

Our finances

Changes in investment strategy aid strongest returns in five years

The RTA's Strategic Plan highlights the continued focus on business sustainability. Our planned transformation requires reliable funding and an agile workforce to recognise efficiencies and capture cost reductions. Foundations for harnessing and reporting on benefits and reducing cost have been laid and will continue into future years. The financial position for the RTA has improved in 2018–19 with a surplus of \$8.6 million compared to the budgeted deficit of \$8.6 million, a positive variance of \$17.2 million.

The most significant financial challenge for the RTA is the ongoing nature of a low interest rate environment. The RTA's investment strategy was scrutinised and adjusted to provide sustainable returns to fully fund business operations in 2018–19 and beyond. Strong financial management will continue to monitor the performance of the investment strategy, particularly the impact of the recent cash rate cuts.

Cost reduction has been achieved through the implementation of cost-saving initiatives mainly identified by employees, resulting in reduced operational expenditure of \$3.5 million compared to budget. The savings achieved in 2018–19 support the RTA's ability to build reserves and prioritise digital solutions.

To mitigate the effect of low interest rates, the RTA in close partnership with the RTA's investment portfolio funds manager, the Queensland Investment Corporation (QIC), made an initial allocation of 10% of the investment portfolio into the QIC Growth Fund. The QIC Growth Fund returned over 7% since our investment in October 2018 and along with other well-performing non-cash investments, an overall positive performance of the investment portfolio resulted in a return of 4.6%. This return delivered revenue of \$40.3 million, exceeding our original revenue budget by \$13.7 million.

The RTA's operating expenses, excluding grant payments, are at their lowest level in four financial years, demonstrating the cost reductions achieved by the RTA. The below table gives a snapshot of our financial performance, highlighting income, operating expenditure, grant payments and the resulting surplus or deficit achieved for the last five years.

Financial performance (\$m) 2014–15 to 2018–19

Financial year	Income	Expenditure	Grant Expenditure	Surplus/(Deficit)
2014–15	24.5	31.9	2.6	(10.0)
2015–16	27.4	32.2	5.0	(9.8)
2016–17	35.0	34.3	-	0.7
2017–18	26.1	34.0	-	(7.9)
2018–19	40.3	31.7	-	8.6

RETURN ON INVESTMENT

 **4.6%**

Financial position

The RTA's balance sheet reports a strong position, with no debt and a high level of liquid assets. The solid investment returns in 2018–19 have increased the RTA's cash operating portfolio, improving the RTA's cash reserves to enable funding of our operations in the event of poor market driven performance periods. Investing in transformation projects will bring faster and more efficient high quality services to our customers across a number of channels.

Total assets increased by 5.7% to \$965.7 million due to the increase in cash reserves from the 2018–19 surplus and an increase in the value of bond lodgements. Total liabilities also increased to \$921.4 million, due to a 5.0% increase in bond lodgments owing. Equity increased by 24.2% totaling \$44.3 million due to the positive financial performance for the year.

“ Investing in transformation projects will bring faster and more efficient high quality services to our customers across a number of channels. ”

Investment management

We manage our investments 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 all rental bonds held. It is actively managed predominantly by the RTA's fund manager QIC and funds are allocated across a range of asset classes according to the investment strategy adopted by the RTA Board.

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

Allocation of investment funds as at 30 June 2019

Fund type	Investment range	Amount invested (\$m)	Allocation QIC	Allocation by institution
QIC Bond Plus Fund	10–30%	177.8	20.2%	
QIC Cash Enhanced Fund	0–60%	115.0	13.0%	
QIC Global Credit Fund	10–45%	343.4	39.0%	
QIC Global Credit Opportunities Fund	0–20%	1.6	0.2%	
QIC Growth Fund	0–30%	92.3	10.5%	
QIC Property Fund	5–20%	150.6	17.1%	
Total QIC		880.7	100%	92.2%
QTC		71.4		7.5%
Other		3.4		0.3%
Total funds invested		955.5		100%

OVERALL EXPENDITURE



FINANCIAL POSITION



Operating Income

The RTA's income relies exclusively on investment income from the investment of the rental bond portfolio. Revenue from investments increased by \$14.2 million compared to revenue earned in 2017–18. This is an increase of 54.7%. These results have been achieved despite a decreasing interest rate environment. The change of investment strategy to increase investments in the QIC Property Fund in 2017–18, combined with an initial \$88 million investment in the QIC Growth Fund in 2018–19 improved the RTA's revenue.

Operating expenditure

Overall expenditure decreased by \$2.3 million (6.8 per cent) to \$31.7 million in 2018–19 compared to \$34.0 million in 2017–18. In addition to the reduction in cost, RTA progressed with transformation projects and the modernisation of its information technology infrastructure.

Total expenditure by type

Expenditure	2018–19		2017–18	
	\$m		\$m	
Salaries and related expenses	20.1	63%	20.4	60%
Supplies and services	9.8	31%	10.6	31%
Other expenses	1.8	6%	3.0	9%
Total	31.7	100%	34.0	100%

Employee expenses

Employee expenses represent approximately 63.0% of our total expenditure. In 2018–19 the RTA's employee expenses decreased to \$20.1 million, a reduction of \$0.3 million from the \$20.4 million spent in 2017–18. This reduction is inclusive of the agreed annual EBA increase. The main driver for employee expense savings is the implementation of the RTA's reshape to build staff capability, introduce cross skilling and abolish vacant roles no longer required.

Supplies and services

Supplies and services decreased by \$0.8 million from \$10.6 million in 2017–18 to \$9.8 million in 2018–19 due to cost saving initiatives and completion of major project work. The RTA's reduction in costs were introduced by staff due to their review and renegotiation of contracts with suppliers producing exceptional value for money services. Other savings have resulted from the reduction of mail and printing costs with the implementation of more online services.

Other expenses

The RTA's other expenses include depreciation and amortisation expenses. These costs have decreased considerably due to the write down of \$1.1 million of intangible assets in 2017–18. Overall these costs have decreased by \$1.2 million in 2018–19.

General Purpose Financial Report

for the year ended 30 June 2019

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General Information

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

The RTA and RTEO are both Queensland Government statutory bodies constituted under the *Residential Tenancies and Rooming Accommodation Act 2008* (Qld).

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

The head office and principal place of business of the Authority is: Level 23, 179 Turbot Street, BRISBANE QLD 4000.

A description of the nature of the RTA's operations and its principal activities is included in the notes to the financial statements.

For information in relation to the RTA and its controlled entity's financial statements please call 07 3046 5400, or visit rta.qld.gov.au/annualreport

Statement of Comprehensive Income
for the year ended 30 June 2019

	Notes	Group		Parent	
		2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Income					
Investment revenue	4	40,295	26,046	40,291	26,046
Other revenue	4	15	45	15	45
Total income		40,310	26,091	40,306	26,091
Expenses					
Employee expenses	5	20,143	20,384	739	783
Supplies and services	6	9,775	10,612	29,178	30,217
Depreciation and amortisation	7	1,563	1,583	1,563	1,583
Impairment losses	17	-	1,087	-	1,087
Other expenses	8	190	314	187	310
Total expenses		31,671	33,980	31,667	33,980
Operating result for the year		8,639	(7,889)	8,639	(7,889)
Other comprehensive income					
Total operating result		8,639	(7,889)	8,639	(7,889)

The accompanying notes form part of these statements.

Statement of Financial Position
as at 30 June 2019

	Notes	Group		Parent	
		2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Current assets					
Cash and cash equivalents	12	74,730	60,661	74,699	60,593
Other financial assets	13	880,759	841,733	880,759	841,733
Receivables	15	416	473	342	475
Other current assets	16	253	133	253	133
Total current assets		956,158	903,000	956,053	902,934
Non current assets					
Intangible assets	17	9,161	9,673	9,161	9,673
Property, plant and equipment	18	330	627	330	627
Other non current assets	16	54	10	54	10
Total non current assets		9,545	10,310	9,545	10,310
Total assets		965,703	913,310	965,598	913,244
Current liabilities					
Payables	19	1,611	795	5,851	4,719
Rental bonds and unclaimed monies	19	915,261	872,552	915,261	872,552
Operating lease payable	19	181	137	181	137
Accrued employee benefits	20	3,626	3,262	24	14
Total current liabilities		920,679	876,746	921,317	877,422
Non current liabilities					
Operating lease payable	19	-	181	-	181
Accrued employee benefits	20	745	743	2	1
Total non current liabilities		745	924	2	182
Total liabilities		921,424	877,670	921,319	877,604
Net assets		44,279	35,640	44,279	35,640
Equity					
Accumulated surplus		44,279	35,640	44,279	35,640
Total equity		44,279	35,640	44,279	35,640

The accompanying notes form part of these statements.

Statement of Changes in Equity
for the year ended 30 June 2019

	\$'000	\$'000
	Accumulated Surplus	Total Equity
Group		
2019		
Balance as 1 July 2018	35,640	35,640
Operating result from continuing operations	8,639	8,639
Balance as at 30 June 2019	44,279	44,279
2018		
Balance as 1 July 2017	43,529	43,529
Operating result from continuing operations	(7,889)	(7,889)
Balance as at 30 June 2018	35,640	35,640
Parent		
2019		
Balance as 1 July 2018	35,640	35,640
Operating result from continuing operations	8,639	8,639
Balance as at 30 June 2019	44,279	44,279
2018		
Balance as 1 July 2017	43,529	43,529
Operating result from continuing operations	(7,889)	(7,889)
Balance as at 30 June 2018	35,640	35,640

The accompanying notes form part of these statements.

Statement of Cash Flows

for the year ended 30 June 2019

		Group		Parent	
		2019	2018	2019	2018
		\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities					
Inflows					
		1,715	1,527	1,711	1,527
		419,196	414,250	419,196	414,250
		15	45	15	45
		1	2	1	2
		949	1,043	949	1,043
Outflows					
		(376,488)	(371,289)	(376,488)	(371,289)
		(19,778)	(21,398)	(735)	(1,731)
		(9,367)	(9,537)	(28,369)	(29,179)
		(130)	(206)	(130)	(206)
		(985)	(1,041)	(985)	(1,041)
		15,128	13,396	15,165	13,421
	CF.1				
Cash flows from investing activities					
Inflows					
		34,695	24,104	34,695	24,104
Outflows					
		(73)	(16)	(73)	(16)
		(660)	-	(660)	-
		(21)	-	(21)	-
		(35,000)	(27,500)	(35,000)	(27,500)
		(1,059)	(3,412)	(1,059)	(3,412)
		14,069	9,984	14,106	10,009
		60,661	50,677	60,593	50,584
	12				
		74,730	60,661	74,699	60,593
	12				

The accompanying notes form part of these statements.

Notes to the Statement of Cash Flows
for the year ended 30 June 2019

Group		Parent	
2019	2018	2019	2018
\$'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	8,639	(7,889)	8,639	(7,889)
Add: Depreciation and amortisation	1,563	1,583	1,563	1,583
Impairment losses	-	1,087	-	1,087
Increase in accrued employee benefits	366	-	11	-
Decrease in receivables	57	-	133	-
Decrease in prepayments	-	359	-	354
Increase in unclaimed bonds	-	435	-	435
Increase in rental bonds	42,766	42,526	42,766	42,526
Increase in trade creditors	816	-	1,132	-
Increase in operating lease payable	-	-	-	-
	54,207	38,101	54,244	38,096
Less:				
Increase in receivables	-	33	-	49
Decrease in trade creditors	-	55	-	78
Decrease in accrued employee benefits	-	122	-	53
Increase in prepayments	164	-	164	-
Decrease in unclaimed bonds	57	-	57	-
Unrealised increase in investments	38,721	24,449	38,721	24,449
Decrease in operating lease payable	137	46	137	46
	39,079	24,705	39,079	24,625
Net cash provided by operating activities	15,128	13,396	15,165	13,421

The accompanying notes form part of these statements.

1. Basis of financial statement preparation

General information

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

The head office and principal place of business of the RTA is Level 23, 179 Turbot Street, Brisbane, Qld, 4000.

Compliance with prescribed requirements

The RTA has prepared these statements in compliance with section 43 of the *Financial and Performance Management Standard 2009*.

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 2018, 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

Changes in accounting policy

The RTA did not voluntarily change any of its accounting policies during 2018–19.

Accounting standards early adopted

No new Australian Accounting Standards have been early adopted for 2018–19.

Accounting standards applied for the first time

AASB 9 Financial Instruments and AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)

These standards have been applied to the RTA financial statements from 1 July 2018. Adopting these standards changed the classification, measurement, impairment and disclosures associated with the RTA's financial assets. AASB 9 introduced different criteria for determining if financial assets are measured at amortised cost or fair value.

The impact of AASB 9 on the categorisation and valuation of the amounts reported in Note 22(a) is summarised below:

- There was no change to either the classification or valuation of cash and cash equivalents, receivables or financial liabilities (Note 22(a)).
- The RTA's investment portfolio (Note 13) will continue to be held at fair value through profit and loss.
- The RTA did not restate comparative figures for financial instruments on initial adoption of AASB 9, as there was no change to recorded amounts arising from initial application.

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 2017–18 financial statements. No information has been restated.

Notes to the Financial Statements

for the year ended 30 June 2019

Current/non current classification

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

Authorisation of financial statements for issue

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

Basis of measurement

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

Historical cost

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

Fair value measurement

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

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

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

Present value

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

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.

Notes to the Financial Statements

for the year ended 30 June 2019

2. Objectives and principal activities of the RTA

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

The RTA's strategic objectives include:

- Enhanced client service – delivering secure online services, fostering and sustaining strong relationships with the sector and providing education to stakeholders;
- Improved business systems – that deliver simple, cost-effective systems enabling great client services and streamlined business processes;
- Adaptive people – where employees are engaged and committed to the RTA's success and where development and innovation is fostered with a mobile, flexible and agile workforce;
- Business sustainability – delivering value-for-money services, cultivated through innovation and cost-based efficiencies, addressing financial sustainability.

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

The RTA is a statutory body under Section 9 of the *Financial Accountability Act 2009* (Qld). The RTA falls within the portfolio of the Minister for Department of Housing and Public Works, Minister for Digital Technology, Minister for Sport.

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

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

RTA funds management

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

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

Notes to the Financial Statements

for the year ended 30 June 2019

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 <i>Statutory Bodies Legislation Amendment Act 2007</i> (Qld) amended the <i>Residential Tenancies Act 1994</i> (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) 2019: \$3,100 (2018: \$3,100)
Financial information:	
Total assets: \$4.46M (2018: \$4.06M)	Total revenue: \$19.42M (2018: \$19.61M)
Total liabilities: \$4.46M (2018: \$4.06M)	Total operating result: \$nil (2018: \$nil)

4. Income

Investment revenue

Interest on cash assets and investments

	Group		Parent	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Return on investments	38,721	24,449	38,721	24,449
Bank interest	1,574	1,597	1,570	1,597
Total investment revenue	40,295	26,046	40,291	26,046
Other revenue				
Sundry income	15	45	15	45
Total other revenue	15	45	15	45
Total income	40,310	26,091	40,306	26,091

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 2019

5. Employee expenses

Employee benefits

	Group		Parent	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Salaries and wages	14,572	15,195	274	275
Allowances	60	43	-	-
Annual leave expense	1,520	1,402	21	23
Long service leave expense	629	341	5	(14)
Employer superannuation contributions	1,954	2,041	46	42
Total employee benefits	18,735	19,022	346	326

Employee related expenses

Fringe benefits tax	28	29	28	29
Workers' compensation insurance	104	118	3	118
Payroll tax	934	916	24	21
Other employee related expenses	342	299	338	289
Total employee related expenses	1,408	1,362	393	457
Total employee expenses *	20,143	20,384	739	783

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

	Group		Parent	
	2019 No.	2018 No.	2019 No.	2018 No.
	201	208	1	1

* No redundancies were paid in the 2018–19 financial year (2017–18: \$94,679).

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.

Notes to the Financial Statements
for the year ended 30 June 2019

5. Employee expenses (continued)

Accounting policy – superannuation

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

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.

	Group		Parent	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
6. Supplies and services				
Delivery of service expenses	874	844	874	844
Board fees	142	138	142	138
Building expenses	306	278	306	278
Contractors and consultants	2,525	3,690	2,524	3,690
Less: capitalised costs	(681)	-	(681)	-
Investment fees	1,797	1,774	1,797	1,774
Information technology expenses	1,332	995	1,332	995
Legal expenses	59	98	59	98
Operating lease rental	2,214	2,231	2,214	2,231
Repairs and maintenance - computer and office equipment	293	133	293	133
RTEO service fees	-	-	19,412	19,607
Other supplies and services	914	431	906	429
Total supplies and services	9,775	10,612	29,178	30,217

Notes to the Financial Statements

for the year ended 30 June 2019

	Group		Parent	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
7. Depreciation and amortisation				
Depreciation and amortisation were incurred in respect of:				
Plant and equipment	95	18	95	18
Computer equipment	-	99	-	99
Leasehold improvements	275	275	275	275
Intangible assets				
Internally generated software	1,183	1,181	1,183	1,181
Purchased software	10	10	10	10
Total depreciation and amortisation	1,563	1,583	1,563	1,583

8. Other expenses

External audit fees *	37	36	34	32
Internal audit fees	62	141	62	141
Bad and impaired debts	68	65	68	65
Special payments **	-	7	-	7
Insurance premiums	23	72	23	72
Total other expenses	190	314	187	310

* Total external audit fees paid to QAO relating to the 2018–19 financial year are estimated to be \$36,500 for the group (2018: \$35,550 for the group). There are no non-audit services included in this amount.

** Special payments represent ex gratia expenditure and other expenditure that the RTA is not contractually or legally obligated to make to other parties. An individual was paid \$7,000 for the settlement of an employment matter. No special payments were made during 2018–19.

9. Key management personnel and remuneration expenses

(a). Key management personnel

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

The following details for non-ministerial executive management personnel include those positions that had authority and responsibility for planning, directing and controlling the activities of the RTA and its controlled entity during 2018–19.

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

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

In October 2018 RTA launched the Roadmap for Success to map its journey for the next three years. In implementing the Roadmap, an organisational reshape occurred with the creation of new operating divisions and appointment of the new executive leaders. Director – Strategy and Innovation, Director – Customer Experience and Director – People and Culture joined the Chief Digital Officer and the Chief Financial Officer on the Executive Leadership Team. The positions Director Policy and Stakeholder Engagement and the Director Service Delivery ceased in November 2018.

Notes to the Financial Statements

for the year ended 30 June 2019

9. Key management personnel and remuneration expenses (continued)

(a). Key management personnel (continued)

Position and responsibilities	Changes to positions	
	2019	2018
<p>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.</p>	Current role	Current: from 30/4/18 Acting: 19/2/18 – 27/4/18 Ceased: 16/2/18
<p>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.</p>	Current role	Current: from 2/11/15 Acting: 19/2/18 – 27/4/18
<p>Chief Digital Officer Manages all information technology and recordkeeping requirements, business systems and applications in partnership with managed services provider Idea 11, and provides business intelligence and smart digital solutions to facilitate strategic direction and priorities.</p>	New role Current: from 23/7/18	
<p>Director – Customer Experience Leads all customer-facing teams including Contact Centre, Transaction Centre and Dispute Resolution to encourage customer excellence practices with a strong focus on meeting customers' expectations.</p>	New role Current: from 15/11/18	
<p>Director – Strategy and Innovation Supports the strategic direction and priorities of the business through managing relationships with government stakeholders and overseeing the framework and delivery of a portfolio of projects and business improvement initiatives.</p>	New role Current: from 12/11/18	
<p>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.</p>	New role Current: from 12/11/18	
<p>Director – Policy and Stakeholder Engagement Led the Policy and Stakeholder Engagement team, undertaking policy development and research, proactive community education and compliance activities and stakeholder engagement. Position ceased 16/11/18.</p>	Ceased: 16/11/18	
<p>Director – Service Delivery Headed the RTA's Service Delivery division that comprised of 4 business units which included the Contact Centre, Support, Dispute Resolution and Quality and Training. Position ceased 4/11/18.</p>	Ceased: to 14/11/18	Acting: from 30/10/17 Ceased: 3/11/17
<p>A/IT Director Responsible for the RTA's information, communication and technology strategies, driving the use of enabling technologies to deliver innovative digital solutions for the RTA. Position ceased 23/7/18.</p>	Ceased: 23/7/18	Current: from 5/3/18

Notes to the Financial Statements
for the year ended 30 June 2019

9. Key management personnel and remuneration expenses (continued)

(a). Key management personnel (continued)

Position and responsibilities	Changes to positions	
	2019	2018
<p>Manager – Transaction Centre Oversees the RTA's provision of a rental bond custodial service including the processing of all bond lodgements and refunds. As at 14 May 2018 this position was no longer considered a key management personnel position.</p>		Ceased: 14/05/18
<p>Chief Information Officer Responsible for the RTA's information, communication and technology strategies, driving the use of enabling technologies to deliver innovative digital solutions for the RTA. Position ceased 1/03/18.</p>		Acting: 21/09/17 – 1/03/18 Ceased: 22/09/17

(b) Remuneration

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 appointed to the RTA on a fixed three year contract effective from 30 April 2018.

For the 2018–19 year, the remuneration of key executive management personnel did not have an increase (2017–18 2.5%) for Senior Officers and for Senior Executive Services, in accordance with government directives.

The remuneration packages for key executive management personnel comprises the following: –

- 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.

Notes to the Financial Statements
for the year ended 30 June 2019

9. Key management personnel and remuneration expenses (continued)

(b) Remuneration (continued)

1 July 2018 – 30 June 2019

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	287	-	7	33	-	327
Chief Financial Officer	194	-	5	21	-	220
Chief Digital Officer	182	-	4	20	-	206
Director – Strategy and Innovation	86	-	2	11	-	99
Director – People and Culture	87	-	2	11	-	100
Director – Customer Experience ¹	112	-	3	13	-	128
A/IT Director ²	-	-	-	-	-	-
Director – Service Delivery	47	-	1	6	-	54
Director – Policy and Stakeholder Engagement	68	-	2	8	-	78
Total	1,063	-	26	123	-	1,212

¹ – Multiple resources were assigned to the role of Director of Customer Experience during transformational change.

² – The A/IT Director was engaged as a contractor via a temporary agency arrangement and is not an employee of the RTA or its controlled entity. Total amount paid for the A/IT Director's services was \$24K for the 2018–19 financial year.

Notes to the Financial Statements
for the year ended 30 June 2019

9. Key management personnel and remuneration expenses (continued)

(b) Remuneration (continued)

1 July 2017 – 30 June 2018

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 ¹	293	-	8	33	-	334
Chief Financial Officer ¹	162	-	4	18	-	184
Chief Information Officer ¹	114	-	3	13	-	130
A/IT Director ²	-	-	-	-	-	-
Director – Policy and Stakeholder Engagement ³	142	18	4	17	-	181
Director – Service Delivery ¹	135	-	3	17	-	155
Manager – Transaction Centre ¹	104	-	2	13	-	119
Total	950	18	24	111	-	1,103

¹ – Total remuneration shown is for the total position over the 2017–18 financial year. Refer to Note 9(a) for further information about the length of service of the current and previous incumbents.

² – The A/IT Director was engaged as a contractor via a temporary agency arrangement and is not an employee of the RTA or its controlled entity. Total amount paid for the A/IT Director's services was \$98K for the 2017–18 financial year. Refer to Note 9(a) for additional information.

³ – The Director received education benefits subject to fringe benefits tax.

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

For the 2018–19 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 2019

10. 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	
			2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Mr Paul Melville (Chair) ¹	May 2017		51	39	51	39
Mr Stephen Ryan	Nov 2016		21	21	21	21
Ms Sally Watson	Nov 2016		21	21	21	21
Ms Janet Benson	May 2017		21	23	21	23
Ms Rachel Watson	Dec 2017		21	10	21	10
Ms Christine Castley ²	Dec 2017		-	-	-	-
Ms Deborah Duffy ³	Dec 2017		21	18	21	18
Ms Catherine Sinclair (Chair) ⁴	Apr 2013	Oct 2017	-	18	-	18
Ms Penny Gillespie	Nov 2013	Oct 2017	-	7	-	7
Total Board member payments			156	157	156	157

The 2018–19 Board fees included fees of \$141,514 plus superannuation of \$14,486. The 2017–18 Board fees included fees of \$143,116 plus superannuation of \$13,873.

¹ – Paul Melville was a Director from May 2017 but commenced as the Chair from 21 December 2017.

² – Christine Castley was appointed to the Board from 21 December 2017. As Ms Castley is a public sector employee she will not receive remuneration as a Director of the RTA while she remains employed in the public sector.

³ – Deborah Duffy had been previously appointed as a Director between April 2010 and October 2017.

⁴ – Catherine Sinclair ceased being the Chair when she ceased being a Director effective from 25 October 2017.

(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.

Notes to the Financial Statements

for the year ended 30 June 2019

11. Related party disclosures

During the year, the RTA paid service fee income to its controlled entity, the RTEO, of \$19,411,950 (2018: \$19,607,000).

For the 2018–19 financial year there were no other related party transactions.

12. Cash and cash equivalents

Cash at bank

Queensland Treasury Corporation (QTC)

Term deposits

Total cash and cash equivalents

Group		Parent	
2019	2018	2019	2018
\$'000	\$'000	\$'000	\$'000
3,354	1,831	3,323	1,763
71,376	37,330	71,376	37,330
-	21,500	-	21,500
74,730	60,661	74,699	60,593

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.

Notes to the Financial Statements
for the year ended 30 June 2019

	Group		Parent	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Managed funds – QIC	880,759	841,733	880,759	841,733
Total other financial assets	880,759	841,733	880,759	841,733

Represented by:

QIC investment products as at 30 June 2019	Group and Parent			
	Annual average return on investments	Treasurer approved strategic asset allocation parameter	Actual Allocation	Amount \$'000
QIC Bond Plus Fund	3.78%	10% – 30%	20.19%	177,839
QIC Cash Enhanced Fund	2.57%	0% – 60%	13.06%	114,964
QIC Global Credit Fund	5.05%	10% – 45%	38.99%	343,419
QIC Global Credit Opportunities Fund	-0.89%	0% – 20%	0.18%	1,572
QIC Growth Fund	7.15%	0% – 30%	10.48%	92,316
QIC Property Fund	4.10%	5% – 20%	17.10%	150,649
Total Portfolio	4.56%		100.00%	880,759

QIC investment products as at 30 June 2018	Group and Parent			
	Annual average return on investments	Treasurer approved strategic asset allocation parameter	Actual Allocation	Amount \$'000
QIC Bond Plus Fund	2.98%	0% – 45%	19.44%	163,658
QIC Cash Enhanced Fund	2.20%	0% – 100%	21.93%	184,567
QIC Global Credit Fund	1.35%	0% – 45%	39.96%	336,324
QIC Global Credit Opportunities Fund	-8.59%	0% – 20%	0.19%	1,629
QIC Property Fund	7.95%	0% – 20%	18.48%	155,555
Total Portfolio	2.95%		100.00%	841,733

Accounting policy – other financial assets

Managed funds, managed by fund manager QIC, are generally available at call. These investments are held at market value in a portfolio of five 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 14 for further information regarding the RTA's fair value accounting policies.

Notes to the Financial Statements

for the year ended 30 June 2019

14. 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 2019 Amount \$'000	30 June 2018 Amount \$'000	Fair value hierarchy category
QIC investment products as at 30 June 2019			
QIC Bond Plus Fund	177,839	163,658	Level 2
QIC Cash Enhanced Fund	114,964	184,567	Level 2
QIC Global Credit Fund	343,419	336,324	Level 2
QIC Global Credit Opportunities Fund	1,572	1,629	Level 2
QIC Growth Fund	92,316	-	Level 2
QIC Property Fund	150,649	155,555	Level 3
Total Portfolio	880,759	841,733	

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 2019

	Group		Parent	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
15. Receivables				
Debtors	215	107	141	109
Less: allowance for expected credit losses	(73)	(13)	(73)	(13)
	142	94	68	96
Accrued interest revenue	141	281	141	281
GST receivable	133	98	133	98
Total receivables	416	473	342	475

	Group		Parent	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
16. Other assets				
Current				
Prepayments	253	133	253	133
Total current	253	133	253	133
Non current				
Prepayments	54	10	54	10
Total non current	54	10	54	10
Total other assets	307	143	307	143

Notes to the Financial Statements
for the year ended 30 June 2019

	Group		Parent	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
17. Intangible assets				
Software purchased: at cost				
Gross	750	750	750	750
Less: accumulated amortisation	(676)	(666)	(676)	(666)
	74	84	74	84
Software internally generated: at cost				
Gross	15,267	14,607	15,267	14,607
Less: accumulated amortisation	(6,201)	(5,018)	(6,201)	(5,018)
	9,066	9,589	9,066	9,589
Work in progress: at cost				
Gross	21	-	21	-
Total intangible assets	9,161	9,673	9,161	9,673

Intangible assets reconciliation

	Software internally generated	Software purchased	Software work in progress	Total
	\$'000	\$'000	\$'000	\$'000
	Group and Parent			
	\$'000	\$'000	\$'000	\$'000
2019				
Carrying amount at 1 July 2018	9,589	84	-	9,673
Acquisitions	660	-	21	681
Amortisation	(1,183)	(10)	-	(1,193)
Impairment losses recognised in operating deficit *	-	-	-	-
Carrying amount at 30 June 2019	9,066	74	21	9,161
2018				
Carrying amount at 1 July 2017	10,770	94	1,087	11,951
Acquisitions	-	-	-	-
Amortisation	(1,181)	(10)	-	(1,191)
Impairment losses recognised in operating deficit *	-	-	(1,087)	(1,087)
Carrying amount at 30 June 2018	9,589	84	-	9,673

* Impairment loss expense for the 2018–19 year is \$nil. (2018: \$1,086,976). Impairment loss expense for the prior year was the Client Portal work in progress due to previously capitalised development costs that were no longer being utilised by the organisation.

Notes to the Financial Statements

for the year ended 30 June 2019

17. 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 2019

	Group		Parent	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
18. Property, plant and equipment				
Property, plant and equipment: at cost				
Gross	4,459	4,386	4,459	4,386
Less: accumulated depreciation	(4,129)	(3,759)	(4,129)	(3,759)
	330	627	330	627
Total property, plant and equipment	330	627	330	627

Property, plant and equipment reconciliation

	Plant and equipment		Total
	Group and Parent		
	\$'000	\$'000	
2019			
Carrying amount at 1 July 2018	627	627	
Acquisitions	73	73	
Depreciation	(370)	(370)	
Carrying amount at 30 June 2019	330	330	
2018			
Carrying amount at 1 July 2017	1,003	1,003	
Acquisitions	16	16	
Depreciation	(392)	(392)	
Carrying amount at 30 June 2018	627	627	

18. Property, plant and equipment (continued)

Accounting policy – recognition and acquisition

Basis of capitalisation and recognition thresholds

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

Plant and equipment 5,000

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

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

Accounting policy – cost of acquisition

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

Accounting policy – depreciation expense

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

Key judgement:

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

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

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

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

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

Key estimate: depreciation rates

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

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

Notes to the Financial Statements
for the year ended 30 June 2019

	Group		Parent	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
19. Payables				
Current Payables				
Trade creditors	1,611	795	1,494	722
Payables to RTEO	-	-	4,357	3,997
	1,611	795	5,851	4,719
Rental bonds and unclaimed monies				
Rental bonds *	899,826	858,017	899,826	858,017
Unclaimed bond monies **	15,435	14,535	15,435	14,535
	915,261	872,552	915,261	872,552
Operating lease payable				
Operating lease payable ***	181	137	181	137
	181	137	181	137
Total current	917,053	873,484	921,293	877,408
Non current				
Operating lease payable				
Operating lease payable **	-	181	-	181
Total non current	-	181	-	181
Total payables	917,053	873,665	921,293	877,589

* Includes unclaimed bond monies up to 15 months from when the payment was made, 2019 \$2,841,800 (2018: \$2,076,449).

** Under s151 of the RTRA Act when a rental bond claim has not been presented within 15 months it is classified as unclaimed bond monies.

*** Relates to the operating lease agreement for the RTA's current premises, 179 Turbot St, Brisbane. The lease agreement ends in April 2020 with an extension being exercised to take the total lease agreement out to 31 August 2021.

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 – lease liabilities

A distinction is made in the financial statements between finance leases that effectively transfer from the lessor to the lessee substantially all risks and benefits incidental to ownership, and operating leases, under which the lessor retains substantially all risks and benefits.

The RTA has no finance leases.

Operating lease expenditure is recognised on a straight-line basis over the term of the lease. The difference between actual lease payments in accordance with the lease agreement and the expenditure recorded under the above policy is recorded as an operating lease payable.

Notes to the Financial Statements
for the year ended 30 June 2019

19. Payables (continued)

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.

Unclaimed monies represent payments (including cheque and electronic) issued and returned or still un-presented. 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.

	Group		Parent	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
20. Accrued employee benefits				
Current				
Annual leave	1,351	1,281	16	4
Long service leave	1,942	1,605	7	-
Accrued wages	320	369	1	10
Time off in lieu (TOIL)	13	7	-	-
Total current	3,626	3,262	24	14
Non current				
Long service leave	745	743	2	1
Total non current	745	743	2	1
Total accrued employee benefits	4,371	4,005	26	15

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.

21. 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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Notes to the Financial Statements
for the year ended 30 June 2019

22. 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	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Financial assets				
Financial assets measured at fair value through profit and loss:				
Cash and cash equivalents	74,730	60,661	74,699	60,593
Other financial assets	880,759	841,733	880,759	841,733
Financial assets measured at amortised cost:				
Receivables	416	473	342	475
Total financial assets	955,905	902,867	955,800	902,801
Financial liabilities				
Financial liabilities measured at amortised cost:				
Payables	1,611	795	5,851	4,719
Rental bonds and unclaimed monies	915,261	872,552	915,261	872,552
Operating lease payable	181	318	181	318
Total financial liabilities	917,053	873,665	921,293	877,589

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

Accounting policy – financial instruments: recognition and classification

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

(b) Financial risk management

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

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

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

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

Notes to the Financial Statements

for the year ended 30 June 2019

22. Financial instruments (continued)

(b) Financial risk management (continued)

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

Risk exposure	Credit risk
Definition	Credit risk exposure refers to the situation where the RTA may incur financial loss as a result of 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 15), cash and cash equivalents (Note 12) and other financial assets (Note 13). 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 22(a) represents the group's maximum exposure to credit risk at 30 June 2019. 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 23 November 2004.</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>No financial assets are past due as at 30 June 2019 (2018: \$nil).</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 19a), rental bonds and unclaimed monies (Note 19b) and operating lease payable (Note 19c).
Risk management strategies	<p>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.</p>
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. 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 13).</p> <p>The RTA is also exposed to interest rate risk through its cash deposited in interest bearing accounts (Note 12).</p>
Risk management strategies	The RTA manages its exposure to market risk on investments through compliance with the SBFA Act Queensland Treasury Guidelines and a formal investment policy approved by the RTA Board. The Treasurer must approve through Section 61A of the SBFA Act the strategic asset allocation parameters. The Treasurer approved the RTA to appoint QIC as its fund manager under section 59 of the SBFA Act on 23 November 2004.

Notes to the Financial Statements
for the year ended 30 June 2019

22. 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:			
		≤ 1 year	> 1 year ≤ 5 years	> 5 years	Total
	Notes	\$'000	\$'000	\$'000	\$'000
2019					
Financial liabilities					
Payables	19	1,611	-	-	1,611
Rental bonds and unclaimed monies	19	915,261	-	-	915,261
Operating lease payable	19	181	-	-	181
Total financial liabilities		917,053	-	-	917,053
2018					
Financial liabilities					
Payables	19	795	-	-	795
Rental bonds and unclaimed monies	19	872,552	-	-	872,552
Operating lease payable	19	137	181	-	318
Total financial liabilities		873,484	181	-	873,665

Notes to the Financial Statements
for the year ended 30 June 2019

22. Financial instruments (continued)

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

		Parent			
		Payable in:			
		≤ 1 year	> 1 year ≤ 5 years	> 5 years	Total
	Notes	\$'000	\$'000	\$'000	\$'000
2019					
Financial liabilities					
Payables	19	5,851	-	-	5,851
Rental bonds and unclaimed monies	19	915,261	-	-	915,261
Operating lease payable	19	181	-	-	181
Total financial liabilities		921,293	-	-	921,293
2018					
Financial liabilities					
Payables	19	4,719	-	-	4,719
Rental bonds and unclaimed monies	19	872,552	-	-	872,552
Operating lease payable	19	137	181	-	318
Total financial liabilities		877,408	181	-	877,589

Notes to the Financial Statements
for the year ended 30 June 2019

22. 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. To reflect a similar assessment for the purpose of this report, with all other variables held constant, if the average investment return across the complete portfolio had varied +20 or - 50 basis points for the 2018–19 year, the outcome for the RTA and its controlled entity is summarised in the table below:

	Carrying amount	Operating surplus/ (deficit)	Equity	Operating surplus/ (deficit)	Equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Group and Parent					
Return on earnings basis points					
		50 pts less than actual		20 pts greater than actual	
2019 Market risk					
Investment earning variation	880,759	(4,404)	(4,404)	1,762	1,762
Actual result		8,639	44,279	8,639	44,279
Changed result		4,235	39,875	10,401	46,041
Return on earnings basis points					
		50 pts less than actual		20 pts greater than actual	
2018 Market risk					
Investment earning variation	841,733	(4,209)	(4,209)	1,683	1,683
Actual result		(7,889)	35,640	(7,889)	35,640
Changed result		(12,098)	31,431	(6,206)	37,323

23. Contingencies

The RTA and its controlled entity are not aware of any contingent assets or liabilities at reporting date or at the date of this financial report.

Notes to the Financial Statements

for the year ended 30 June 2019

24. Commitments

(a) Capital commitments

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

(b) Finance lease commitments

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

(c) Non-cancellable operating lease commitments

Commitments under operating leases at reporting date are inclusive of anticipated GST and are payable as follows:

<u>Total Future Minimum Lease Payments</u>				
Not later than one year	2,710	2,607	2,710	2,607
Later than one year and not later than 5 years	3,301	6,012	3,301	6,012
Later than 5 years	-	-	-	-
	6,011	8,619	6,011	8,619

In 2009–10, the RTA entered into an office accommodation operating lease agreement for its current premises, 179 Turbot St, Brisbane.

The lease agreement is for a term of 10 years and two months with a further term option of three years. A 1 year extension option was exercised which takes the expected life of the operating lease out to 31 August 2021. Lease payments are fixed with allowance for a fixed percentage escalation on each anniversary of the commencement date of the agreement. The lease contains no restrictions on financing or other leasing activities.

The RTA has no option to purchase the leased item at the conclusion of the lease although the lease provides for a right of renewal at which time the lease terms are renegotiated.

25. Events occurring after balance date

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

Notes to the Financial Statements

for the year ended 30 June 2019

26. Future impact of accounting standards not yet effective

At the date of authorisation of the financial report, the expected impacts of new or amended Australian Accounting Standards issued but with future effective dates are set out below:

AASB 1058 Income of Not-for-Profit Entities and AASB 15 Revenue from Contracts with Customers

These standards will first apply to the RTA's financial statements for 2019–20.

The RTA has analysed the new revenue recognition requirements under these standards and no material impacts are expected based on the type of revenue the RTA earns.

Only minor amendments to accounting policy disclosures will be required in respect of the RTA's revenue.

AASB 16 Leases

The new standard, will first apply to the RTA from its financial statements for 2019-20. When applied, the standard supersedes *AASB 117 Leases*, *AASB Interpretation 4 Determining whether an Arrangement contains a lease*, *AASB 115 Operating Leases – Incentives* and *AASB Interpretation 127 Evaluating the Substances of Transactions Involving the Legal Form of a Lease*.

Impact for Lessees

Under AASB 16, the majority of operating leases (as defined by the current AASB 117 and shown at Note 24) will be reported on the statement of financial position as a right-of-use asset and lease liability.

The right-of-use asset will be initially recognised at cost, consisting of the initial amount of the associated lease liability, plus any lease payments made to the lessor at or before the effective date, less any lease incentive received, the initial estimate of restoration costs and any initial direct costs incurred by the lessee. The right-of-use asset will give rise to a depreciation expense.

The lease liability will initially be recognised at an amount equal to the present value of the lease payments during the lease term that are not yet paid. Current operating lease rental payments will no longer be expensed in the Statement of Comprehensive Income. They will be apportioned between a reduction in the recognised lease liability and the implicit finance change (the effective rate of interest) in the lease. The finance cost will also be recognised as an expense.

AASB 16 allows a 'cumulative approach' rather than a full retrospective application to recognising existing operating leases. In accordance with Queensland Treasury's policy, the RTA will apply the cumulative approach and, will not need to restate the comparative information. Instead, the cumulative effect of applying the standard is recognised as an adjustment to the opening balance of accumulated surplus at the date of initial application.

Outcome of review as lessee

The RTA has completed its review of the impact of adoption of AASB 16 on the statement of financial position and statement of comprehensive income and identified the following major impacts which are outlined below.

The RTA has quantified the transitional impact on the financial position and statement of comprehensive income of all qualifying lease arrangements that will be recognised on balance sheet under AASB 16, as follows;

- Statement of financial position impact on 1 July 2019:
 - \$5,234,273 increase in lease liability
 - \$3,745,829 increase in right-of-use asset
 - \$1,338,611 decrease in opening accumulated surplus
 - \$180,883 decrease in operating lease liability
- Statement of comprehensive income impact expected for the 2019-20 financial year, as compared to 2018–19:
 - \$1,797,996 increase in depreciation and amortisation expense
 - \$102,013 increase in interest expense
 - \$2,196,447 decrease in rent expenses
 - This results in a net decrease of \$296,438 decrease in total expenses.

These amounts are only related to the lease of premises at 179 Turbot Street as it was the only identified material lease under AASB 16.

Notes to the Financial Statements

for the year ended 30 June 2019

27. 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 2019

28. Budgetary reporting disclosures

Statement of Comprehensive Income

		Original budget 2019	Actual 2019	Variance
	Variance notes	\$'000	\$'000	\$'000
Income				
Investment revenue	1	26,626	40,295	(13,669)
Other revenue		24	15	9
Total income		26,650	40,310	(13,660)
Expenses				
Employee expenses	2	22,661	20,143	2,518
Supplies and services	3	10,911	9,775	1,136
Depreciation and amortisation		1,556	1,563	(7)
Other expenses		85	190	(105)
Total expenses		35,213	31,671	3,542
Operating result for the year		(8,563)	8,639	(17,202)
Other Comprehensive Income		-	-	-
Total Operating Result		(8,563)	8,639	(17,202)

Notes to the Financial Statements
for the year ended 30 June 2019

28. Budgetary reporting disclosures (continued)

Statement of Financial Position

		Original budget 2019	Actual 2019	Variance
	Variance notes	\$'000	\$'000	\$'000
Current assets				
Cash and cash equivalents	4	44,586	74,730	30,144
Other financial assets		866,547	880,759	14,212
Receivables		449	416	(33)
Other current assets		487	253	(234)
Total current assets		912,069	956,158	44,089
Non current assets				
Intangible assets		9,569	9,161	(408)
Property, plant and equipment		417	330	(87)
Other non current assets		105	54	(51)
Total non current assets		10,091	9,545	(546)
Total assets		922,160	965,703	43,543
Current liabilities				
Payables	5	1,758	1,611	147
Rental bonds and unclaimed monies		888,534	915,261	(26,727)
Operating lease payable		181	181	-
Accrued employee benefits	6	3,187	3,626	(439)
Total current liabilities		893,660	920,679	(27,019)
Non current liabilities				
Accrued employee benefits		838	745	93
Total non current liabilities		838	745	93
Total liabilities		894,498	921,424	(26,926)
Net assets		27,662	44,279	16,617
Equity				
Accumulated surplus		27,662	44,279	16,617
Total equity		27,662	44,279	16,617

Notes to the Financial Statements
for the year ended 30 June 2019

28. Budgetary reporting disclosures (continued)

Statement of Cash Flows

		Original budget 2019	Actual 2019	Variance
	Variance notes	\$'000	\$'000	\$'000
Cash flows from operating activities				
Inflows				
Interest income	7	1,499	1,715	(216)
Bond lodgements		412,560	419,196	(6,636)
Other operating receipts		12	15	(3)
GST collected from customers		-	1	(1)
GST refunds received	8	1,022	949	173
Outflows				
Bond claims		(386,103)	(376,488)	(9,615)
Employee expenses	9	(23,433)	(19,778)	(3,655)
Supplies and services	10	(10,024)	(9,367)	(657)
Other expenses		(200)	(130)	(70)
GST paid to suppliers	11	(1,022)	(985)	(37)
Net cash provided by/(used in) operating activities		(5,689)	15,128	(20,817)
Cash flows from investing activities				
Inflows				
Investments redeemed		25,127	34,695	(9,568)
Outflows				
Payments for property, plant and equipment		(87)	(73)	(14)
Payments for intangibles	12	-	(660)	660
Payments for work in progress		-	(21)	21
Payments for investments	13	(50,627)	(35,000)	(15,627)
Net cash provided by/(used in) investing activities		(25,587)	(1,059)	(24,528)
Net increase/(decrease) in cash and cash equivalents		(31,276)	14,069	(45,345)
Cash and cash equivalents at beginning of financial year		75,862	60,661	15,201
Cash and cash equivalents at end of financial year		44,586	74,730	(30,144)

Notes to the Financial Statements

for the year ended 30 June 2019

28. Budgetary reporting disclosures (continued)

Explanations of major variances

Statement of Comprehensive Income

1 Investment revenue	The RTA experienced a significant growth in investment returns. The result of this has been an increase in returns from a budgeted 3% to an actual return of 4.56%. The RTA made an initial investment of \$88M in the QIC Growth Fund in October 2018.
2 Employee expenses	The RTA is undergoing a journey of transformation to modernise and implement greater business efficiencies. The reshape of the RTA's organisational structure has built staff capability resulting in vacant roles no longer required. FTE finished at 201 against a budgeted 220.
3 Supplies and services	RTA's cost reduction included contract reviews and renegotiations with suppliers to engage in more value for money services. This, along with the reduction of mail and printing costs from implementing more online services, have all contributed to a saving in supplies and services.

Statement of Financial Position

4 Cash and cash equivalents	With an increase in investment returns, the RTA has been able to accumulate additional cash reserves, refer to note 1 above.
5 Payables	Due to less expenses being incurred, the RTA has a lower than budgeted payables amount, refer to note 3 above.
6 Employee benefits	Employee benefits are higher than budgeted due to higher leave balances than budgeted.

Statement of Cash Flows

7 Interest Income	Interest income has increased due to increased cash reserves invested during the year, refer to note 4 above.
8 GST refunded	Movements in GST are in line with reduced expenditure.
9 Employee expenses	Reduced FTE has resulted in less cash payments for employee expenses, refer to note 2.
10 Supplies and services	Cash outflows for suppliers were lower than budgeted due to a reduction in expenditure, refer note 3 above.
11 GST paid to suppliers	GST payments have decreased in line with the reduction in expenses incurred with the RTA's suppliers, refer to note 9 above.
12 Payments for intangibles	The Digital Strategic Plan prioritised the investment in the building of new online forms. On June 24, 2019 the first form went live and the cost of this development has been capitalised. This investment was not included in the original budget.
13 Payments for investments	The RTA held additional cash reserves in QTC in order to maximise revenue.

Management Certificate

for the year ended 30 June 2019

This consolidated general purpose financial report has been prepared pursuant to section 62(1) of the *Financial Accountability Act 2009* (Qld) (the Act), section 43 of the *Financial and Performance Management Standard 2009* 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 2019 and of the financial position of the Authority and its controlled entities at the end of that year.
- (c) these assertions are based on an appropriate system of internal controls and risk management processes being effective, in all material respects, with respect to financial reporting throughout the reporting period.



Jennifer Smith
Chief Executive Officer



Paul Melville
Chairperson, RTA Board

28/08/2019



INDEPENDENT AUDITOR'S REPORT

To the Board of the Residential Tenancies Authority

Report on the audit of the financial report

Opinion

I have audited the accompanying financial report of the Residential Tenancies Authority (the parent) and its controlled entity (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 2019, 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 2009 and Australian Accounting Standards.

The financial report comprises the statements of financial position as at 30 June 2019, the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, notes to the financial statements including summaries of significant accounting policies and other explanatory information, and the certificate given by the Chief Executive Officer and the Chairperson.

Basis for opinion

I conducted my audit in accordance with the *Auditor-General of Queensland 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 of Queensland 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 2019, but does not include the financial report and my auditor's report thereon.

The Board is responsible for the other information.

My opinion on the financial report does not cover the other information and accordingly I do not express any form of assurance conclusion thereon.

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 2009 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, but not for expressing an opinion on the effectiveness of the parent's and group's internal control.
- 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.

Report on other legal and regulatory requirements

In accordance with s.40 of the *Auditor-General Act 2009*, for the year ended 30 June 2019:

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

Melissa Fletcher
as delegate of the Auditor-General

30 August 2019
Queensland Audit Office
Brisbane

Compliance checklist

	Summary of requirement	Basis for requirement	Annual Report reference
Letter of compliance	A letter of compliance from the accountable officer or statutory body to the relevant Minister/s	ARRs – section 7	2
Accessibility	Table of contents	ARRs – section 9.1	3
	Glossary		88
	Public availability	ARRs – section 9.2	3
	Interpreter service statement	<i>Queensland Government Language Services Policy</i> ARRs – section 9.3	3
	Copyright notice	<i>Copyright Act 1968</i> ARRs – section 9.4	3
	Information licensing	<i>QGEA – Information Licensing</i> ARRs – section 9.5	3
General information	Introductory information	ARRs – section 10.1	6
	Machinery of Government changes	ARRs – section 10.2, 31 and 32	n/a
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FAA *Financial Accountability Act 2009*

FPMS *Financial and Performance Management Standard 2019*

ARRs *Annual Report requirements for Queensland Government agencies*

GLOSSARY – ACRONYMS AND ABBREVIATIONS

ABS	Australian Bureau of Statistics
ARAMA	Australian Resident Accommodation Managers Association
ARC	Audit and Risk Committee
CC	Consultative Committee
CPAQ	Caravan Parks Association of Queensland
DHPW	Department of Housing and Public Works
EEO	Equal Employment Opportunity
FPMS	Financial and Performance Management Standard 2019 (effective 1 September 2019)
FTE	Fulltime Equivalent (staff)
IP Act	<i>Information Privacy Act 2009</i>
OFT	Office of Fair Trading
PMSC	Portfolio Management Steering Committee
POAQ	Property Owners' Association of Queensland
QCAT	Queensland Civil and Administrative Tribunal
QIC	Queensland Investment Corporation
QPS	Queensland Police Service
Q Shelter	Queensland Shelter
QTC	Queensland Treasury Corporation
REIQ	Real Estate Institute of Queensland
RTA	Residential Tenancies Authority
RTEO	Residential Tenancies Employing Office
RTI Act	<i>Right to Information Act 2009</i>
RTRA Act	<i>Residential Tenancies and Rooming Accommodation Act 2008</i>
SDS	Service Delivery Statement

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