lease payments associated with these leases are recognised as an expense in the Statement of Comprehensive Income on a straight-line basis over the lease term.

#### Leasing arrangements

The lease of office premises at 179 Turbot Street ends in August 2021. The RTA relocated to new office premises in June 2021 to enable the completion of make good works prior to end of lease. Consequently, an impairment loss of \$428,628 was recognised in the statement of comprehensive income equal to the remaining value of the right-of-use asset as there are no further economic benefits to be generated by the RTA from the Turbot Street building subsequent to the premises being vacated.

The remaining lease instalments are held as lease liabilities. Lease interest will be recognised in the month of the payment.

Make good work at Turbot Street is expected to be completed by 31 August 2021. The expected cost of make good works is \$1,189,561 and this amount has been recognised in full as expenditure in the year ended 30 June 2021.

#### Office accommodation

The Queensland Government Accommodation Office (QGAO) has provided the RTA with office accommodation at level 11, 150 Mary Street, commencing in June 2021. This arrangement is categorised as procurement of services rather than a lease, as the Department of Energy and Public Works has substantive substitution rights over the assets.

The lease arrangement between the property owner and the QGAO provided for an incentive amount which was permitted to be used by the lessee (QGAO) and/or the property occupant (the RTA) to fund premises fit out, with the remainder to be received in the form of a cash payment. QGAO, as the lessee, owns the fit out and the RTA has not recognised any portion of the fit out asset or the incentive amount used to fund the fit out in its financial statements. The cash component of the incentive, being \$941,248, was received by the RTA and has been recognised as revenue.

	Group		Parent			
	<b>2021</b> 2020		<b>2021</b> 2020		2021	2020
	\$'000	\$'000	\$'000	\$'000		
17. Payables						
Current						
a) Payables						
Trade creditors	2,762	5,245	2,648	5,168		
Payables to RTEO	-		4,675	4,144		
	2,762	5,245	7,323	9,312		
b) Rental bonds and unclaimed monies						
Rental bonds	971,010	943,358	971,010	943,358		
Unclaimed bond monies *	4,973	4,976	4,973	4,976		
	975,983	948,334	975,983	948,334		

<sup>\*</sup> Includes unclaimed amounts in the rental bond account that have been paid by cheque and have not been presented within 15 months or more.

#### Accounting policy - payables

Trade creditors are recognised upon receipt of the goods or services ordered and are measured at the nominal amount i.e. agreed purchase/contract price, gross of applicable trade and other discounts. Amounts owing are unsecured and are generally settled on 30 day terms.

#### Accounting policy - rental bonds and unclaimed monies

In accordance with s116 of the RTRA Act and regulations thereto, a person receiving a rental bond must, within 10 days of receiving it, pay it to the RTA. These bonds are withdrawn when the tenancies are terminated, which can be at any time following bond lodgement. Per AASB 13 *Fair Value Measurement*, the fair value of a financial liability with a demand feature is not less than its carrying value. Bond lodgements are recognised as current liabilities as the RTA does not have an unconditional right to defer settlement beyond 12 months. Bonds are a financial liability and are regarded as being payable on demand.

Under Section 151 of the RTRA Act when a cheque (or electronic funds transfer) has not been presented or successfully transferred to the recipient at least 7 years from the date that the payment was made then it is classified as unclaimed bond monies. These are disclosed as current liabilities and are recognised at the face value of the bond. Unclaimed monies do not lose the demand feature associated with the bond, and are therefore recognised as current liabilities at their undiscounted face value.

During the 2019-20 financial year the RTA obtained approval from the Minister under s151(2) of the RTRA Act to transfer unclaimed bond monies amounting to \$9,478,837 aged greater than 7 years out of the rental bond account. Usage of these funds is permitted for the purpose of administering rental advisory services under ss151(2)(a) and 153(1)(a).

As of 30 June 2021, the RTA has spent a total of \$3,463,171 (2020:\$3,177,272) of unclaimed bond monies for purposes permitted under the Act.

The RTA has derecognised the liability associated with these unclaimed bond monies with a corresponding gain recognised in income.

The RTA retains an obligation to repay these monies in the event they are claimed, refer Note 24 for further disclosure.

for the year ended 30 June 2021

	Group		Parent			
	<b>2021</b> 2020		<b>2021</b> 2020		2021	2020
	\$'000	\$'000	\$'000	\$'000		
18. Accrued employee benefits						
Current						
Annual leave	1,711	1,695	20	19		
Long service leave	1,834	1,736	15	7		
Time off in lieu (TOIL)	21	13	-			
Total current	3,566	3,444	35	26		
Non current						
Long service leave	1,256	1,214	-			
Total non current	1,256	1,214	-			
Total accrued employee benefits	4,822	4,658	35	26		

All provisions include associated on-costs.

#### Accounting policy - accrued employee benefits

TOIL, long service leave and annual leave due but unpaid at reporting date are recognised in the Statement of Financial Position at the remuneration rates expected to apply at the time of settlement including on-costs in accordance with AASB 119 *Employee Benefits*.

For unpaid entitlements expected to be wholly settled within 12 months, the liabilities are recognised at their undiscounted values. For those entitlements not expected to be wholly settled within 12 months, the liabilities are recognised at their present value, calculated using yields on fixed rate commonwealth government bonds of similar maturity, after projecting the remuneration rates expected to apply at the time of likely settlement. Unpaid liabilities are classified as current where the RTA does not have an unconditional right to defer settlement beyond 12 months.

#### 19. Financing arrangements

Access was available at balance date to the following lines of credit:				
Corporate credit cards	200	200	200	200

#### 20. Financial instruments

#### (a) Categorisation of financial instruments

The RTA and its controlled entity have the following categories of financial assets and financial liabilities:

	Group		Pare	ent
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Category				
Current financial assets				
Financial assets measured at fair value through profit and loss:				
Cash and cash equivalents	48,602	76,845	48,570	76,703
Other financial assets	959,869	870,950	959,869	870,950
Financial assets measured at amortised cost:				
Receivables	1,203	921	1,168	565
Total current financial assets	1,009,674	948,716	1,009,607	948,218
Current financial liabilities				
Financial liabilities measured at amortised cost:				
Payables	2,762	5,245	7,323	9,312
Rental bonds and unclaimed monies	975,983	948,334	975,983	948,334
Lease liabilities	430	2,480	430	2,480
Total current financial liabilities	979,175	956,059	983,736	960,126
Non current financial liabilities				
Lease liabilities	-	430	-	430
Total financial liabilities	979,175	956,489	983,736	960,556

No financial assets and financial liabilities have been offset and presented net in the Statement of Financial Position.

#### Accounting policy - financial instruments: recognition and classification

Financial assets and financial liabilities are recognised in the Statement of Financial Position when the RTA becomes a party to the contractual provisions of the financial instrument.

#### (b) Financial risk management

The RTA's activities expose it to a variety of financial risks as set out in the following table.

Risk exposure	Measurement method
Credit risk	Aging analysis, earnings at risk
Liquidity risk	Sensitivity analysis
Market risk	Investment earnings sensitivity analysis

Financial risk management is implemented pursuant to Government and RTA policy. These policies focus on the unpredictability of financial markets and seek to minimise potential adverse effects on the financial performance of the RTA and its controlled entity.

The RTA and its controlled entity have written principles for overall risk management as well as policies covering specific areas.

#### (b) Financial risk management (continued)

The RTA's activities expose it to a variety of financial risks as set out in the following table:

Risk exposure	Credit risk
Definition	Credit risk exposure refers to the situation where the RTA may incur financial loss as a result of
Exposure	another party to a financial instrument failing to discharge their obligation.  The RTA is exposed to credit risk in respect of its receivables (Note 12), cash and cash equivalents (Note 9) and other financial assets (Note 10). No collateral is held as security and no credit enhancements relate to financial assets held by the RTA or its controlled entity. The combined carrying amount of each of these asset classes as disclosed in Note 20(a) represents the group's maximum exposure to credit risk at 30 June 2021. No financial assets have had their terms renegotiated so as to prevent them from being past due or impaired, and are stated at the carrying amount as indicated.
Risk	The RTA and its controlled entity manage credit risk through the use of a credit management strategy
management strategies	This strategy aims to reduce the exposure to credit default by ensuring that the RTA invests in secure assets and monitors all funds owed on a timely and ongoing basis. The RTA manages its exposure to credit risk on investments through compliance with the SBFA Act, Queensland Treasury Guidelines and a formal investment strategy approved by the RTA Board. The Treasurer must approve through Section 61A of the SBFA Act the strategic asset allocation parameters. The Treasurer approved the RTA to appoint QIC as its fund manager under section 59 of the SBFA Act on 23 November 2004. The method for calculating any provisional impairment for risk is based on past experience, current and expected changes in economic conditions and changes in client credit ratings.
	The loss allowance for the expected credit losses from receivables is based on the RTA's historical credit loss experience for various group of debtors (note 12).
Risk exposure	Liquidity risk
Definition	Liquidity risk refers to the situation where the RTA may encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.
Exposure	The RTA is exposed to liquidity risk in respect of its payables (Note 17a), rental bonds and unclaimed monies (Note 17b) and lease liabilities (Note 16b).
Risk management strategies	The RTA and its controlled entity manage liquidity risk on the basis of the Investment Policy. This policy aims to reduce the exposure to liquidity risk by ensuring the RTA and its controlled entity have sufficient funds available to meet rental bond, employee and supplier obligations as and when they fall due. This is achieved by ensuring that minimum levels of cash are held within the various bank accounts so as to match the expected duration of the various employee and supplier liabilities. Cash-flow management is performed daily. In the event that the RTA is unable to meet its financial liability obligations, the State will provide support to ensure that the RTA can comply with its obligations. Refer to Note 1, working capitals market volatility for further information.
Risk exposure	Market risk
Definition	The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risks. Interest rate risk and other price risks are risks that the fair value or future cash flows of a financial instrument
	will fluctuate because of changes in market interest rates or other market factors.
Exposure	The RTA does not trade in foreign currency (other than indirectly through its investments with QIC) and is not materially exposed to commodity price changes.
	The RTA is exposed to interest rate and other price risks through its large investment with QIC and other short term investments with financial institutions. Through the investment strategy with QIC, the RTA is exposed to the risk of movements in domestic and international bond yields, equity investment values, and exchange fluctuations for investments denominated in foreign currencies, refer (Note 10).
Dist	The RTA is also exposed to interest rate risk through its cash deposited in interest bearing accounts (Note 9).
Risk management strategies	The RTA manages its exposure to market risk on investments through compliance with the SBFA Act Queensland Treasury Guidelines and a formal investment policy approved by the RTA Board. The Treasurer must approve through Section 61A of the SBFA Act the strategic asset allocation parameters. The Treasurer approved the RTA to appoint QIC as its fund manager under section 59 of the SBFA Act on 23 November 2004.

#### (c) Liquidity risk - contractual maturity of financial liabilities

The following table sets out the liquidity risk of financial liabilities held by the RTA and its controlled entity. It represents the contractual maturity of financial liabilities, calculated based on undiscounted cash flows relating to the liabilities at reporting date.

		Group				
			Payable in:			
		≤ 1 year	> 1 year ≤ 5 years	> 5 years	Total	Carrying value
	Notes	\$'000	\$'000	\$'000	\$'000	\$'000
2021						
Financial liabilities						
Payables	17	2,762	-	-	2,762	2,762
Rental bonds and unclaimed monies	17	975,983	-	-	975,983	975,983
Lease payable	16	432	-	-	432	430
Total financial liabilities		979,177	-	_	979,177	979,175
2020						
Financial liabilities						
Payables	17	5,245	-	-	5,245	5,245
Rental bonds and unclaimed monies	17	948,334	-	-	948,334	948,334
Lease payable	16	2,523	432	-	2,955	2,910
Total financial liabilities		956,102	432	_	956,534	956,489

### (c) Liquidity risk - contractual maturity of financial liabilities (continued)

		Parent				
			Payable in:			
		≤ 1 year	> 1 year ≤ 5 years	> 5 years	Total	Carrying value
	Notes	\$'000	\$'000	\$'000	\$'000	\$'000
2021						
Financial liabilities						
Payables	17	7,323	-	-	7,323	7,323
Rental bonds and unclaimed monies	17	975,983	-	-	975,983	975,983
Lease payable	16	432	-	-	432	430
Total financial liabilities		983,738	_	_	983,738	983,736
2020						
Financial liabilities						
Payables	17	9,312	-	-	9,312	9,312
Rental bonds and unclaimed monies	17	948,334	-	-	948,334	948,334
Operating lease payable	16	2,523	432	-	2,955	2,910
Total financial liabilities		960,169	432	-	960,601	960,556

#### (d) Market risk - sensitivity analysis

The RTA and its controlled entity continually assess interest rate exposure and the impact of market volatilities in conjunction with its fund manager, throughout the year. For the purpose of this report the RTA has used the variance from budgeted returns as the basis of the sensitivity analysis. If the actual investment return varies by +20 of -520 basis points for the 2020–21 year (2019–20: +500 of -280 basis points) the corresponding impact on the RTA's earnings and net assets is summarised in the table below:

	Carrying Amount	Operating Surplus/ (Deficit)	Equity	Operating Surplus/ (Deficit)	Equity
	7 mileum	. ,	oup and Pare		_quity
	\$'000	\$'000	\$'000	\$'000	\$'000
		Ret	urn on earnir	ngs basis point	s
2021 Market risk		520 pts than ac		20 pts g than ac	
Investment earning variation	959,869	(49,913)	(49,913)	1,920	1,920
Actual result		35,297	34,985	35,297	34,985
Changed result		(14,616)	(14,928)	37,217	36,905
		Return on earnir		ngs basis point	s
2020 Market risk		280 pts than ac		500 pts greater than actual	
Investment earning variation	870,950	(24,387)	(24,387)	43,548	43,548
Actual result		(43,252)	(312)	(43,252)	(312)
Changed result		(67,639)	(24,699)	296	43,236

#### 21. Key executive management personnel and remuneration expenses

#### (a). Key management personnel

The RTA's responsible Minister is the Honourable Leeanne Enoch MP and is identified as part of the organisation's Key management personnel (KMP).

The following details for non-ministerial executive management personnel include those positions that had authority and responsibility for planning, directing and controlling the activities of the RTA and its controlled entity during 2020–21.

Further information on these positions can be found in the body of the Annual Report under the section relating to executive management.

Key management personnel and remuneration disclosures are made in accordance with the Financial Reporting Requirements for Queensland Government Agencies issued by Queensland Treasury.

#### 21. Key executive management personnel and remuneration expenses (continued)

#### (a). Key management personnel (continued)

Position	Dognansikilitiaa	Changes to positions			
	Responsibilities	2021	2020		
Chief Executive Officer	Leads the Executive Leadership Team to ensure progress on the strategic priorities of the business and engages regularly with industry stakeholders to increase opportunities for collaboration and consultation.	Current role	Current role		
Chief Financial Officer	Ensures business sustainability by managing financials, meeting governance and legal requirements to assess and mitigate risks, and overseeing investigations for compliance activities.	Current role: from 22/02/2021 Acting: 03/02/2020-21/02/2021	Current role: Acting from 03/02/2020 Former: 02/11/2015- 02/02/2020		
Chief Digital Officer	Manages all information technology and recordkeeping requirements, business systems and applications in partnership with managed services provider Idea 11, and provides business intelligence and smart digital solutions to facilitate strategic direction and priorities.	Current role from: 17/05/2021 Acting: 18/02/2021–30/05/2021 Former: 23/07/2018–17/03/2021	Current role		
Chief Customer Experience Officer	Leads the Customer Experience division including Call Centre, Dispute Resolution and Bond Management with the purpose of providing high-quality customer-centric services utilising modern and diverse channels.	Current role: from 07/09/2020 Acting: 25/03/2020–13/09/2020 18/02/2021–30/05/2021	New role: Acting from 25/03/2020		
Chief People Officer	Leads the People and Culture division which includes specialist teams across Human Resources, Learning and Organisational Development, Communications and Education and Change Management.	Current role: from 22/02/2021 Acting: 25/03/2020–21/02/2021	New role: Acting from 25/03/2020		
Ceased position	ns included for comparative purposes				
Director  - People and Culture	Leads the People and Culture division which includes specialist teams across Human Resources, Learning and Organisational Development, Communications and Education and Change Management.	Vacant* Ceased: 22/02/2021	Acting: 3/02/2020– 24/03/2020		
Director  – Customer Experience	Leads all customer-facing teams including Contact Centre, Transaction Centre and Dispute Resolution to encourage customer excellence practices with a strong focus on meeting customers' expectations.		Acting: 03/02/2020- 24/03/2020 Ceased: 24/03/2020		
Director  - Strategy and Innovation	Supports the strategic direction and priorities of the business through managing relationships with government stakeholders and overseeing the framework and delivery of a portfolio of projects and business improvement initiatives.		Current role: from 09/12/2019 Ceased: 30/06/2020		
Executive Program Manager	Provided vision, direction, leadership and governance in establishing and operating a highly efficient and effective investigations department including developing a sustainable approach that ensures effective investigative processes, policies, governance and reporting of all RTA's investigations.		New role: from 06/03/2020– 24/04/2020 Ceased: 24/04/2020		

<sup>\*</sup> Director People and Culture was acting in Chief People Officer role until the permanent appointment was made on 22/02/2021.

#### 21. Key executive management personnel and remuneration expenses (continued)

#### (b) Remuneration

The remuneration packages for key executive management personnel comprise of the following components: –

- Short term employee benefits which include:
  - Base consisting of base salary, allowance and leave entitlements paid and provided for the entire year or for that part of the year during which the employee occupied the specified position. Amounts disclosed equal the amount expensed in the Statement of Comprehensive Income.
  - Non-monetary benefits consisting of provision of self-education expenses together with fringe benefits tax applicable to the benefit.
- Long term employee benefits include long service leave accrued.
- Post employment benefits include employer superannuation contributions.
- Termination benefits are not provided for within individual contracts of employment. Contracts of employment provide only for notice periods or payments in lieu of notice on termination, regardless of the reason for termination.

Total fixed remuneration is calculated on a 'total cost' basis and includes the base and non-monetary benefits, long term employee benefits and post employment benefits.

No performance payments were made to key executive management personnel during the financial year.

#### 1 July 2020 - 30 June 2021

	Em	rt Term ployee nefits	Long Term Employee Benefits	Post Employee Benefits	Termination Benefits	Total Remuneration
Position	Base	Non- Monetary Benefits				
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Chief Executive Officer	305		8	26		339
Chief Financial Officer*	206		5	23		234
Chief Digital Officer	232		6	24		262
Chief Customer Experience Officer	187		5	18		210
Chief People Officer*	211		5	17		233
Total	1,141	-	29	108	-	1,278

<sup>\*</sup> Includes higher duty payments.

The remuneration policy for the RTA and its controlled entity is provided for under the Act. Pursuant to this, the executive officer of the RTEO is the same person who holds the existing appointment as the Chief Executive Officer of the RTA. The RTA Chief Executive Officer is appointed by the Governor in Council.

The details of the other terms of employment (including motor vehicle entitlements) for the Chief Executive Officer position are specified in the employment contract. The current Chief Executive Officer has been reappointed to the RTA on a fixed three year contract effective from 30 April 2021.

For the 2020–21 year, the remuneration of key executive management did not increase (2019–20 Nil) for Senior Officers and Senior Executive Services, in accordance with government directives.

#### 21. Key executive management personnel and remuneration expenses (continued)

#### (b) Remuneration (continued)

1 July 2019 - 30 June 2020

	Em	rt Term ployee nefits	Long Term Employee Benefits	Post Employee Benefits	Termination Benefits	Total Remuneration
Position	Base	Non- Monetary Benefits				
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Chief Executive Officer	317		8	26		351
Chief Financial Officer	170		4	18		192
Chief Digital Officer	217		5	24		246
Chief Customer Experience Officer	48		1	5		54
Chief People Officer	48		1	3		52
Director – Strategy and Innovation <sup>2</sup>	155		4	15		174
Director – Customer Experience <sup>1</sup>	100		3	13		116
Director – People and Culture <sup>1</sup>	101		3	11		115
Executive Program Manager	30		11	3		34
Total	1,186	-	30	118	-	1,334

<sup>1 –</sup> These were retitled to include Chief as part of the executive position review.

#### (c) Other transactions with key management personnel and their related parties

For the 2020–21 financial year there were no material related party transactions between the RTA and key management personnel other than ordinary citizen transactions.

<sup>2 –</sup> The Director Strategy and Innovation position ceased as at 30 June 2020.

#### 22. Board disclosures

Section 471 of the Act provides for the RTA to have a Board of Directors. There is no legislative requirement for the RTEO to have a Board.

The Queensland Government determines appropriate payment for part-time chairs and members of government boards, committees and statutory authorities. Payments are made in accordance with the Executive Council minute for each Director appointed as approved by the Governor in Council.

#### (a) Board members remuneration

	Appointed	Ceased	Group		Parent	
			2021	2020	2021	2020
			\$'000	\$'000	\$'000	\$'000
Mr Paul Melville (Chair)	May 2017		53	51	53	51
Mr Stephen Ryan	Nov 2016		23	24	23	24
Ms Sally Watson	Nov 2016		22	21	22	21
Ms Janet Benson	May 2017		22	21	22	21
Ms Rachel Watson	Dec 2017	Aug 2020	4	21	4	21
Ms Christine Castley <sup>1</sup>	Dec 2017		14	-	14	-
Ms Deborah Duffy	Dec 2017	Aug 2020	4	21	4	21
Ms Cara Walsh	Sep 2020		17	-	17	-
Mr Damian Wright <sup>2</sup>	Sep 2020		14	-	14	-
Total Board member payments			173	159	173	159

The 2020–21 Board fees included fees of \$159,885 plus superannuation of \$13,650. The 2019–20 Board fees included fees of \$145,824 plus superannuation of \$13,444.

#### (b) Other Transactions with Board Members and Board Member Related Entities

The RTA has no dealings with another entity of which a Board Member has a related interest as declared in the Conflicts of Interest Register.

#### 23. Related party disclosures

During the year, the RTA incurred service fee income to its controlled entity, the RTEO, of \$21,196,842 (2020: \$20,614,116).

#### Transactions with other related parties

The RTA utilises the services of QIC and QTC to invest excess cash reserves. The total management fees paid or payable in this financial year to QIC and QTC are \$1,704,830 and \$82,889 respectively (2020: \$1,665,903 and \$117,475).

During the year the RTA has engaged Corporate Administration Agency (CAA) to provide payroll services. The total payments to CAA in this financial year are \$113,327 (2020: Nil).

The RTA has utilised QBuild to carry out make good works from June 2021 to September 2021. The amount payable to QBuild as at 30 June 2021, is \$160,641.

The RTA has entered into a contractual arrangement with QGAO for the supply and management of office accommodation from June 2021. No payments have been made to QGAO as at 30 June 2021.

<sup>1 –</sup> Prior to 3 November 2020, Ms Castley was a public sector employee and did not receive remuneration as a Director of the RTA.

<sup>&</sup>lt;sup>2</sup> - Mr Damian Wright's fee is paid to BDO Australia.

for the year ended 30 June 2021

#### 24. Contingencies

As described in Note 17, the RTA retains an obligation to refund unclaimed bond liabilities which has been derecognised if these bonds are subsequently claimed. The probability of future claims against these funds is low. Over the past seven years the average annual payments made in respect of unclaimed bond monies aged greater than seven years was \$25,785 (2020: \$34,000).

#### 25. Capital commitments

The RTA and its controlled entity have no capital commitments as at the reporting date.

#### 26. Events occurring after balance date

The RTA and its controlled entity are not aware of any event occurring after balance date that would impact this financial report.

#### 27. Future impact of accounting standards not yet effective

At the date of the authorisation of the financial report, Australian accounting standards and interpretations with future effective dates are either not applicable to or have no material impact on the activities of the RTA.

#### 28. Taxation

The RTA and its controlled entity are State bodies as defined under the Income Tax Assessment Act 1936 and are exempt from Commonwealth (Cth) taxation with the exception of Fringe Benefits Tax (FBT), Goods and Services Tax (GST) and Pay-As-You-Go (PAYG) withholding requirements.

The RTA and its controlled entity are also required to comply with state taxes such as Payroll Tax (QLD).

Investment activity of the RTA is part of the RTA's overall enterprise. Accordingly, the RTA is subject to Division 70 of the GST Act which reduces the entitlement for GST refundable for acquisitions for the purposes of investment portfolio management.

Effectively, any GST paid on such expenditure is reduced by 25% (e.g. management fees). Additionally, a small percentage of GST paid on overall RTA operational costs is also disallowed.

Income, expenses, assets, and liabilities (excluding receivables and payables respectively) are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or in the amount of the expense.

Receivables and payables are stated with the amount of GST included, where applicable.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables, respectively, in the consolidated statement of financial position.

Cash flows are included in the consolidated statement of cash flows net of the amount of GST. The GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the ATO is classified as part of operating cash flows.

Commitments and contingencies are disclosed inclusive of the amount of GST recoverable from, or payable to, the ATO, where applicable.

RTEO and RTA are grouped for GST purposes.

#### 29. Budgetary reporting disclosures

#### Statement of Comprehensive Income

		Original budget 2021	Actual 2021	Variance
	Variance notes	\$'000	\$'000	\$'000
Income				
Investment revenue	1	25,074	69,408	44,334
Other revenue		-	7	7
Other income	_	-	942	942
Total income	=	25,074	70,357	45,283
Expenses				
Employee expenses		23,081	22,027	1,054
Supplies and services	2	8,225	9,128	(904)
Finance costs		44	44	-
Depreciation and amortisation		3,233	3,270	(37)
Impairment losses		-	429	(429)
Other expenses		60	162	(102)
Total expenses	_	34,643	35,060	(417)
Operating result for the year	_	(9,569)	35,297	44,866
Other Comprehensive Income	_	-	-	-
Total Operating Result	=	(9,569)	35,297	44,866

#### Explanations of major variances

#### Statement of Comprehensive Income

1	Investment revenue	Investment revenue exceeded budget by \$44.3 M equating to an additional 5% investment returns due to the post-COVID-19 financial market recovery.
2	Supplies and services	As part of the RTA's strategy to deliver business efficiencies, the RTA relocated office space within the Brisbane CBD resulting in the recognition of one-off costs of \$1.1 M.

# Management Certificate

for the year ended 30 June 2021

These general purpose financial statements have been prepared pursuant to section 62(1) of the *Financial Accountability Act 2009* (Qld) (the Act), section 39 of the *Financial and Performance Management Standard 2019* and other prescribed requirements. In accordance with section 62(1)(b) of the Act we certify that in our opinion:

- (a) the prescribed requirements for establishing and keeping the accounts have been complied with in all material respects; and
- (b) the financial statements have been drawn up to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of the Residential Tenancies Authority and its controlled entities for the financial year ended 30 June 2021 and of the financial position of the Authority and its controlled entities at the end of that year; and

We acknowledge responsibility under s.7 and s.11 of the Financial and *Performance Management Standard 2019* for the establishment and maintenance, in all material respects, of an appropriate and effective system of internal controls and risk management processes with respect to financial reporting throughout the reporting period.

Jennifer Smith

Chief Executive Officer

Paul Melville

Chairperson, RTA Board

25/08/2021





#### INDEPENDENT AUDITOR'S REPORT

To the Board of the Residential Tenancies Authority

#### Report on the audit of the financial report

#### Opinion

I have audited the accompanying financial report of the Residential Tenancies Authority (the parent) and its controlled entities (the group).

In my opinion, the financial report:

- a) gives a true and fair view of the parent's and group's financial position as at
   30 June 2021, and their financial performance and cash flows for the year then ended
- b) complies with the *Financial Accountability Act 2009*, the Financial and Performance Management Standard 2019 and Australian Accounting Standards.

The financial report comprises the statements of financial position as at 30 June 2021, the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, notes to the financial statements including summaries of significant accounting policies and other explanatory information, and the certificate given by the Chief Executive Officer and the Chairperson.

#### Basis for opinion

I conducted my audit in accordance with the *Auditor-General Auditing Standards*, which incorporate the 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 parent and group in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code and the *Auditor-General Auditing Standards*.

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

#### Other information

Other information comprises the information included in the group's annual report for the year ended 30 June 2021, but does not include the financial report and my auditor's report thereon.

The Board is responsible for the other information.

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.



I have nothing to report in this regard.

#### Responsibilities of the entity for the financial report

The Board is responsible for the preparation of the financial report that gives a true and fair view in accordance with the *Financial Accountability Act 2009*, the Financial and Performance Management Standard 2019 and Australian Accounting Standards, and for such internal control as the Board determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

The Board is also responsible for assessing the parent's and group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless it is intended to abolish the parent or group or to otherwise cease operations.

#### Auditor's responsibilities for the audit of the financial report

My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the 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 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 the 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. This is not done for the purpose
  of expressing an opinion on the effectiveness of the entity's internal controls, but allows
  me to express an opinion on compliance with prescribed requirements.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the group.
- Conclude on the appropriateness of the parent's and group'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 parent's or group'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 my opinion. I base my conclusions on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the parent or group to cease to continue as a going concern.



Better public services

- 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the
  entities or business activities within the group to express an opinion on the financial
  report. I am responsible for the direction, supervision and performance of the audit of
  the group. I remain solely responsible for my audit opinion.

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

#### Statement

In accordance with s.40 of the Auditor-General Act 2009, for the year ended 30 June 2021:

- a) I received all the information and explanations I required.
- b) I consider that, the prescribed requirements in relation to the establishment and keeping of accounts were complied with in all material respects.

#### Prescribed requirements scope

The prescribed requirements for the establishment and keeping of accounts are contained in the *Financial Accountability Act 2009*, any other Act and the Financial and Performance Management Standard 2019. The applicable requirements include those for keeping financial records that correctly record and explain the entity's transactions and account balances to enable the preparation of a true and fair financial report.

26 August 2021

Carolyn Dougherty as delegate of the Auditor-General

Chargherty

Queensland Audit Office Brisbane