

Our finances

Financial overview

2.5% reduction in
operating expenses

Operating deficit **\$56.3M**

Rental Bonds exceed
\$1.02B

Global Economic turmoil impacts the RTA's results

The RTA's financial results were impacted by adverse movements in global financial markets due to ongoing impacts of COVID-19, inflation, supply chain issues, staff shortages, and international conflicts resulting in a significant loss to the RTA investment portfolio in 2021–22 due to downturns in equity and bond markets.

The RTA's expenses were \$86M which included \$51.8M of investments losses. Strong operating expense control offset some of the impacts of the investment results with a 2.5 per cent decrease in expenses compared to 2020–21 (excluding investment losses).

Operating expenses for the year were \$34.2M, with employee costs representing 65 per cent of our total operating expenses. Supplies and services accounted for the bulk of our non-employee costs including rent, investment management fees, and agency staff and contractors due to the tight employment market.

From 1 July 2022, the RTA will receive a State Government grant to fund its operations instead of relying on volatile investment returns. This provides cashflow certainty to the RTA to embark on the next phase of modernisation and improvements in the customer experience for Queensland's rental sector.

Financial performance

2017–18 to 2021–22

Financial year	Income \$m	Expenditure \$m	Surplus/deficit \$m
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
2021–22	29.7	86.0*	(56.3)*

[^] \$41.6M was losses due to market fluctuations

* \$51.8M was losses due to market fluctuations

Financial position

The recent market results have eroded the RTA's financial position to a point of reporting \$21.3M deficit in net assets. With the change in funding model coming into effect from 1 July 2022, the State Government will provide the RTA with a one-off equity grant to ensure the Rental Bond Assets are equal to Rental Bond Liabilities and the RTA is able to service rental bonds held.

Investment management

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*.

The rental bond portfolio represents the investment of rental bonds held. It is actively managed by fund manager Queensland Investment Corporation (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 58–59 in Notes 11 and 12 as part of the financial report.

From 1 July 2022, all rental bonds will be held in a bank account with a major financial institution and will no longer be exposed to financial market fluctuations. The business operations portfolio represents cash reserves held by the RTA and is used to fund all RTA business operating expenses and capital expenses. These cash reserves have been accumulated from prior investment earnings and government grants received.

QIC fund returns

QIC Fund name	Annual return 2020–21			Annual return 2021–22		
	%	Capital \$m	Distributions \$m	%	Capital \$m	Distributions \$m
QIC Cash Enhanced Fund	0.8	(0.1)	0.7	(0.35)	(0.1)	0.0
QIC Global Credit Fund	3.0	6.9	0.0	(9.90)	(24.2)	0.0
QIC Global Credit Opportunities Fund	17.4	0.3	0.0	4.14	0.1	0.0
QIC Long Term Diversified Fund	18.2	43.4	3.3	(5.57)	(22.2)	4.0
QIC Property Fund	4.2	2.0	3.1	6.78	4.2	3.8
QIC Short Term Income Fund	4.6	6.2	3.2	(2.14)	(9.5)	4.5
Portfolio Total	7.8	58.7	10.3^	(4.15)	(51.8)	12.5^

^ Totals exclude revenue from interest distributions provided by QTC

General Purpose Financial Report

for the year ended 30 June 2022

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

Statement of Comprehensive Income

for the year ended 30 June 2022

		Group		Parent	
		2022	2021	2022	2021
	Notes	\$'000	\$'000	\$'000	\$'000
Income					
Investment revenue	4	12,790	44,343	12,789	44,342
Fair value gain on investments	4	-	25,065	-	25,065
Grants and contributions	5	16,913	-	16,913	-
Other revenue		3	8	3	8
Other income	17	-	941	-	941
Total income		29,706	70,357	29,705	70,356
Expenses					
Employee expenses	6	22,273	22,027	964	716
Supplies and services	7 (a)	10,048	9,128	31,360	30,441
Finance costs	7 (b)	1	44	1	44
Depreciation and amortisation	8	1,656	3,270	1,656	3,270
Impairment losses	17	-	429	-	429
Fair value loss on investments	4	51,779	-	51,779	-
Other expenses	9	219	162	215	159
Total expenses		85,976	35,060	85,975	35,059
Operating result for the year		(56,270)	35,297	(56,270)	35,297
Other comprehensive income		-	-	-	-
Total operating result		(56,270)	35,297	(56,270)	35,297

The accompanying notes form part of these statements.

Statement of Financial Position

as at 30 June 2022

		Group		Parent	
	Notes	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Current assets					
Cash and cash equivalents	10	103,785	48,602	103,732	48,570
Other financial assets	11	903,386	959,869	903,386	959,869
Receivables	13	317	1,203	272	1,168
Other current assets	14	342	449	260	290
Total current assets		1,007,830	1,010,123	1,007,650	1,009,897
Non current assets					
Intangible assets	15	6,826	8,362	6,826	8,362
Property, plant and equipment	16	339	435	339	435
Other non current assets	14	26	62	26	62
Total non current assets		7,191	8,859	7,191	8,859
Total assets		1,015,021	1,018,982	1,014,841	1,018,756
Current liabilities					
Payables	18a	1,471	2,762	6,130	7,323
Rental bonds and unclaimed monies	18b	1,029,943	975,983	1,029,943	975,983
Lease liabilities	17	-	430	-	430
Accrued employee benefits	19	3,777	3,566	53	35
Total current liabilities		1,035,191	982,741	1,036,126	983,771
Non current liabilities					
Accrued employee benefits	19	1,115	1,256	-	-
Total non current liabilities		1,115	1,256	-	-
Total liabilities		1,036,306	983,997	1,036,126	983,771
Net assets		(21,285)	34,985	(21,285)	34,985
Equity					
Accumulated surplus		(21,285)	34,985	(21,285)	34,985
Total equity		(21,285)	34,985	(21,285)	34,985

The accompanying notes form part of these statements.

Statement of Changes in Equity

for the year ended 30 June 2022

	\$'000	\$'000
	Accumulated Surplus	Total Equity
	Parent & Group	
2022		
Balance as 1 July 2021	34,985	34,985
Operating result from continuing operations	(56,270)	(56,270)
Balance as at 30 June 2022	(21,285)	(21,285)
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

The accompanying notes form part of these statements.

Statement of Cash Flows

for the year ended 30 June 2022

		Group		Parent	
		2022	2021	2022	2021
	Notes	\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities					
Inflows					
Interest income		387	477	386	476
Bond lodgements		443,328	408,241	443,328	408,241
Government grants		16,913	-	16,913	-
Other operating receipts		3	949	3	949
GST collected from customers		16	101	16	101
GST refunds received		1,078	1,430	1,078	1,430
Outflows					
Bond claims		(389,368)	(380,592)	(389,368)	(380,592)
Employee expenses		(22,123)	(21,956)	(945)	(708)
Supplies and services		(8,416)	(10,348)	(29,618)	(31,488)
Other expenses		(219)	(162)	(215)	(159)
GST paid to suppliers		(1,161)	(1,198)	(1,161)	(1,198)
Interest on leases		(1)	(44)	(1)	(44)
Net cash provided by/(used in) operating activities	CF-1	40,437	(3,102)	40,416	(2,992)
Cash flows from investing activities					
Inflows					
Investments redeemed		5,511	-	5,511	-
Distributions received		9,689	4,223	9,689	4,223
Outflows					
Payments for internally generated software		(24)	(435)	(24)	(435)
Payments for work in progress		-	(122)	-	(122)
Payment for property, plant and equipment		-	(327)	-	(327)
Payments for investments		-	(26,000)	-	(26,000)
Net cash provided by/(used in) investing activities		15,176	(22,661)	15,176	(22,661)
Cash flows from financing activities					
Outflows					
Repayment of lease liabilities		(430)	(2,480)	(430)	(2,480)
Net cash provided by/(used in) financing activities		(430)	(2,480)	(430)	(2,480)
Net increase/(decrease) in cash and cash equivalents		55,183	(28,243)	55,162	(28,133)
Cash and cash equivalents at beginning of financial year	10	48,602	76,845	48,570	76,703
Cash and cash equivalents at end of financial year	10	103,785	48,602	103,732	48,570

The accompanying notes form part of these statements.

Notes to the Statement of Cash Flows

for the year ended 30 June 2022

Group		Parent	
2022	2021	2022	2021
\$'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	(56,270)	35,297	(56,270)	35,297
Add: Depreciation and amortisation	1,656	3,270	1,656	3,270
Impairment losses	-	429	-	429
Loss on disposal of property, plant and equipment	-	11	-	11
Decrease in prepayments	143	-	66	77
Increase in accrued employee benefits	70	164	18	9
Unrealised decrease in investments	41,283	-	41,283	-
Increase in rental bonds and unclaimed monies liability	53,960	27,649	53,960	27,649
Decrease in receivable	886	-	896	-
	41,728	66,820	41,609	66,742
Less:				
Increase in receivables	-	282	-	603
Decrease in trade creditors	1,291	2,483	1,193	1,989
Increase in prepayments	-	15	-	-
Unrealised increase in investments	-	67,142	-	67,142
	1,291	69,922	1,193	69,734
Net Cash provided by operating activities	40,437	(3,102)	40,416	(2,992)

The accompanying notes form part of these statements.

Notes to the Financial Statements

for the year ended 30 June 2022

1. Basis of financial statement preparation

General information

The RTA is a regulatory authority committed to offering a range of services to uphold fairness, integrity and balance within the residential rental sector, and empower Queenslanders to make informed renting choices.

From 1 July 2022 the RTA's funding model has changed to receiving an ongoing grant from the Queensland Government to finance operations, instead of deriving operational funding through the investment of rental bonds.

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

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

The head office and principal place of business of the RTA is 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 2021, 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 2021–22.

Accounting standards early adopted

No Australian Accounting Standards have been early adopted for 2021–22.

Changes in accounting policy

The RTA did not change any accounting policies during 2021–22.

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 2020–21 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.

Notes to the Financial Statements

for the year ended 30 June 2022

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/funding changes

The RTA received notification from State Government in October 2021 of proposed amendments to the RTRA Act, which would remove the RTA's requirement to invest rental bonds to receive investment returns to fund operations. These amendments were introduced to Parliament on 17 March 2022 as part of the State Penalties Enforcement (Modernisation) Amendment Bill 2022 which was passed by Parliament on 24 May 2022 to be enacted from 1 July 2022.

As a result, the RTA has entered into arrangements for the Queensland Government to acquire the investment assets, at the 30 June 2022 market value, on 1 July 2022. All rental bonds, including funds received from the transfer of the investments, will be held within the rental bond bank accounts. These accounts will be held with a major financial institution, and the RTA will continue to control all transactions in the accounts.

The rental bond bank accounts will be placed within the State Government Group Limit Facility (i.e. whole of government banking arrangement) and RTA will not be entitled to any interest earned.

Subsequent to the transfer of the investments, the RTA will receive a non-appropriated equity injection to offset any shortfall between rental bond assets and rental bond liabilities.

All these transactions will be completed before 31 October 2022.

The RTA will receive an ongoing administered grant from the Queensland Government to finance operations from 2022–23 onwards.

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 RTRA Act.

The RTA's 2019–2023 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 is committed to supporting the Queensland Government's objectives for the community – Unite and Recover by backing our frontline services and providing easy to access services to support the 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

During the 2021–22 financial year, the RTA managed cash in accordance with the provisions of Part 3, Division 5 of the RTRA Act as in force during the year, and invested that cash in accordance with provisions and regulations of the SBFA Act. As outlined in Note 1, with effect from 1 July 2022 the RTA no longer has authority to invest rental bond monies held.

Notes to the Financial Statements

for the year ended 30 June 2022

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) 2022: \$3,400 (2021: \$3,200)

Financial information:

Total assets: \$5.0M (2021: \$4.9M)

Total revenue: \$21.3M (2021: \$21.2M)

Total liabilities: \$5.0M (2021: \$4.9M)

Total operating result: \$nil (2021: \$nil)

4. Investment returns

Investment revenue

	Group		Parent	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Investment distribution income	12,355	43,898	12,355	43,898
Bank interest	435	445	434	444
Total investment revenue	12,790	44,343	12,789	44,342
Fair value gain on investments	-	25,065	-	25,065
Expenses				
Fair value loss on investments	51,779	-	51,779	-

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.

Notes to the Financial Statements
for the year ended 30 June 2022

	Group		Parent	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
5. Grants and contributions				
Queensland Government operating grants	16,913	-	16,913	-
Total grants and contributions	16,913	-	16,913	-

Accounting policy – Grants and contributions

Grants and contributions arise from transactions that are non-reciprocal in nature (i.e. do not require any goods or services to be provided in return).

Where the grant agreement is enforceable and contains sufficiently specific performance obligations for the RTA to transfer goods or services to a third-party on the grantor's behalf, the grant is accounted for under AASB 15 *Revenue from Contracts with Customers*. In this case, revenue is initially deferred as unearned revenue (contract liability) and recognised as or when the performance obligations are satisfied.

Otherwise, the grant or donation is accounted for under AASB 1058 *Income of Not-for-Profit Entities*, whereby revenue is recognised upon receipt of the grant funding, except for special purpose capital grants received to construct non-financial assets to be controlled by the RTA. The RTA did not receive any special purpose capital grants in this financial year.

During the year the RTA has received \$15.5M grant funding from Queensland Government through the Department of Communities, Housing and Digital Economy (DCHDE).

The Queensland Government also approved a funding allocation of \$3,021,024 over three years to implement *Housing Legislative Amendments Act 2021*. In May the RTA received \$1,412,821 from the DCHDE to commence implementation of the reforms which are being introduced in phases.

There are no sufficiently specific performance obligations contained in the grants, hence both grants are recognised as revenue on receipt under AASB 1058.

	Group		Parent	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
6. Employee expenses				
Employee benefits				
Salaries and wages	16,614	16,427	288	276
Allowances	31	31	-	-
Annual leave expense	1,636	1,556	27	23
Long service leave expense	179	473	9	8
Employer superannuation contributions	2,212	2,163	43	38
Total employee benefits	20,672	20,650	367	345
Employee related expenses				
Fringe benefits tax	53	42	53	42
Workers' compensation insurance	151	147	151	138
Payroll tax	1,022	1,018	24	25
Other employee related expenses	375	170	369	166
Total employee related expenses	1,601	1,377	597	371
Total employee expenses	22,273	22,027	964	716

6. Employee expenses (continued)

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

Group		Parent	
2022 No.	2021 No.	2022 No.	2021 No.
200*	197	1	1

* FTE data as of 30 June 2022 based upon the fortnight ending 1 July 2022.

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.

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).

Defined contribution plans – 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.

Defined benefit plan – 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.

Notes to the Financial Statements
for the year ended 30 June 2022

7 (a). Supplies and services

	Group		Parent	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Delivery of service expenses	930	930	930	930
Board fees	161	158	161	158
Building expenses *	1,091	1,642	1,091	1,642
Office expenses	57	97	57	97
Contractors and consultants	2,152	2,204	2,152	2,204
Less: capitalised costs	(24)	(582)	(5)	(465)
Investment fees	1,825	1,798	1,825	1,798
Technology expenses	3,556	2,680	3,556	2,680
Legal expenses	95	41	95	41
Client engagement expenses	75	41	75	40
RTEO service fees	-	-	21,293	21,197
Other supplies and services	130	119	130	119
Total supplies and services	10,048	9,128	31,360	30,441

* 2021: includes one off make good costs. Refer to Note 17 for more details.

7 (b). Finance costs

	Group		Parent	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Interest on lease liabilities	1	44	1	44
Total Finance costs	1	44	1	44

Notes to the Financial Statements

for the year ended 30 June 2022

8. Depreciation and amortisation

Depreciation and amortisation were incurred in respect of:

Plant and equipment

Intangible assets

Internally generated software

Purchased software

Depreciation of right-of-use assets

Total depreciation and amortisation

Group		Parent	
2022	2021	2022	2021
\$'000	\$'000	\$'000	\$'000
96	187	96	187
1,526	1,478	1,526	1,478
34	34	34	34
-	1,571	-	1,571
1,656	3,270	1,656	3,270

9. Other expenses

External audit fees *

Internal audit fees

Bad and impaired debts

Insurance premiums

Total other expenses

40	38	36	35
120	96	120	96
33	4	33	4
26	24	26	24
219	162	215	159

* Total external audit fees payable to QAO relating to the 2021–22 financial year are estimated to be \$39,550 for the group (2020–21: \$38,150 for the group). There are no non-audit services included in this amount.

10. Cash and cash equivalents

Cash at bank – Rental bond

Cash at bank – Operations

Queensland Treasury Corporation (QTC) – Rental bond

Queensland Treasury Corporation (QTC) – Operations

Total cash and cash equivalents

Group		Parent	
2022	2021	2022	2021
\$'000	\$'000	\$'000	\$'000
71,356	3,463	71,356	3,464
136	90	83	57
-	20,594	-	20,594
32,293	24,455	32,293	24,455
103,785	48,602	103,732	48,570

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.

The funds in the rental bond account are restricted under section 150 of the RTRA Act.

In preparation for the funding change as outlined in Note 1, the RTA did not commit any additional investments in QIC. This action resulted in an increase of the cash held in the rental bond account. On 29 June 2022 the RTA transferred the balance of the QTC rental bond account in line with legislative changes.

Notes to the Financial Statements
for the year ended 30 June 2022

	Group		Parent	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
11. Other financial assets				
Managed funds – QIC	903,386	959,869	903,386	959,869
Total other financial assets	903,386	959,869	903,386	959,869

Represented by:

QIC Investment Products as at 30 June 2022	Group and Parent			
	Annual average return on investments	Treasurer approved strategic asset allocation parameter	Actual Allocation	Amount \$'000
QIC Cash Enhanced Fund	-0.35%	0% – 60%	2.85%	25,791
QIC Global Credit Fund	-9.90%	10% – 45%	24.44%	220,751
QIC Long Term Diversified Fund	-5.57%	0% – 40%	34.17%	308,652
QIC Property Fund	6.78%	5% – 20%	13.55%	122,450
QIC Short Term Income Fund	-2.14%	10% – 30%	24.99%	225,742
Total Portfolio	-4.15%		100.00%	903,386

QIC Investment Products as at 30 June 2021	Annual average return on investments	Treasurer approved strategic asset allocation parameter	Group and Parent	
			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

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 12 for further information regarding the RTA's fair value accounting policies.

As outlined in Note 1, amendments were introduced to the RTRA Act to remove the requirements for the RTA to be self-funded through investment earnings and progress to a grant funding model from 1 July 2022. As such the ownership of the assets will be transferred to the State Government on 1 July 2022 based upon market values as of 30 June 2022.

Notes to the Financial Statements

for the year ended 30 June 2022

12. 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.

	30 June 2022 Amount \$'000	30 June 2021 Amount \$'000	Fair value hierarchy category
QIC Investment Products as at 30 June 2022			
QIC Cash Enhanced Fund	25,791	27,793	Level 2
QIC Global Credit Fund	220,751	243,037	Level 2
QIC Global Credit Opportunities Fund*	-	1,835	Level 2
QIC Long Term Diversified Fund	308,652	326,868	Level 2
QIC Property Fund	122,450	125,091	Level 3
QIC Short Term Income Fund	225,742	235,245	Level 2
Total Portfolio	903,386	959,869	

* Fund closed in August 2021

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.

Notes to the Financial Statements

for the year ended 30 June 2022

13. Receivables

Debtors

Less: allowance for expected credit losses

Accrued interest revenue

GST receivable

Total receivables

Group		Parent	
2022	2021	2022	2021
\$'000	\$'000	\$'000	\$'000
145	1,063	100	1,028
(26)	(32)	(26)	(32)
119	1,031	74	996
69	21	69	21
129	151	129	151
317	1,203	272	1,168

Accounting policy – Receivables

Debtors are recognised at the amounts due at the time of sale or service delivery i.e. the agreed purchase/contract price. Settlement of these amounts is required within 30 days from invoice date.

The collectability of receivables is assessed periodically with a loss allowance being made for expected credit losses. All known bad debts were written-off as at 30 June.

14. Other assets

Current

Prepayments

Total current

Non current

Prepayments

Total non current

Total other assets

Group		Parent	
2022	2021	2022	2021
\$'000	\$'000	\$'000	\$'000
342	449	260	290
342	449	260	290
26	62	26	62
26	62	26	62
368	511	286	352

Accounting policy – Other assets

Prepayments represent funds paid in advance of receiving the goods or services to which the payments relate. Goods and services can be received in a single period or over a period a of time.

Goods or services that is expected to be received within 12 months after the end of the reporting period are classified under current assets. All other prepayments are classified as non-current.

Notes to the Financial Statements
for the year ended 30 June 2022

	Group		Parent	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
15. Intangible assets				
Software internally generated: at cost				
Gross	17,237	16,835	17,237	16,835
Less: accumulated amortisation	(10,477)	(8,951)	(10,477)	(8,951)
	6,760	7,884	6,760	7,884
Software purchased: at cost				
Gross	823	823	823	823
Less: accumulated amortisation	(757)	(723)	(757)	(723)
	66	100	66	100
Work in progress: at cost				
Gross	-	378	-	378
Total intangible assets	6,826	8,362	6,826	8,362

Reconciliation of Intangible assets

	Software internally generated	Software purchased	Software work in progress	Total
	Group and Parent			
	\$'000	\$'000	\$'000	\$'000
2022				
Carrying amount at 1 July 2021	7,884	100	378	8,362
Acquisitions	24	-	-	24
Transfers	378	-	(378)	-
Amortisation	(1,526)	(34)	-	(1,560)
Carrying amount at 30 June 2022	6,760	66	-	6,826
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

Notes to the Financial Statements

for the year ended 30 June 2022

15. 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.

Notes to the Financial Statements
for the year ended 30 June 2022

	Group		Parent	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
16. Property, plant and equipment				
Property, plant and equipment: at cost				
Gross	598	2,081	598	2,081
Less: accumulated depreciation	(259)	(1,646)	(259)	(1,646)
Total property, plant and equipment	339	435	339	435

Reconciliation of Property, plant and equipment

	Plant and Equipment
	Group and Parent
	\$'000
2022	
Carrying amount at 1 July 2021	435
Acquisitions	-
Disposals	-
Depreciation	(96)
Carrying amount at 30 June 2022	339
2021	
Carrying amount at 1 July 2020	306
Acquisitions	327
Disposals	(11)
Depreciation	(187)
Carrying amount at 30 June 2021	435

16. 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.

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

Notes to the Financial Statements
for the year ended 30 June 2022

	Group		Parent	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
17. Leases				
Reconciliation of Right-of-use assets				
a) Right-of-use assets: building				
Opening balance at 1 July	-	2,000	-	2,000
Depreciation charge	-	(1,571)	-	(1,571)
Impairment losses	-	(429)	-	(429)
Closing balance at 30 June	-	-	-	-

Impairment loss was recognised in 2021 due to the vacated premises of 179 Turbot Street, Brisbane.

b) Lease liabilities

Current

Lease liabilities	-	430	-	430
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	Office Building \$'000
At 1 July 2021	430
Interest expenses	1
Lease payments	(431)
30 June 2022	-
At 1 July 2020	2,910
Interest expenses	44
Lease payments	(2,524)
30 June 2021	430

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.

Notes to the Financial Statements

for the year ended 30 June 2022

17. 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 ended 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 comparative statement of comprehensive income equal to the remaining value of the right-of-use asset as there were 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 were paid in the current financial year. Lease interest is recognised in the month of the payment.

Make good work at Turbot Street was completed in February 2022. An accrual of \$1,189,561 was recognised at 30 June 2021, being the original expected cost of make good works. The actual make good cost was \$987,645. The over-accrual of \$201,916 was reversed in 2021–22.

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 was recognised as revenue in 2020–21.

Notes to the Financial Statements

for the year ended 30 June 2022

	Group		Parent	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
18. Payables				
Current				
a) Payables				
Trade creditors	1,471	2,762	1,347	2,648
Payables to RTEO	-	-	4,783	4,675
	1,471	2,762	6,130	7,323
b) Rental bonds and unclaimed monies				
Rental bonds	1,024,978	971,010	1,024,978	971,010
Unclaimed bond monies *	4,965	4,973	4,965	4,973
	1,029,943	975,983	1,029,943	975,983

* 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 the Act. The liability associated with these unclaimed bond monies was derecognised in the year of approval.

As of 30 June 2022, the RTA has spent a total of \$3,466,414 (2021: \$3,463,171) of unclaimed bond monies for purposes permitted under the Act.

The RTA retains an obligation to repay these monies in the event they are claimed, refer Note 25 for further disclosure.

Notes to the Financial Statements

for the year ended 30 June 2022

	Group		Parent	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
19. Accrued employee benefits				
Current				
Annual leave	1,833	1,711	29	20
Long service leave	1,923	1,834	24	15
Time off in lieu (TOIL)	21	21	-	-
Total current	3,777	3,566	53	35
Non current				
Long service leave	1,115	1,256	-	-
Total non current	1,115	1,256	-	-
Total accrued employee benefits	4,892	4,822	53	35

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.

Key estimate: long service leave

Several estimates and assumptions are used in calculating the accrued long service leave. These include:

- expected future salary increases 2.5% (2021: 2.5%)
- discount rates 2.38% to 3.86% (2021: -0.02% to 2.07%)

Changes in these estimations may impact on the carrying amount of the accrued long service leave benefits liability.

20. Financing arrangements

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

Corporate credit cards	200	200	200	200
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21. Financial instruments

(a) Categorisation of financial instruments

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

Category	Group		Parent	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Current financial assets				
Financial assets measured at fair value through profit and loss:				
Cash and cash equivalents	103,785	48,602	103,732	48,570
Other financial assets	903,386	959,869	903,386	959,869
Financial assets measured at amortised cost:				
Receivables	317	1,203	272	1,168
Total current financial assets	1,007,488	1,009,674	1,007,390	1,009,607
Current financial liabilities				
Financial liabilities measured at amortised cost:				
Payables	1,471	2,762	6,130	7,323
Rental bonds and unclaimed monies	1,029,943	975,983	1,029,943	975,983
Lease liabilities	-	430	-	430
Total current financial liabilities	1,031,414	979,175	1,036,073	983,736

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.

21. Financial instruments (continued)

(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.

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 another party to a financial instrument failing to discharge their obligation.
Exposure	The RTA is exposed to credit risk in respect of its receivables (Note 13), cash and cash equivalents (Note 10) and other financial assets (Note 11). 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 21(a) represents the group's maximum exposure to credit risk at 30 June 2022. 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 management strategies	<p>The RTA and its controlled entity manage credit risk through the use of a credit management strategy. 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 5 February 2004. On 8 July 2022 the RTA terminated the agreement with QIC with the transfer of investments to the Queensland State Government (Note 1).</p> <p>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.</p> <p>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 13).</p>

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 18a), rental bonds and unclaimed monies (Note 18b).
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.

Notes to the Financial Statements

for the year ended 30 June 2022

Risk exposure	Market risk
Definition	<p>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 risk.</p> <p>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.</p>
Exposure	<p>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.</p> <p>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 11). From 1 July 2022 the RTA will have limited market risk exposure with the transfer of QIC investments to the State Government.</p> <p>The RTA is also exposed to interest rate risk through its cash deposited in interest bearing accounts. From 1 July 2022, rental bonds held within cash at bank will not provide interest to the RTA. The RTA will maintain operating cash balances in interest bearing accounts (Note 10).</p>
Risk management strategies	<p>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 5 February 2004. On 8 July 2022 the RTA terminated the agreement with QIC with the transfer of investments to the Queensland State Government (Note 1).</p> <p>From 1 July 2022 the RTA will only be managing operational cash balances. The management of these funds remains within the above risk management processes and legislation.</p>

Notes to the Financial Statements

for the year ended 30 June 2022

21. Financial instruments (continued)

(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:			Total	Carrying value
		≤ 1 year	> 1 year ≤ 5 years	> 5 years		
	Notes	\$'000	\$'000	\$'000	\$'000	\$'000
2022						
Financial liabilities						
Payables	18	1,471	-	-		1,471
Rental bonds and unclaimed monies	18	1,029,943	-	-		1,029,943
Total financial liabilities		1,031,414	-	-		1,031,414
2021						
Financial liabilities						
Payables	18	2,762	-	-	2,762	2,762
Rental bonds and unclaimed monies	18	975,983	-	-	975,983	975,983
Lease payable	17	432	-	-	432	430
Total financial liabilities		979,177	-	-	979,177	979,175

21. Financial instruments (continued)

(c) Liquidity risk – contractual maturity of financial liabilities (continued)

		Parent				
		Payable in:			Total	Carrying value
		≤ 1 year	> 1 year ≤ 5 years	> 5 years		
	Notes	\$'000	\$'000	\$'000	\$'000	\$'000
2022						
Financial liabilities						
Payables	18	6,130	-	-	-	6,130
Rental bonds and unclaimed monies	18	1,029,943	-	-	-	1,029,943
Total financial liabilities		1,036,073	-	-	-	1,036,073
2021						
Financial liabilities						
Payables	18	7,323	-	-	7,323	7,323
Rental bonds and unclaimed monies	18	975,983	-	-	975,983	975,983
Lease payable	17	432	-	-	432	430
Total financial liabilities		983,738	-	-	983,738	983,736

21. Financial instruments (continued)

(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 +685 of -20 basis points for the 2021–22 year (2020–21: +20 of -520 basis points) the corresponding impact on the RTA's earnings and net assets is summarised in the table below:

Group and Parent					
	\$'000	\$'000	\$'000	\$'000	\$'000
	Carrying Amount	Operating Surplus/ (Deficit)	Equity	Operating Surplus/ (Deficit)	Equity
Return on earnings basis points					
2022 Market risk		20 pts less than actual		685 pts greater than actual	
Investment earning variation	903,386	(1,807)	(1,807)	61,882	61,882
Actual result		(56,270)	(21,285)	(56,270)	(21,285)
Changed result		(58,077)	(23,092)	5,612	40,597
Return on earnings basis points					
2021 Market risk		520 pts less than actual		20 pts greater than actual	
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

22. Key executive management personnel and remuneration expenses

(a). Key management personnel

The RTA's responsible Minister is the Minister for Communities and Housing, Minister for Digital Economy and Minister for the Arts 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 2021–22.

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 Government Agencies issued by Queensland Treasury.

Notes to the Financial Statements

for the year ended 30 June 2022

22. Key executive management personnel and remuneration expenses (continued)

(a). Key management personnel (continued)

Position	Responsibilities	Changes to positions	
		2022	2021
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	Current role: from 22/02/2021 Acting: 03/02/2020–21/02/2021
Chief Digital Officer	Manages all information technology and record keeping 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	Current role: from 17/05/2021 Acting: 18/02/2021–30/05/2021 Former: 23/07/2018–17/03/2021
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	Current role: from 07/09/2020 Acting: 25/03/2020–13/09/2020 18/02/2021–30/05/2021
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	Current role: from 22/02/2021 Acting: 25/03/2020–21/02/2021
Ceased positions 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

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

Notes to the Financial Statements

for the year ended 30 June 2022

22. 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 2021 – 30 June 2022

Position	Short Term Employee Benefits		Long Term Employee Benefits	Post Employee Benefits	Termination Benefits	Total Remuneration
	Base	Non-Monetary Benefits				
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Chief Executive Officer	310	-	8	29	-	347
Chief Financial Officer*	207	-	5	23	-	235
Chief Digital Officer	202	-	5	21	-	228
Chief Customer Experience Officer	199	-	5	21	-	225
Chief People Officer*	225	-	6	22	-	253
Total	1,143	-	29	116	-	1,288

* 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 2021–22 year, the remuneration of key executive management increased by 2.5% in September 2021 and 2.5% in March 2022 (2020–21 Nil) for Senior Officers and Senior Executive Services, in accordance with government directives.

22. Key executive management personnel and remuneration expenses (continued)

(b) Remuneration (continued)

1 July 2020 – 30 June 2021

Position	Short Term Employee Benefits	Long Term Employee Benefits	Post Employee Benefits	Termination Benefits	Total Remuneration	
	Base	Non- Monetary Benefits				
	\$'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

* Includes higher duty payments.

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

For the 2021–22 financial year there were no material related party transactions between the RTA and key management personnel other than ordinary citizen transactions.

Notes to the Financial Statements

for the year ended 30 June 2022

23. 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	
			2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Mr Paul Melville (Chair)	May 2017		51	53	51	53
Mr Stephen Ryan	Nov 2016		21	23	21	23
Ms Sally Watson	Nov 2016		21	22	21	22
Ms Janet Benson	May 2017		21	22	21	22
Ms Rachel Watson	Dec 2017	Aug 2020	-	4	-	4
Ms Christine Castley	Dec 2017		21	14	21	14
Ms Deborah Duffy	Dec 2017	Aug 2020	-	4	-	4
Ms Cara Walsh	Sep 2020		21	17	21	17
Mr Damian Wright ¹	Sep 2020		20	14	20	14
Total Board member payments			176	173	176	173

The 2021–22 Board fees included fees of \$161,586 plus superannuation of \$14,151. The 2020–21 Board fees included fees of \$159,885 plus superannuation of \$13,650.

¹ – Mr Damian Wright's fee is paid to BDO Australia.

(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.

24. Related party disclosures

During the year, the RTA incurred service fee income to its controlled entity, the RTEO, of \$21,292,870 (2021: \$21,196,842).

Transactions with other related parties

The RTA utilises the services of QIC and QTC to invest rental bond monies and excess cash reserves. The total management fees paid or payable in this financial year to QIC and QTC are \$1,724,609 and \$89,883 respectively (2021: \$1,704,830 and \$82,889).

During the year the RTA has engaged Corporate Administration Agency (CAA) to provide payroll services. The total payments to CAA in 2022 \$147,730 (2021: \$113,327).

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, was \$160,641.

The RTA has entered into a contractual arrangement with QGAO for the supply and management of office accommodation from June 2021. The total payments to QGAO in this financial year are \$1,247,576 (2021: nil).

Notes to the Financial Statements

for the year ended 30 June 2022

25. Contingencies

As described in Note 18, 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 \$14,837 (2021: \$25,785).

26. Capital commitments

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

27. Events occurring after balance date

On 1 July 2022, the RTA transferred all of its investment assets to the State Government, in accordance with the agreement outlined in notes 1 and 11. As per the terms of this agreement, the RTA received a cash payment of \$864,635,239 on completion of this transfer, being 95% of the value of QIC investments as at 28 June 2022, and the investment assets were derecognised in full as at the transfer date. The excess of the fair value of investments as at 30 June over the value of the initial cash payment received in consideration for the transfer was recognised as a receivable at the date of de-recognition (1 July 2022). The final payment in full settlement of this receivable is expected to be received prior to 31 October 2022.

The RTA is also entitled to receive a cash payment for the excess of rental bond liabilities over cash holdings in the rental bond account subsequent to completion of the funds transfers described above. It is expected that a cash receipt in settlement of this entitlement will be received in September 2022, and will be recognised as equity contribution in the 2022–23 financial year, in accordance with the requirements of AASB Interpretation 1038 *Contributions by Owners made to Wholly-Owned Public Sector Entities* and AASB 1004 *Contributions*.

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

28. 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.

29. 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.

Notes to the Financial Statements
for the year ended 30 June 2022

30. Budgetary reporting disclosures

Statement of Comprehensive Income

		Original budget 2022	Actual 2022	Variance
	Variance notes	\$'000	\$'000	\$'000
Income				
Investment revenue	1	25,972	12,790	(13,182)
Grants and contributions	2	15,500	16,913	1,413
Other revenue		-	3	3
Total income		41,472	29,706	(11,766)
Expenses				
Employee expenses	3	23,444	22,273	1,171
Supplies and services	4	12,147	10,048	2,099
Finance costs		1	1	-
Depreciation and amortisation	5	1,945	1,656	289
Fair value loss on investments	6	-	51,779	(51,779)
Other expenses		223	219	4
Total expenses		37,760	85,976	(48,216)
Operating result for the year		3,712	(56,270)	(59,982)
Other Comprehensive Income		-	-	-
Total Operating Result		3,712	(56,270)	(59,982)

Notes to the Financial Statements
for the year ended 30 June 2022

30. Budgetary reporting disclosures (continued)

Statement of Financial Position

		Original budget 2022	Actual 2022	Variance
	Variance notes	\$'000	\$'000	\$'000
Current assets				
Cash and cash equivalents	7	68,333	103,785	35,452
Other financial assets	8	962,816	903,386	(59,430)
Receivables	9	759	317	(442)
Other current assets	10	420	342	(78)
Total current assets		1,032,328	1,007,830	(24,498)
Non current assets				
Intangible assets		6,749	6,826	77
Property, plant and equipment	11	519	339	(180)
Other non current assets		-	26	26
Total non current assets		7,268	7,191	(77)
Total assets		1,039,596	1,015,021	(24,575)
Current liabilities				
Payables	12	958	1,471	(513)
Rental bonds and unclaimed monies		1,015,716	1,029,943	(14,227)
Accrued employee benefits		3,443	3,777	(334)
Total current liabilities		1,020,117	1,035,191	(15,074)
Non current liabilities				
Accrued employee benefits	13	1,263	1,115	148
Total non current liabilities		1,263	1,115	148
Total liabilities		1,021,380	1,036,306	(14,926)
Net assets		18,216	(21,285)	(39,501)
Equity				
Accumulated surplus		18,216	(21,285)	(39,501)
Total equity		18,216	(21,285)	(39,501)

30. Budgetary reporting disclosures (continued)

Statement of Cash Flows

		Original budget 2022	Actual 2022	Variance
	Variance notes	\$'000	\$'000	\$'000
Cash flows from operating activities				
Inflows				
Interest income		361	387	26
Bond lodgements		409,542	443,328	33,786
Government grants		15,500	16,913	1,413
Other operating receipts		-	3	3
GST collected from customers		-	16	16
GST refunds received		990	1,078	88
Outflows				
Bond claims		(376,324)	(389,368)	(13,044)
Employee expenses		(23,499)	(22,123)	1,376
Supplies and services	14	(11,394)	(8,416)	2,978
Other expenses		(203)	(219)	(16)
GST paid to suppliers		(1,120)	(1,161)	(41)
Interest on leases		(1)	(1)	-
Net cash provided by/(used in) operating activities		13,852	40,437	26,585
Cash flows from investing activities				
Inflows				
Investments redeemed	15	25,661	15,200	(10,461)
Outflows				
Payments for internally generated software		-	(24)	(24)
Payments for investments	16	(23,634)	-	23,634
Net cash provided by/(used in) investing activities		2,027	15,176	13,149
Cash flows from financing activities				
Outflows				
Repayment of lease liabilities		(431)	(430)	1
Net cash provided by/(used in) financing activities		(431)	(430)	1
Net increase/(decrease) in cash and cash equivalents		15,448	55,183	39,735
Cash and cash equivalents at beginning of financial year		52,885	48,602	(4,283)
Cash and cash equivalents at end of financial year		68,333	103,785	35,452

Notes to the Financial Statements

for the year ended 30 June 2022

Explanations of major variances

Statement of Comprehensive Income

1 Investment revenue	Investment revenue fell by \$13M as a result of fluctuations in global financial markets.
2 Grants and contributions	The actual is higher than budget due to the additional funding received to implement phase 1 <i>Housing Legislative Amendments Act 2021</i> .
3 Employee expenses	Due to the current employment market, employee expenses were lower than budgeted due to delays in recruitment processes.
4 Supplies and services	Due to the relocation of the office, one off make good cost of \$1M budgeted in 2022. Actual cost was recognised in 2021 financial year. The remainder of the variance is due to lower than budgeted technology and building costs.
5 Depreciation and amortisation	Amortisation cost of \$0.29M budgeted in 2021–22 for the lease of office premises at 179 Turbot Street. However impairment loss was recognised in 2021 due to the relocation to new office premises in June 2021.
6 Fair value loss on investments	Loss in fair value of investments (\$52M) is attributable to impacts of global financial markets.

Statement of Financial Position

7 Cash and cash equivalents	With legislated funding changes and poor market movements the RTA did not invest cash receipts.
8 Other financial assets	The decrease in value of QIC investments due to the capital losses incurred. The RTA expected a growth of investments by 2.7% however incurred losses of 4.15%.
9 Receivables	Receivables are lower than budget mainly due to the decrease in debtors \$428K.
10 Other current assets	The decrease in other current assets relates to lower than budgeted prepaid expenses.
11 Property, plant and equipment	No investment was made in the property, plant and equipment as opposed to the budgeted expenditure of \$0.17M.
12 Payables	Payables are higher than budget due to the costs incurred for customer research project (\$0.20M) and contractors (\$0.25M).
13 Accrued employee benefits	The variance in the accrued employee benefits relates to non current long service liabilities. Liabilities decreased with the increase in discounting rates.

Statement of Cash Flows

14 Supplies and services	Cash outflows for supplies and services were lower than budget due to the same reasons outlined in the major variance explanations for the statement of comprehensive income.
15 Investment redeemed	Investments paid lower levels of distributions than budgeted.
16 Payments for investments	With legislated funding changes and poor market movements the RTA did not invest cash receipts.

Management Certificate

for the year ended 30 June 2022

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 2022 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

26/08/2022

INDEPENDENT AUDITOR'S REPORT

To the Board of Residential Tenancies Authority

Report on the audit of the financial report

Opinion

I have audited the accompanying financial report of Residential Tenancy 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 2022, 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 2022, 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 management certificate.

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 2022, 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.

- 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 2022:

- 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.



Carolyn Dougherty
as delegate of the Auditor-General

31 August 2022

Queensland Audit Office
Brisbane