



Residential Tenancies Authority

ANNUAL REPORT

2017–18

RESIDENTIAL TENANCIES AUTHORITY 2017–18 ANNUAL REPORT ACCESSIBILITY

Communication objective

This Annual Report provides information about the financial and non-financial performance of the *Residential Tenancy Authority (RTA) for 2017–18* in accordance with the *Financial Accountability Act 2009*, the *Financial and Performance Management Standard 2009* and *Annual Report requirements for Queensland Government agencies*, 14 June 2018.

It has been prepared for the Minister for Housing and Public Works, Minister for Digital Technology and Minister for Sport, the Honourable Mick de Brenni MP, to submit to Parliament in accordance with timeframes established within the requirements. It is designed to meet the needs of stakeholders including the Australian and local governments, industry and business associations, community groups, academia and staff.

The report records the RTA's significant achievements measured against the strategies and services detailed in the RTA's 2017–2021 Strategic Plan, 2017–18 business and divisional operational plans and the RTA Service Delivery Statement contained within the 2017–18 State Budget (Budget Paper 5).

Making our report accessible



The Queensland Government and the RTA are committed to providing accessible services to Queenslanders from culturally and linguistically diverse backgrounds. If you have difficulty in understanding this report, you can access the Translating and Interpreting Services via www.qld.gov.au/languages or by phoning 1300 366 311 and we will arrange an interpreter to communicate the report to you.

Additional online reporting

The following additional annual reporting requirements can be accessed through the Queensland Government Open Data website (<https://data.qld.gov.au>):

- Consultancies
- Overseas travel
- Queensland Language Services Policy.

Providing feedback

Readers are invited to comment on this report via email to annualreport@rta.qld.gov.au or by contacting the RTA Contact Centre on 1300 366 311.

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For more information on access and use visit: <https://www.qgcio.qld.gov.au/documents/information-access-and-use-policy-is33>

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To read the Residential Tenancies Authority Annual Report 2017–18 online visit: rta.qld.gov.au/annualreport

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Letter of compliance

24 September 2018

The Honourable Mick de Brenni MP
Minister for Housing and Public Works, Minister for Digital Technology, Minister for Sport

GPO Box 2457
Brisbane Qld 4001

Dear Minister

I am pleased to present the Annual Report 2017–18 and financial statements for the Residential Tenancies Authority (RTA).

I certify this Annual Report complies with:

- the prescribed requirements of the *Financial Accountability Act 2009* (Qld) and the *Financial and Performance Management Standard 2009* (Qld), and
- the detailed requirements set out in the *Annual Report requirements for Queensland Government agencies*.

A checklist outlining the annual reporting requirements is located on page 108 of this report.

Yours sincerely



Paul Melville
RTA Board Chair

Introducing the RTA

Our Vision

Renting that works
for everyone

More than a third of households in Queensland are rental properties – a significant sector contributing to the state’s economic and social wellbeing.

The RTA plays a pivotal role in maintaining the sector’s stability, supporting and regulating the activities of those who manage rental properties, and enabling all stakeholders to confidently navigate the legal rights and responsibilities governing the market.

Through client-focused services, we strive to balance the social and economic drivers of the sector, to maintain an environment where all parties in tenancy agreements are treated fairly and renting works for everyone.

Our purpose

As a Queensland Government statutory authority, we are an independent legal entity established by the *Residential Tenancies and Rooming Accommodation Act 2008* (the Act).

Our purpose is to administer the Act’s provisions and enable stakeholders, clients and the community to understand and comply with Queensland residential rental market regulations.

As well as providing stability for clients, a key function is to manage and safeguard more than half a million tenancy bonds. With bonds totalling in excess of \$855 million, the significance of the residential rental sector to the state’s socio-economic fabric is significant.

We are responsible to the Minister for Housing and Public Works, Minister for Digital Technology and Minister for Sport, the Honourable Mick de Brenni MP and governed by a Board of Directors appointed by the Governor in Council.

We provide all stakeholders with impartial free advice via accessible, flexible and targeted services.

To maintain integrity and balance in the sector, we provide statewide tenancy information and support, rental bond management, dispute resolution, compliance investigations and prosecutions, communication, education and stakeholder engagement services.

In Queensland, tenants’ rental bonds must be lodged with the RTA as a legal requirement. As a self-funded entity, the income we earn from investing these rental bonds pays our operating costs. We do not receive any funding from the state’s consolidated revenue.

Our stakeholders

We work with all of the sector’s stakeholders. We assist tenants, property owners and managers, residents and accommodation providers in rental matters concerning houses, flats, rooming accommodation, caravans and even boats. We do this every working day by helping the community to understand and comply with the Act; investigate regulation breaches, manage disputes and ensure proper process for rental bond management. We engage regularly with community advisory groups, industry peak bodies and Queensland Government agencies relevant to our clients to fulfil our strategic objectives and vision.

Our Values

- One Team – We are professional, respectful and work together with a shared goal
- Deliver – We make impartial decisions and own the outcomes
- Listen – We provide responsive, targeted client services
- Innovate – We are adaptable, flexible and embrace change



Chair's message



I am pleased to present this Annual Report highlighting the sustained efforts of the Residential Tenancies Authority (RTA). Significant contributions from the Board and all RTA staff have kept our focus on our vision – *Renting that works for everyone*.

The RTA has remained focused on implementing our strategic objectives to enhance client services, deliver lean systems, adapt our people and ensure business sustainability. We have continued to consolidate our systems and processes to expedite interactions with our clients. We have improved our contact centre call waiting times, introduced online services for staff and increased efforts to encourage compliance in the rental market through education and enforcement channels.

During 2017–18, the RTA provided 401,069 responses to phone calls received by our contact centre; 524,710 bonds were processed; 12,646 disputes resolved; 1,018 investigation cases finalised and 10 successful criminal prosecutions concluded in the Queensland Magistrates Courts. The achievement of efficiencies including system enhancements, cross-skilling of staff, real-time performance data and new dashboard reporting has improved our decision-making capability. We continue to develop our capability to enable a flexible and adaptable organisation that can keep pace with the economic and social impacts facing the sector.

The RTA looks forward to working with the Government on the *Renting in Queensland* initiative.

In a challenging prolonged environment of subdued investment returns, we are focused on investment and financial strategies to improve our revenue streams to cover operational costs. The 2017–18 low interest rate environment was a cause of the operating deficit in 2018 and we are working hard to turn that deficit around in coming years.

After seven and a half years of Board service, Real Estate Institute of Queensland Director (ret.), Deb Duffy was reappointed for a further three years. In October 2017,

we farewelled our long serving Chair, Catherine Sinclair and retiring member Penny Gillespie, both appointed in 2013. On behalf of the Board, I express our heartfelt thanks to Catherine and Penny for their dedication to making real changes that are beneficial for all of our clients and all Queenslanders. Two new Board members were appointed, Christine Castley and Rachel Watson, adding to our social dimension with their vast experience in housing policy and transformational change. We welcome their expertise, particularly in relation to the state's most vulnerable tenants and the issue of homelessness, both of which are key planks of the *Queensland Housing Strategy 2017–2027*. In February 2018, Darren Barlow, Chief Executive Officer for the past three years, departed after leading the RTA through a period of necessary change in systems and process.

I welcome and look forward to working with our new Chief Executive Officer, Jennifer Morgan. Jennifer brings to the RTA a broad range of experience in the private and public sectors including proven financial acumen, governance and executive leadership skills.

We appreciate the Honourable Mick de Brenni, Minister for Housing and Public Works, Minister for Digital Technology and Minister for Sport for his ongoing confidence in the Board, the leadership team and staff of the RTA. At a recent meeting with staff, the Minister expressed his satisfaction with our collective efforts to meet our clients' needs, particularly the dedicated work of our frontline call centre staff.

As Chair, I look forward to working with our Minister, Board, CEO, executive leadership team and staff to find ways to maintain and enhance all services to our clients. This is particularly so for young first-time renters, tenants seeking secure long-term accommodation arrangements and the property managers and owners who interact with them. In closing, I sincerely thank the RTA's staff members for their dedicated contribution and service to Queenslanders. They have embraced immense changes to become an agile and progressive workforce capable of delivering high-quality frontline service to our clients.

A handwritten signature in dark ink, appearing to read 'Paul Melville'. The signature is fluid and cursive.

Paul Melville

RTA Board Chair

CEO's message



It was with great pleasure that I accepted the role of the Chief Executive Officer of the RTA in April 2018. I would like to thank the Executive Leadership Team and all the staff at the RTA who have welcomed me into the organisation over the past months.

The RTA staff can take great satisfaction from the positive contribution they make to the lives of a vast number of Queenslanders who use our services for help and information with their residential tenancy matters.

Our clients have access to our contact centre. With nearly half a million phone calls received each year and over two million visits to our website, it is clear that the community places a high value on our services. I thank the RTA staff members for their dedicated efforts in assisting our clients.

In a world moving rapidly as a result of continuous innovation enabled by digital technologies, change is being viewed as normal. The RTA embraces the benefits that change can deliver. In the short time I have been Chief Executive Officer at the RTA, I have come to respect and admire the resilience of our staff during the ongoing journey of change and their continued dedicated efforts to improve our service to our clients.

The RTA staff provide valued information, advisory, education, dispute resolution and compliance services to tenants, property owners and property managers throughout Queensland. The value to the community is reflected in our client satisfaction survey figures for 2017–18, where 80.1 per cent (against a target of 75 per cent) of clients surveyed, rated the RTA at four, or five out of five, across all survey dimensions including delivery of call centre, dispute resolution and bond management services.

The RTA has significantly improved its service delivery capability over the year, with a 52 per cent reduction in average call waiting times from 4.8 to 2.3 minutes in our call centre and a 91.3 per cent success rate for bond refunds processed within two days.

Enhancements to our bond management system have improved our reporting and business intelligence capabilities. This has provided the RTA with an increased understanding and insight into our clients' needs and preferences for how business interactions could occur, and the communication channels that could be used in the future.

The RTA continues to work to raise the awareness of all the participants in the Queensland private rental market to ensure a high level of understanding of all our clients' rights and responsibilities. We continue to achieve this through active stakeholder engagement and education, combined with strategies to increase our digital reach.

I look forward to working with the staff, the Executive Leadership Team, the Board, the Minister, the Department of Housing and Public Works and our external stakeholders to ensure renting works for everyone and delivers sustainable and valued solutions.

I look forward to the year ahead.

Jennifer Morgan
RTA Chief Executive Officer

Our Strategic Plan 2017–21

Our vision

Renting that works
for everyone

Our values

One team – We are professional, respectful and work together with a shared goal

Deliver – We make impartial decisions and own the outcome

Listen – We provide responsive, targeted client services

Innovate – We are adaptable, flexible and embrace change

Our purpose

Empowering people to understand and comply with rental market regulations

Our functions

We support the sector and deliver high quality client services by:

- providing residential tenancy information and community education
- managing rental bonds
- resolving tenancy disputes
- engaging with stakeholders
- monitoring sector data and conducting research
- ensuring compliance with Queensland residential tenancy legislation.

Our commitment to the Queensland Government's objectives for the community

The RTA supports the government's commitment to deliver quality frontline services by providing responsive, targeted services that meet our clients' needs and balance the rights and responsibilities of all stakeholders in Queensland's residential rental sector.

Our risks

We manage key risks that may affect our ability to achieve our vision and purpose. Mitigation strategies are in place to manage risks that relate to our:

- client satisfaction
- business systems
- financial management
- stakeholder engagement
- data security

Our opportunities

We continually seek better ways to deliver our key objectives. To help make renting work for everyone we will support the residential rental sector, create opportunities to build strong connections with our stakeholders, and put our clients' needs first. Our opportunities include:

- improvements to the end-to-end client experience
- contributing to the *Queensland Housing Strategy 2017–2027*
- strengthening stakeholder engagement
- delivering digital engagement strategy
- continuous improvement to business processes

Our objectives and strategies

Lean systems

We will:

- deliver simple, cost-effective systems enabling great client services
- streamline business processes

Performance indicators

- Integrated, modern business systems support value-for-money, personalised client services
- Continual business process improvements and risk mitigation strategies implemented

Adaptive people

We will:

- support engaged people committed to the RTA's success
- foster development and innovation with a mobile, flexible and agile workforce

Performance indicators

- High levels of staff engagement within a high-performing culture that supports the capability to meet client service delivery needs
- Refocused learning and development strategies

Enhanced client service

We will:

- deliver secure online services that make renting easier for everyone
- sustain strong relationships with our stakeholders
- maintain our focus on education

Performance indicators

- Clients increasingly satisfied with our services
- Improved stakeholder understanding and engagement

Business sustainability

We will:

- deliver value-for-money services
- grow value through innovation and cost-base efficiency
- address financial sustainability

Performance indicators

- Increased revenue and expenditure controlled
- Innovative business development opportunities developed and investment strategies reinvigorated
- Productive government relationships



Our operating environment



Contact centre
phone enquiries

2013-14	2014-15	2015-16	2016-17	2017-18
414,793	408,630	405,916	413,775	401,069



New bond lodgements¹

2013-14	2014-15	2015-16	2016-17	2017-18
262,895	264,030	266,868	276,448	272,939








Number of bonds held²
(30 June)

2013-14	2014-15	2015-16	2016-17	2017-18
527,695	541,442	555,820	582,052	607,053



Value of bonds³
(\$'m 30 June)

2013-14	2014-15	2015-16	2016-17	2017-18
721.47	744.37	774.08	815.56	855.58

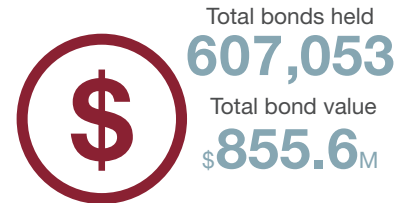
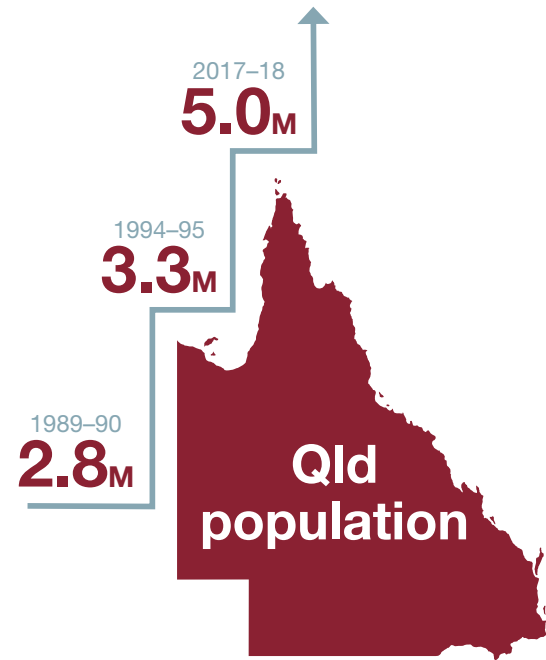
 <p>Investigations finalised⁴</p>	<table border="1"> <thead> <tr> <th>2013-14</th> <th>2014-15</th> <th>2015-16</th> <th>2016-17</th> <th>2017-18</th> </tr> </thead> <tbody> <tr> <td>728</td> <td>543</td> <td>690</td> <td>815</td> <td>1018</td> </tr> </tbody> </table>	2013-14	2014-15	2015-16	2016-17	2017-18	728	543	690	815	1018
2013-14	2014-15	2015-16	2016-17	2017-18							
728	543	690	815	1018							
 <p>Requests for dispute resolution</p>	<table border="1"> <thead> <tr> <th>2013-14</th> <th>2014-15</th> <th>2015-16</th> <th>2016-17</th> <th>2017-18</th> </tr> </thead> <tbody> <tr> <td>27,036</td> <td>26,197</td> <td>26,428</td> <td>27,405</td> <td>27,998</td> </tr> </tbody> </table>	2013-14	2014-15	2015-16	2016-17	2017-18	27,036	26,197	26,428	27,405	27,998
2013-14	2014-15	2015-16	2016-17	2017-18							
27,036	26,197	26,428	27,405	27,998							
 <p>Website visits⁵</p>	<table border="1"> <thead> <tr> <th>2013-14</th> <th>2014-15</th> <th>2015-16</th> <th>2016-17</th> <th>2017-18</th> </tr> </thead> <tbody> <tr> <td>1,639,653</td> <td>1,995,776</td> <td>2,305,020</td> <td>2,494,263</td> <td>2,219,609</td> </tr> </tbody> </table>	2013-14	2014-15	2015-16	2016-17	2017-18	1,639,653	1,995,776	2,305,020	2,494,263	2,219,609
2013-14	2014-15	2015-16	2016-17	2017-18							
1,639,653	1,995,776	2,305,020	2,494,263	2,219,609							
 <p>Rental sector data requests</p>	<table border="1"> <thead> <tr> <th>2013-14</th> <th>2014-15</th> <th>2015-16</th> <th>2016-17</th> <th>2017-18</th> </tr> </thead> <tbody> <tr> <td>214</td> <td>246</td> <td>219</td> <td>230</td> <td>264</td> </tr> </tbody> </table>	2013-14	2014-15	2015-16	2016-17	2017-18	214	246	219	230	264
2013-14	2014-15	2015-16	2016-17	2017-18							
214	246	219	230	264							
 <p>Operating deficit/surplus (\$'m)</p>	<table border="1"> <thead> <tr> <th>2013-14</th> <th>2014-15</th> <th>2015-16</th> <th>2016-17</th> <th>2017-18</th> </tr> </thead> <tbody> <tr> <td>-1.97</td> <td>-10.01</td> <td>-9.35</td> <td>0.72</td> <td>-7.89</td> </tr> </tbody> </table>	2013-14	2014-15	2015-16	2016-17	2017-18	-1.97	-10.01	-9.35	0.72	-7.89
2013-14	2014-15	2015-16	2016-17	2017-18							
-1.97	-10.01	-9.35	0.72	-7.89							

1. Includes new bond lodgements for general tenancies and rooming accommodation
2. Includes bonds held for general tenancies and rooming accommodation
3. Excludes unclaimed bond monies
4. Previous annual reports recorded the number of commenced investigations into non-compliance during the financial year
5. Measurement methodology changed in 2012-13

Our clients

34.2%

of the population rent



Median weekly rent \$ **360**

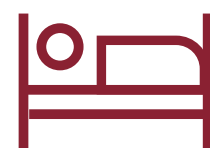
Most vulnerable client groups

Rooming accommodation residents, culturally and linguistically diverse people, Aboriginal and Torres Strait Islander communities, people with a physical or mental disability, youth and international students.



0.7%

of all bonds held at the RTA are for moveable dwellings. Caravan park rentals are a small percentage of the residential rental market.



2.4%

of all bonds held at the RTA are for rooming accommodation (8,200)

77.6% student accommodation
22.4% boarding houses

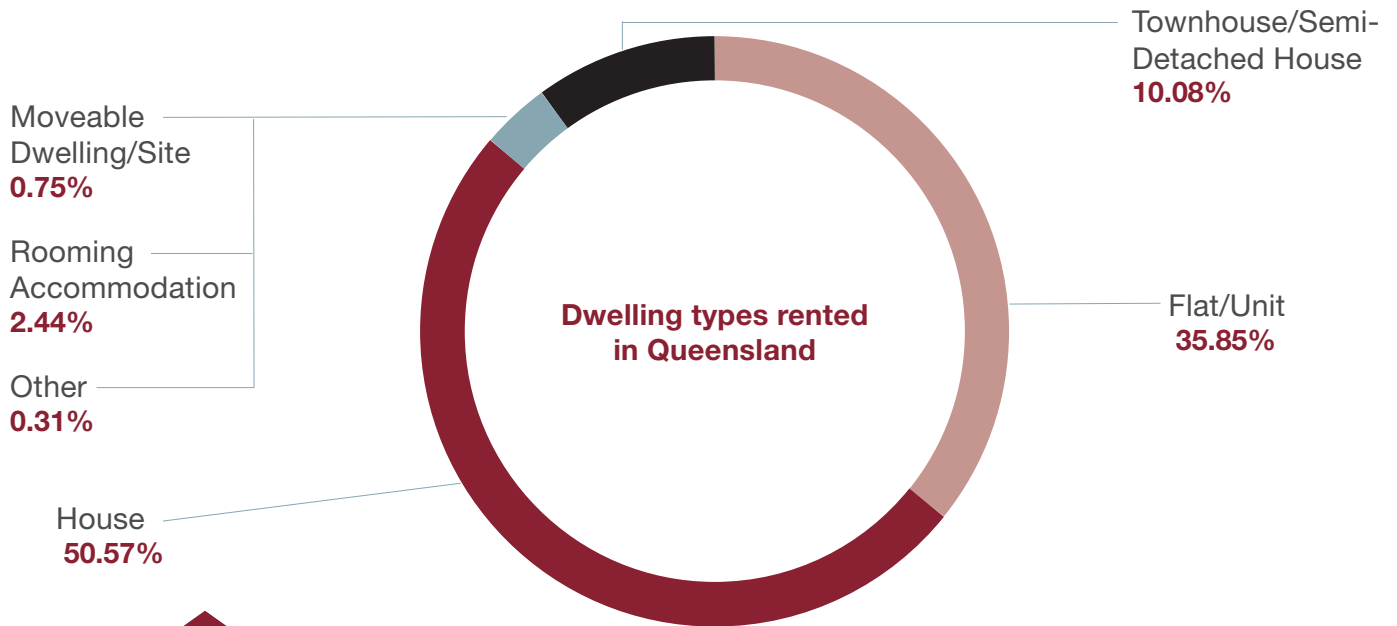


Sector peak bodies

Real Estate Institute of Queensland (REIQ)
Property Owners Association of Queensland (POAQ)
Australian Resident Accommodation Managers
Association (ARAMA)

Tenants Queensland (TQ)
Caravanning Queensland
Q Shelter

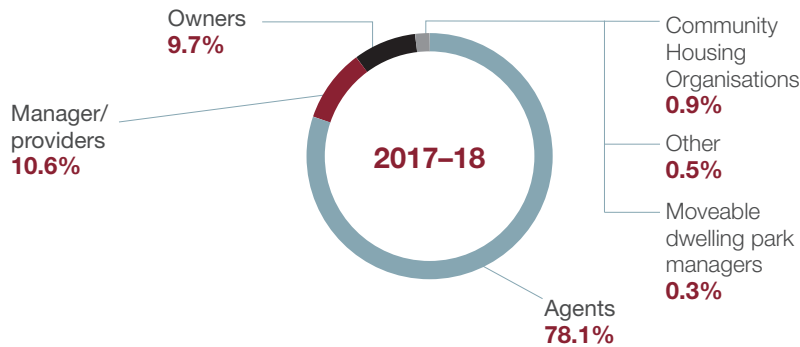
Dwelling types



96.5%
of dwellings are houses, flats and townhouses

Jan Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec ...
13.9 months is the average length of a tenancy

Who manages bonds?



Property managers/ agents/onsite managers

approximately **89%** of rental properties are managed by real estate agents/onsite managers/property managers.

Self managing owners (Landlords)

approximately **9.7%** of rental properties are self-managed by owners with varying levels of experience



3 levels of non-student rooming accommodation

8,102 rooms available

3,480 Level 1 accommodation only
2,818 Level 2 accommodation and food
1,804 Level 3 accommodation, food and personal care

Rooming accommodation managers/owners vary in their level of experience and tenancy law knowledge. Some properties may have a caretaker with limited knowledge. Student accommodation is a mix of building types, but most are purpose-built high-rise apartments with more than 100 students.

Note: these statistics have been drawn from a variety of sources including the latest census, RTA internal database and information from sector peak bodies and reflect the composition of the sector not confined to 2017-18 financial year.

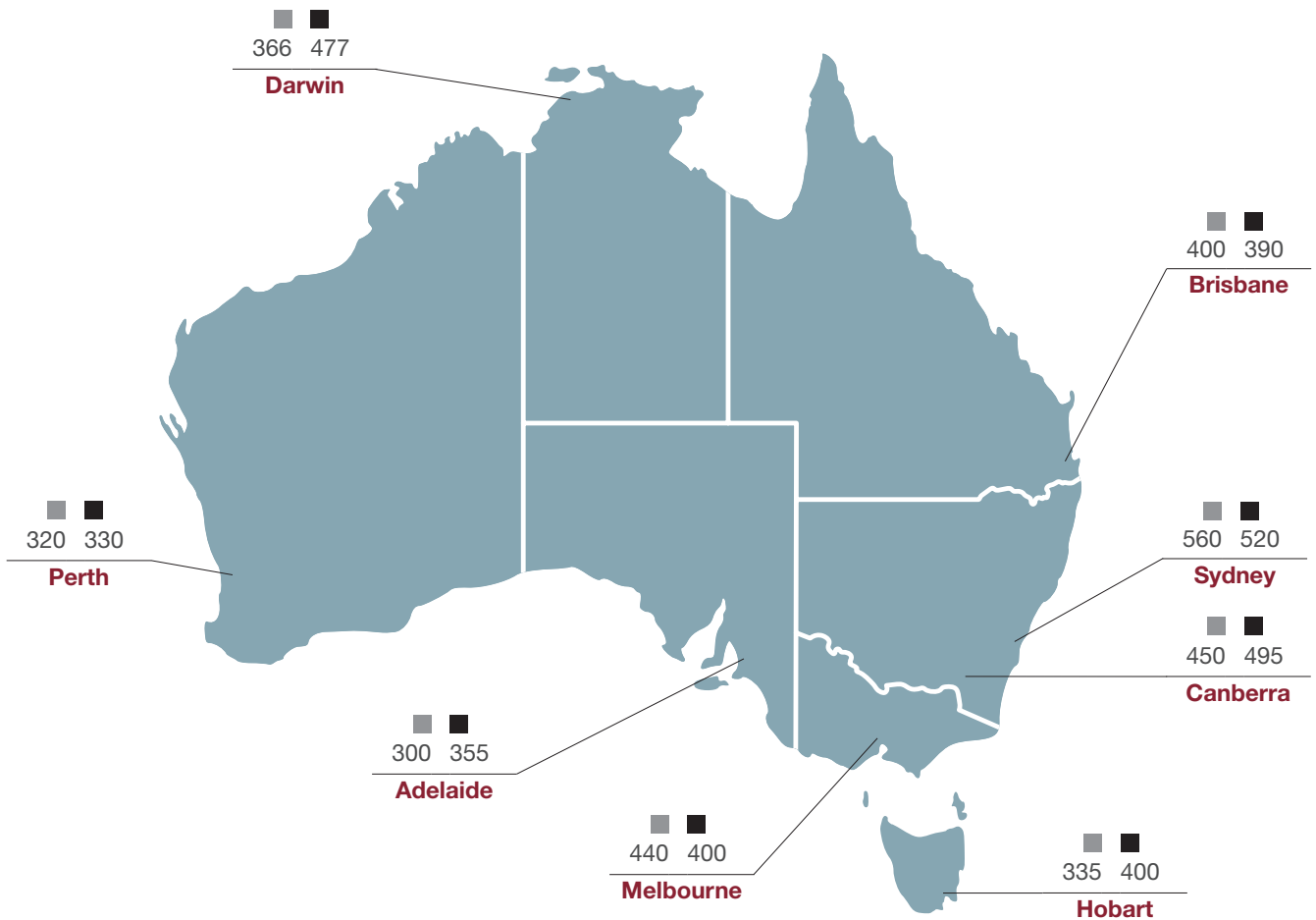
2017–18 Snapshot

Comparison with Australian median weekly rents

Legend for dwelling types

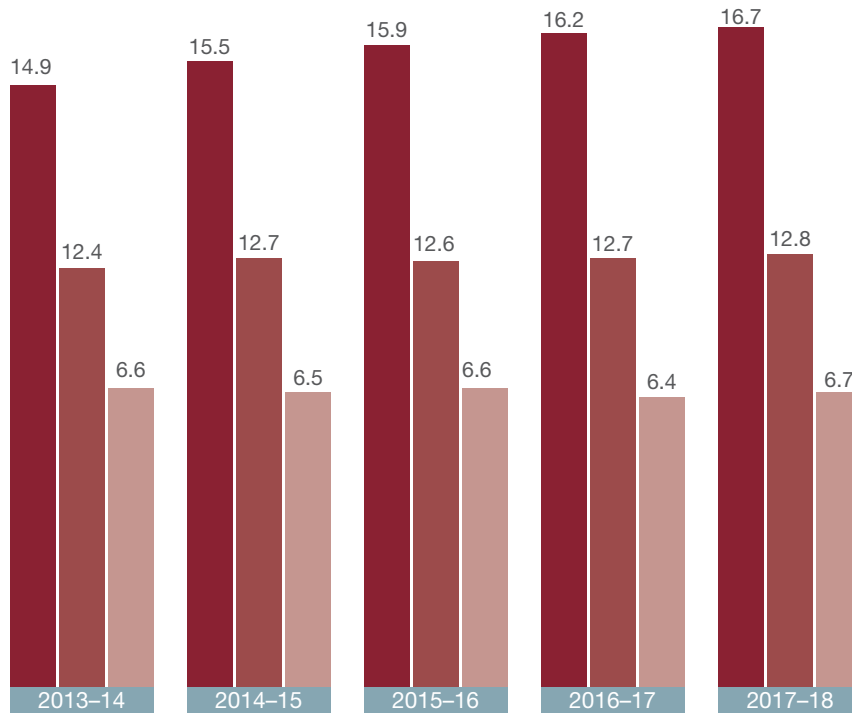
- Two bedroom other dwellings (\$)
- Three bedroom houses (\$)

Real Estate Institute of Australia (REIA) March 2017 quarter data



Median length of tenancies (months)

The graph below shows the median length of tenancies in Queensland between 2013–14 and 2017–18.

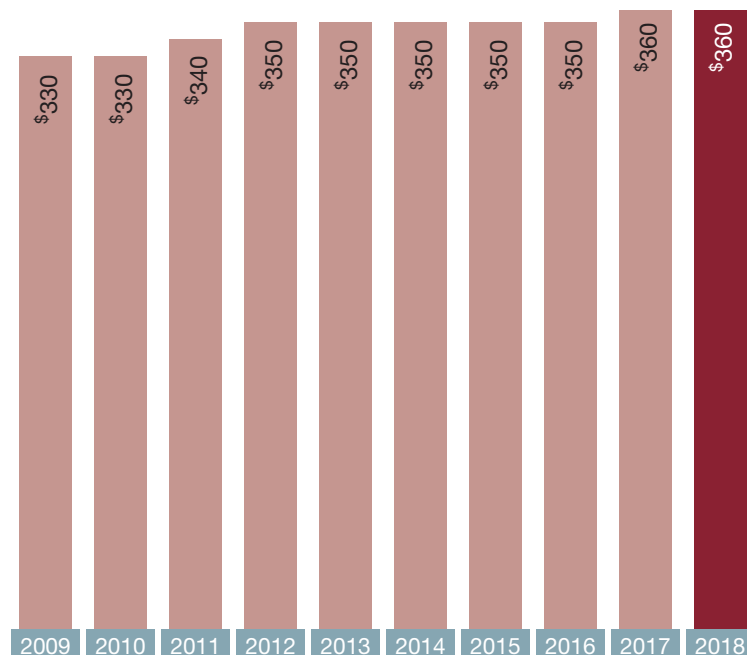


Legend showing dwelling types

■ Houses
 ■ Units
 ■ Rooming accommodation

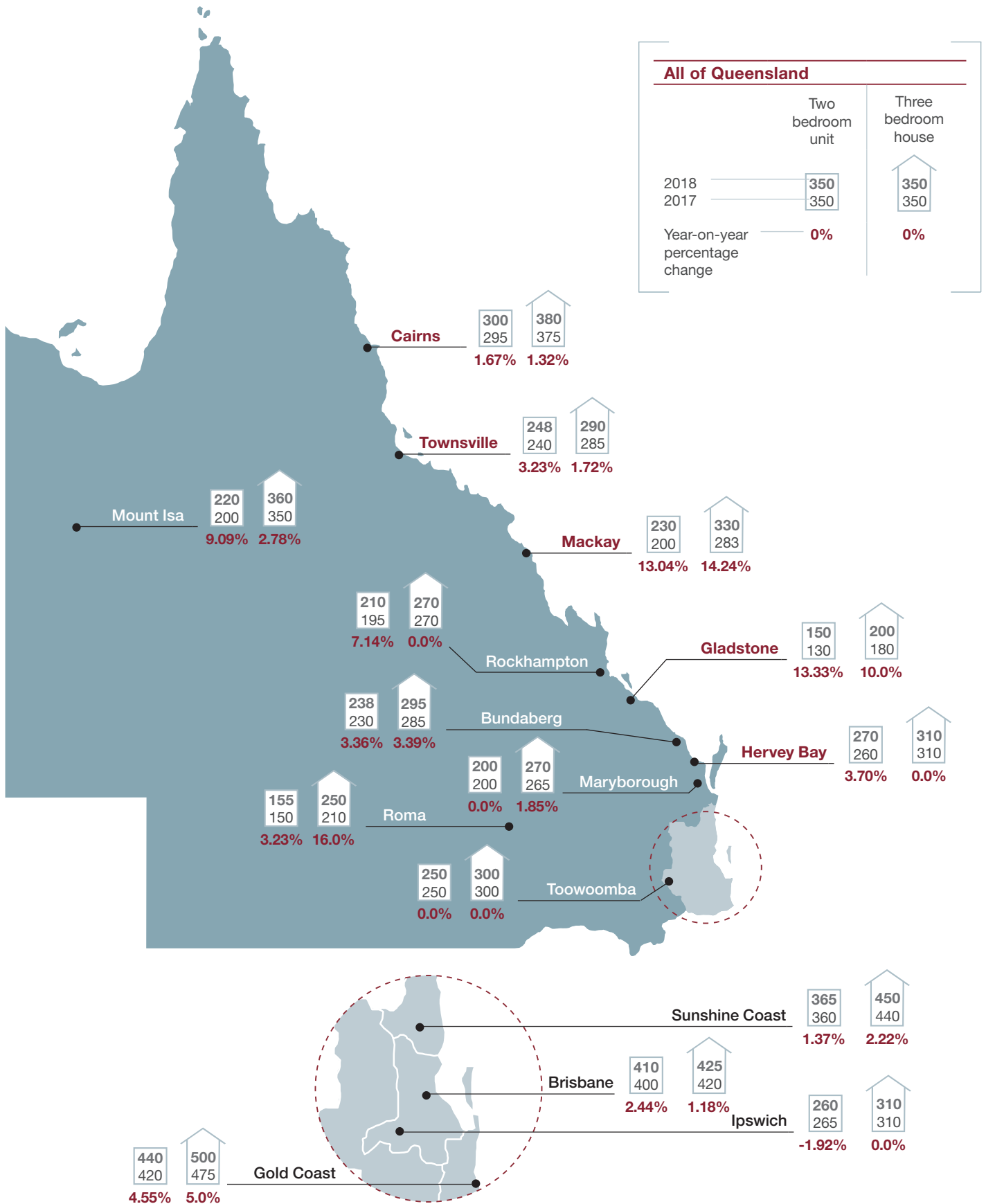
Weekly median rents

The chart below shows median weekly rents for all dwelling types based on new bonds lodged in the June quarter of each financial year between 2008–09 and 2017–18.



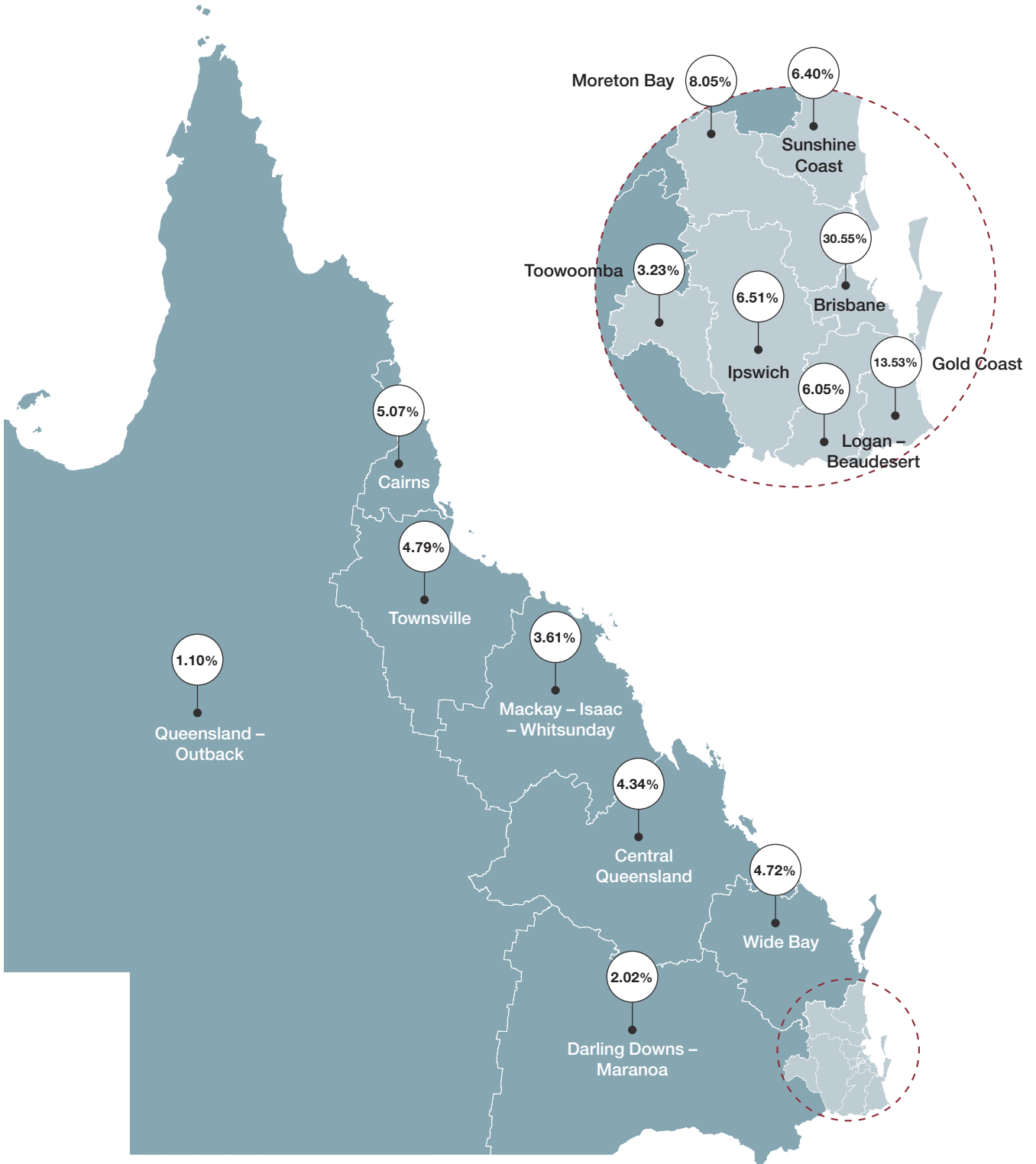
Median rents for Queensland and major centres

Data below is based on new bonds lodged with the RTA in the June quarters of 2017 and 2018.



Queensland bonds held by the RTA

Data below is based on bonds held by the RTA as at 30 June 2018.

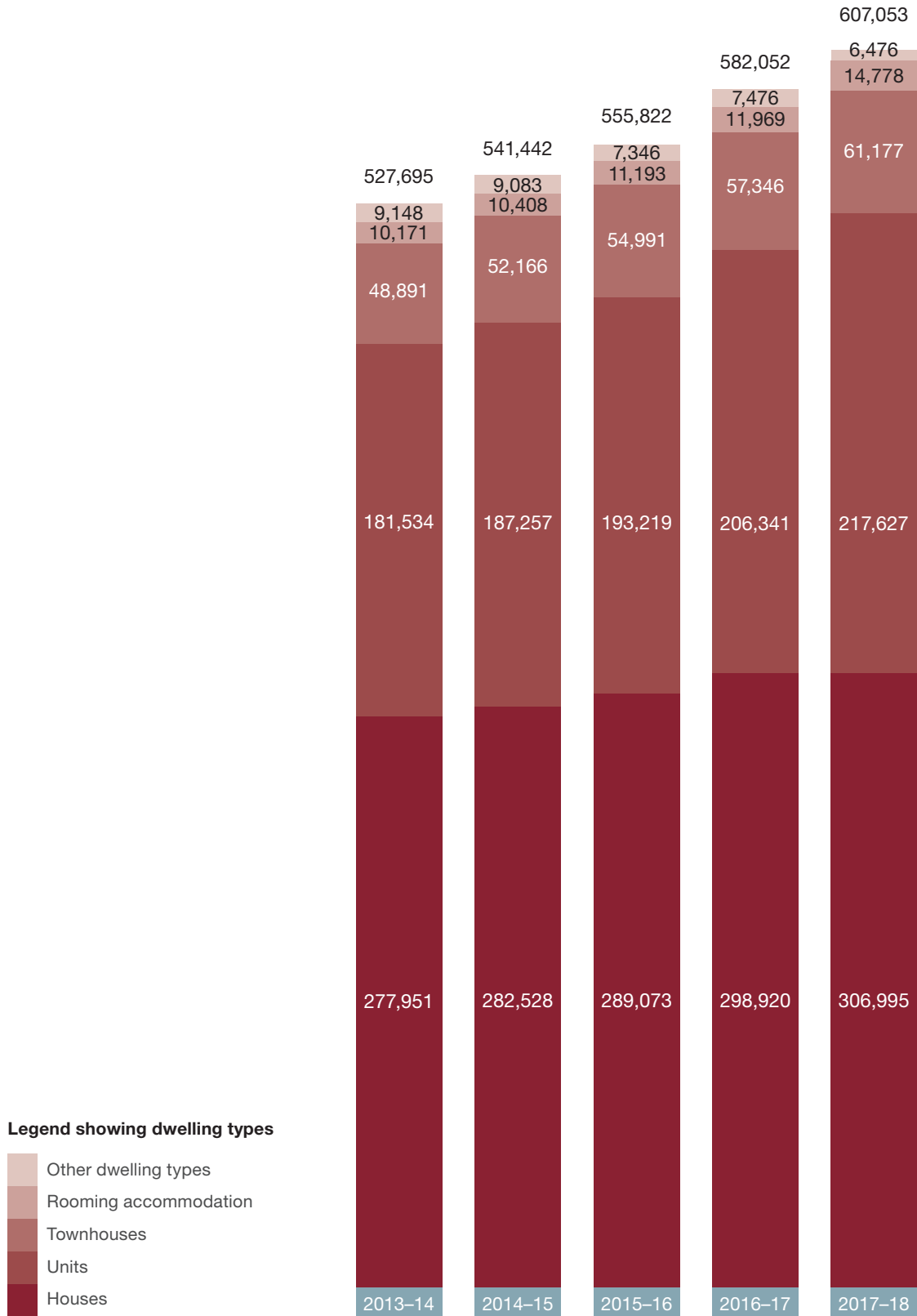


Boundaries for this map defined in previous annual reports were based on Australian Standard Geographical Classification (ASGC) Statistical Divisions 2011.

Redefined boundaries for this year's map are based on the current Australian Statistical Geography Standard (ASGS) Statistical Areas 2016.

Total bonds held by dwelling type

The graph below shows the total bonds held per dwelling type in the June quarter of each financial year between 2013–14 and 2017–18.



OUR PERFORMANCE

Our performance highlights 2017–18

Enhanced client service

Objectives	Aims 2017–18	Performance 2017–18
Deliver services that make renting easier for everyone	120-second average answer speed	138-second average answer speed (48% improvement on 2016–17)
	Proportion of bonds lodged online (10% or more) and proportion of bond refund forms processed through online channels (40% or more)	22.5% online lodgements 83.5% refund forms processed through online channels
	90% of bond refunds processed in 2 working days	91.3% of bond refunds processed in 2 working days
	Less than 17% of finalised dispute cases progressing to the tribunal	15.6% of finalised dispute cases progressed to the tribunal
	Disputes finalised on average within 28 days	Disputes finalised on average within 22 days
	Increased proactive compliance activity	Investigated 2,273 RTRA Act alleged offences (1,956 in 2016–17) Finalised 1,018 cases – an increase of 203 on last year with existing resources. 95% completed within six month Key Performance Indicator
	Develop and implement a proactive communications and education program to support the compliance campaign	Completed and supported by these external campaigns: <ul style="list-style-type: none"> • Tenancy Laws – Get the FACTS: compliance and enforcement • Tenancy Laws – Know your RIGHTS • Operation Bond 2018 – jointly with OFT (DJAG)

<p>Sustain strong relationships with our stakeholders</p>	<p>Create collaborative initiatives with stakeholder groups</p>	<p>Statewide collaboration with Community Legal Centres Qld, REIQ and Queensland Shelter (Q Shelter)</p> <p>Held industry development forums (stakeholder consultative group) to discuss trends and sector challenges</p> <p>Hosted the National Tenancy Forum for Australian states and territories</p> <p>Participated in the Senior Officers Group for Consumer Affairs to consider emerging bond replacement products</p> <p>Worked with the Department of Housing and Public Works to monitor and minimise the impact of the 2018 Gold Coast Commonwealth Games</p>
<p>Maintain our focus on education</p>	<p>Strengthen stakeholder engagement and deliver a mix of educational programs (digital resources, publications and events)</p> <p>Continue to improve access to tenancy information</p>	<p>YouTube visits (16,490) and website visits (2.22m)</p> <p>Tenancy seminars, webinars, forums, displays, presentations and videos developed and delivered. Clients educated about their responsibilities under the Act when breaches were identified. Nearly half of all investigations (39.4%) involved clients being educated about their obligations under tenancy law</p> <p>Improved access through website and other digital resources</p>

Lean systems

Objectives	Aims 2017–18	Performance 2017–18
<p>Deliver simple, cost-effective systems enabling great client services</p>	<p>Implement scalable infrastructure which supports the RTA initiatives in a cost-effective manner</p> <p>Implement an organisation-wide Electronic Document and Records Management System (eDRMS)</p> <p>Enhance data quality processes to ensure data integrity and completeness for all business-critical datasets</p>	<p>Service migration:</p> <ul style="list-style-type: none"> Moved some services to the cloud and planned for further migration of infrastructure to a scalable, on-demand cloud delivery model <p>Migration of external website infrastructure to the cloud:</p> <ul style="list-style-type: none"> Website infrastructure migration to Microsoft Azure Delivered benefits included reduced cost and the RTA is better able to manage the ongoing cost <p>Implementation of myRTA system enhancements:</p> <ul style="list-style-type: none"> Delivered process automation and an improved user experience for RTA staff Bond Refund Process Improvements: Refund processes automated further to reduce processing times Additional alerts provided to minimise erroneous refunds Better classification on refund Streamlining of internal controls improving efficiency Reduction of duplicated effort in end-to-end process Improved quality, reducing rework and downstream impacts of processing activities <p>Finalised implementation of an enterprise content management system and commenced work on implementation of an electronic records management system</p> <p>Commenced work on data quality improvement initiatives and developed business intelligence reporting dashboards</p> <p>System monitoring enhancements:</p> <ul style="list-style-type: none"> Automated system alerting enabling a proactive response to emerging system issues All system alerts logged and recorded to assist in investigation of system issues Plain English error messages enable quick interpretation of issues

<p>Streamline business processes</p>	<p>Implement Dispute Resolution intake model</p> <p>Increase efficiencies and reduce risk through the implementation of paperless mail distribution processes</p> <p>Centralise and triage multiple business processes into a single support unit</p> <p>Revise infrastructure roadmap in line with Queensland Government strategy</p> <p>Manage business performance through the use of analytics and near real-time dashboard reporting</p> <p>Implement new quality assurance process and new policies for compliance and enforcement</p>	<p>Dispute resolution intake model implemented</p> <p>New mail distribution processes have increased efficiencies and reduced risk through paperless mail distribution processes</p> <p>Support unit created to centralise and triage processes</p> <p>Unified Service Desk enhancements:</p> <ul style="list-style-type: none"> • Reduced average call handling time • Improved search capabilities • Quick 360-degree view of client interactions • Guided call scripts to assist with call quality and provide consistent customer experience <p>Infrastructure requirements revised</p> <p>Developing analytics and dashboard</p> <ul style="list-style-type: none"> • Implementation of quality assurance process and new policies for compliance and enforcement <p>Business Intelligence dashboard reporting:</p> <ul style="list-style-type: none"> • Reduced manual effort to produce reporting • Increased visibility of trends and demand to enable proactive decision making • Near real-time reporting data • Improved accuracy in reporting as data is sourced directly from systems without any manual intervention <p>On-demand call recording</p> <ul style="list-style-type: none"> • Delivered benefits include reducing risk obtaining financial information from clients
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Adaptive people

Objectives	Aims 2017–18	Performance 2017–18
Support engaged people committed to the RTA's success	Implement the learning and development strategy	Learning and development strategy initiatives implemented within the business
	Implement the performance management framework and system	Performance framework and system implemented
	Develop an action plan from Working for Queensland survey results	Action plans developed and undertaken
Foster development and innovation with a mobile, flexible and agile workforce	Develop and implement training calendar	Training calendar developed and implemented
	Develop, document and implement cross-skilling processes	Cross-skilling processes developed, documented and implemented
	Adopt flexible work practices	Flexible work practices adopted across different areas of the business
	Update business systems to create greater flexibility	Business systems implemented which provide web access such as Employee Self Service, myPlace learning and performance

Business sustainability

Objectives	Aims 2017–18	Performance 2017–18
Deliver value-for-money services	Deliver high-quality, cost-effective services 90% of investigations finalised within 6 months	95% of investigations finalised within 6 months
Address financial sustainability	3.2% return on investment	Achieved a 3% return on investment



Our contribution to community objectives

The Queensland Government established four key objectives for the community:

- delivering quality frontline services
- creating jobs and a diverse economy
- building safe, caring and connected communities
- protecting the environment.

We support these objectives for the community through the following services:

Delivering quality frontline services that:

- are integrated, responsive and impartial; meet our clients' needs; and, balance the rights and responsibilities of all stakeholders across the state's residential rental sector
- encourage proactive compliance through education and enforcement, stakeholder engagement and increased awareness of RTA services.

Providing high-quality frontline services with dedicated quality and training teams responsible for:

- facilitating regular coaching and training programs to ensure all staff are well equipped to provide an enhanced client experience
- quality monitoring of client interactions each month, measuring the customer service provided against a range of industry benchmarks
- ensuring consistent information is proactively provided to our clients.

We provide free statewide services in:

- bond custodian and management
- tenancy information, education and outreach to all stakeholders
- dispute resolution
- investigation and prosecution of offences under the Act
- monitoring, analysing and reporting sectoral data.

We ensure our services meet the needs of clients impacted by natural disasters and other major events.

Throughout major weather events in 2017–18, the RTA:

- prioritised and closely monitored dispute requests in affected regions
- recorded and monitored contact centre calls to identify potential trends of callers in the impacted areas.

In preparation for the Commonwealth Games the RTA:

- compiled education and information for tenants, property owners and managers who could be impacted by likely tenancy issues generated by the Games, with suggested options provided to minimise the impact
- prepared additional coverage for key business units to assist with potential surges in client demand with staff briefed on likely issues
- prioritised disputes and investigations requests in areas impacted by the Games.

Our contribution to whole-of-government activities

The RTA works collaboratively with various government agencies including the Office of Fair Trading (OFT), Queensland Police Service (QPS) and Queensland Fire and Emergency Services (QFES), gathering intelligence about compliance matters in the sector, conducting investigations and bringing about enforcement action.

We liaise regularly with the Queensland Civil and Administrative Tribunal (QCAT), Department of Housing and Public Works (DHPW), Department of Justice and Attorney-General (DJAG), Department of Premier and Cabinet (DPC) and Queensland Treasury.

We continued to provide submissions to other legislative reviews that affected the sector, including *Body Corporate and Community Management Act 1997*, *Building Units and Group Titles Act 1980* and *Labour Hire Licensing Act 2017*, and to support government initiatives such as the Tingles from Taps campaign through the Office of Industrial Relations.

We also supported the Introduction of the Housing Legislation (*Building Better Futures*) Amendment Act 2017, which amended the *Residential Tenancies and Rooming Accommodation Act 2008* to allow minimum standards for rental properties to be prescribed in the regulation. The minimum standards will be introduced after extensive consultation with the sector, and the work will be led by the Department of Housing and Public Works.

As a member of the Commonwealth Games Housing and Homelessness Cross Agency Coordination group, we linked with other agencies to address potential housing and homelessness issues arising from the Gold Coast Commonwealth Games in April.

Our education strategy developed this year links to the broader Education Strategy for Queensland.

Collaborative stakeholder relationships

In 2017–18, we responded to 264 requests (230 last year and 219 in 2015–16) for rental data and other statistical information from various government agencies, stakeholders, the housing industry and the community.

Client enquiries, feedback, types of dispute resolution requests and tribunal orders are all used to monitor the Act's operation. We also analysed operational data and monitored emerging trends for targeted, statewide community education activities.

We strengthened collaborative sector relationships through Industry Development Forums (IDFs), individual liaison, reference groups and targeted consultation to review and monitor the operation of the legislation.

Stakeholder groups include:

- Real Estate Institute of Queensland (REIQ)
- Property Owners Association of Queensland (POAQ)
- Australian Resident Accommodation Managers Association (Queensland) (ARAMA)
- Tenants Queensland (TQ)
- Caravan Parks Association of Queensland (CPAQ)
- Queensland Shelter (Q Shelter)

Compliance operations also provided an opportunity to understand the needs of our stakeholders. Formal and informal meetings with property managers, Rent Connect and TQ/QSTARS provided opportunities to discuss and address compliance in the sector.

Our management of key community concerns and RTA issues

Creation of a National Policy Forum

This year we were pleased to initiate and host the inaugural National Policy Forum for tenancy law experts from all Australian states and territories. The two-day event featured wide-ranging discussions about emerging issues as well as continuing challenges. It has laid the foundation for ongoing relationships between the jurisdictions. Participants supported the continuation of the forum, with South Australia taking the lead for 2019.

Domestic and family violence

Under the government's 'Not Now Not Ever' anti-domestic violence reforms, the RTA has made relevant changes to its advisory booklets and online resources for tenants.

The growing community debate about domestic and family violence during the year prompted us to revise our publications and website to increase the information available to stakeholders about how to protect the rights of tenants. Tenants can apply for an order regarding their tenancy under the RTRA Act. The Act gives rights to people in a domestic relationship whether or not they are named on the tenancy agreement.

This includes a spouse (including a defacto), a dating partner, a family member or an informal carer. The RTA's Pocket guide for tenants must be provided – by law – to all tenants as part of the renting process. By including information to support those impacted by domestic and family violence in our *Pocket guide for tenants – houses and units* (Form 17a) booklets, the RTA is contributing to an increased awareness of the rights, responsibilities and obligations of parties to a tenancy when domestic and family violence occurs.

Service summary

As part of its ongoing program of transformational change, in the preceding 2016–2017 financial year, the RTA laid the foundations for this year's positive results by:

- implementing an intake model to ensure responsive frontline client service delivery in dispute resolution
- enhancing and promoting eServices facilities, which resulted in a 50 per cent increase in the electronic submission of forms for faster finalisation of client transactions
- implemented a proactive legislative compliance agenda in partnership with sector stakeholders and other government agencies

This year, we have consolidated the gains in delivery of services to clients by:

- leveraging the recently implemented client management system to produce data analytic reporting which identifies improvements to frontline service delivery
- continuing to focus on business process improvements to ensure integrated client service delivery
- supporting a fair and balanced rental sector by increasing the number of proactive investigations into breaches of the Act
- improving data analytic reporting that delivered improvements to frontline service delivery which reduced call wait times and enabled targeted delivery of services to high priority cases
- implemented efficiency improvements in bond refund processing, resulting in improved client experience.

RTA Service Delivery Statement

The Queensland Government's *Financial and Performance Management Standard 2009* (FPMS) requires the RTA to consider both financial and non-financial performance information (including measures and targets) it will report as part of its Service Delivery Statement (SDS) in the annual State Budget. The SDS documents are a key accountability mechanism subject to public scrutiny and form the basis of questioning during the parliamentary estimates hearings. As part of Budget Paper 5, the statement reports on service standards and targets for the RTA's service areas, including estimated actual results against the targets set in the previous year's SDS. In accordance with Department of Premier and Cabinet Annual Report requirements, details of the RTA's performance contained in its 2017–18 State Budget Service Delivery Statement are:

Residential Tenancies Authority	Notes	2017–18 Target/Est.	2017–18 Est. Actual	2018–19 Target/Est.
Service area: RTA				
Service standards				
<i>Effectiveness measures</i>				
Proportion of disputes resolved after parties participated in the conciliation process		70%	73%	70%
Overall client satisfaction		75%	80.1%	75%
<i>Efficiency measures</i>				
Average annual return on investment		3.2%	3.2%	2.9%
Total cost for RTA output (excluding grants) as a proportion of the value of bonds held		4.0%	4.0%	4.0%

Actual results for 2017–18

The service delivery statement, produced in February each year for the State Budget, does not constitute a full financial year. End of financial year actual figures for 2017–18 are:

Service Standards	Result
<i>Effectiveness measures</i>	
Proportion of disputes resolved after parties participated in the conciliation process	73.0%
Overall client satisfaction	80.1%
<i>Efficiency measures</i>	
Average annual return on investment	3.0%
Total cost for RTA output (excluding grants) as a proportion of the value of bonds held	4.0%

Our future business directions

In 2018–19, the RTA is committed to contributing to a responsive government, as set out in *Our Future State: Advancing Queensland's Priorities*. The RTA's focus is to modernise by undertaking a full review of its processes and client interactions to enhance the customer experience. The RTA is exploring a number of modernisation avenues in consultation with customers and other stakeholders.

Examples of the RTA's renewed focus are:

- enhancement of the bond management system, which has considerably improved reporting and process tracking through business intelligence tools. The leveraging of this provides the base for near real-time reporting and will give the RTA the information to better read trends and anticipate peak periods.
- exploration of a simple and easy-to-access online tool for customer interaction including form lodgement and web chat options based upon clients' digital preferences.

Through the process of modernisation, the RTA will also create a more economically sustainable and technologically robust platform to service Queenslanders well into the future. In 2018–19, we plan to:

- improve data reporting and analytics for use throughout the RTA which will provide timely access and analysis of RTA data to inform decision making and drive performance improvements in client services, enabling the RTA to better support the rental community
- implement business process improvements focussing on quality which will result in reduced call handling times in the contact centre, improving client experiences
- cross-skill frontline staff allowing the RTA to better respond to client demands
- review the RTA's Multicultural Plan
- proactively engage with identified high users of the RTA Dispute Resolution Service to reduce dependency through knowledge transfer and upskilling in self-resolution strategies increase use of electronic communication with clients, potentially including online web chat
- improve data collection to measure and monitor sector compliance with RTA legislation
- work with the Department of Housing and Public Works to engage with the sector and modernise the legislative framework
- drive compliance with tenancy legislation through increased education services delivered to tenants, property owners/managers and industry bodies
- improve IT disaster recovery processes by delivering a secure and robust technical environment which will support improved client service experience when required
- enhance business continuity capabilities to improve sustainable service delivery
- determine technical capabilities required to ensure service channels meet the needs of the residential rental sector.



OUR OPERATIONS

OUR CLIENTS



2,219,609
website visits



401,069
phone enquiries



73%
disputes resolved



272,939
new bonds lodged



80.1%
of clients highly satisfied
with contact centre service

FUTURE PRIORITIES

- Explore a simple and easy-to-access online tool based upon clients' digital preferences.
- Contribute to the *Queensland Housing Strategy 2017–2027*.
- Enhance the bond management system.
- Implement business process improvements focusing on quality.
- Focus on investment and financial strategies to improve revenue streams.

Our tailored services

“ The RTA’s focus on client needs is creating significant operational change and a shift in mindset and culture. ”

A large part of the RTA’s role is to provide clients with clear, concise tenancy information. We do this through our contact centre, a comprehensive website, and an engaging suite of publications, which all help tenants, property managers/owners and stakeholders gain a clearer understanding of Queensland tenancy law.

In 2017–18, we continued to enhance frontline services with improved business analytics and reporting capabilities.

Reporting has increased management’s access to real-time operational information and historical data, enabling improved workforce forecasting and scheduling to align frontline services with client demand. This has improved response times to client enquiries significantly by reducing call wait times and providing improved consistency in performance for bond lodgement and refunds.

We have continued to develop our workforce capabilities, providing cross-skilling opportunities for staff. This has increased our capacity to react dynamically to short-term fluctuations in demand, rapidly moving resources to meet client needs. The increased flexibility of resources enabled us to meet our targets successfully without affecting service delivery across the RTA.

This year we have continued to enhance our internal systems to reduce the time spent completing administrative tasks, freeing more time to service our clients. This includes a new interface for contact centre staff to locate client details faster, an updated conciliation

and refund agreement template for our dispute resolution service, and automation of the way forms and emails are processed.

To ensure we are moving in the right direction, we take every opportunity to gather client feedback through post-call surveys, client satisfaction surveys, online feedback, workshops and focus groups.

Periodically we run client satisfaction surveys for our service delivery, capturing the experience of clients who have been in contact recently with the RTA. The surveys focus on measuring the satisfaction level for timeliness, ease of access, RTA staff performance, outcome and overall satisfaction with the service provided.

We conducted the client satisfaction survey first in April 2017 with survey participants selected without prejudice from interactions with the RTA’s Contact Centre and, as of June 2018, dispute resolution services through a set period.

Improvements have been recorded across all satisfaction measures this year. Our delivery of contact centre and dispute resolution services received an average score of 80.1 per cent (against a target of 75 per cent); rating these services at four or five out of five across all survey dimensions. The timeliness of the service provided had the greatest increase, improving from a rating of 63 per cent in April 2017 to 81 per cent in the most recent survey of June 2018.

Client phone enquiries

The RTA Contact Centre's focus is to provide clients with tenancy information and advice to enable them to make informed decisions. This year, the Contact Centre responded to 401,069 phone enquiries (down three per cent from 413,775 calls in 2016–17). Staff answered an average of 1,591 calls each working day in 2017–18 (down from 1,649 in 2016–17).

Calls answered by RTA's Contact Centre

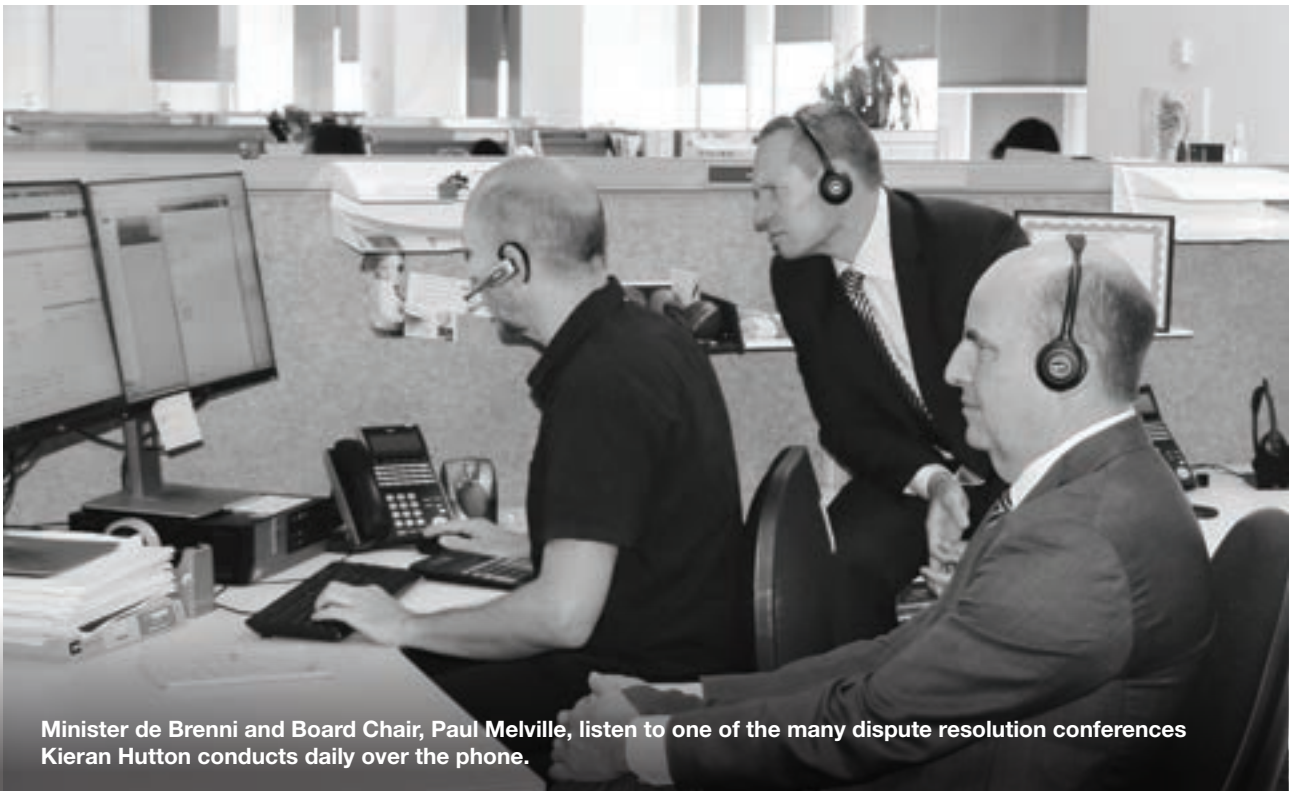
2013–14 to 2017–18

2013–14	414,793
2014–15	408,630
2015–16	405,916
2016–17	413,775
2017–18	401,069

As well as the decrease in volume, average talk time decreased to 382 seconds in 2017–18 from 393 seconds in 2016–17. A continued focus on providing a quality client service and increased staff confidence in using the RTA's CRM database have contributed to this marginal decrease in call length.

The average wait time for callers was 138 seconds compared with 288 seconds in 2016–17, representing a 52 per cent improvement. We achieved this by utilising our cross-skilled staff to boost the number of staff answering calls while maintaining existing staffing levels.

Call quality remained consistently high with monthly post-call surveys continuing to record positive results. Over July – June 2018, 82.9 per cent of clients surveyed scored the quality of service provided by the contact centre as being very good or excellent.



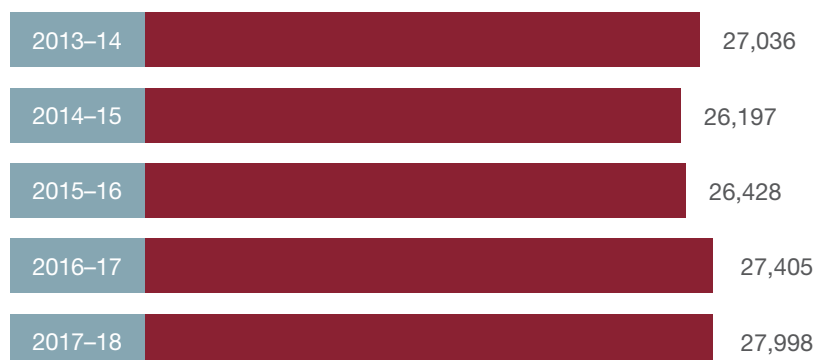
Minister de Brenni and Board Chair, Paul Melville, listen to one of the many dispute resolution conferences Kieran Hutton conducts daily over the phone.

Dispute resolution

The RTA provides an impartial, independent dispute resolution service to tenants, property managers and property owners. This conciliation service saves clients time and money by helping them resolve disputes without the need to go to the Queensland Civil and Administrative Tribunal (QCAT). This year, a record number of 27,998 dispute requests were submitted for our resolution (compared to 27,405 last year) as the number of Queenslanders renting increased.

Dispute resolution requests received

2013–14 to 2017–18



Intake

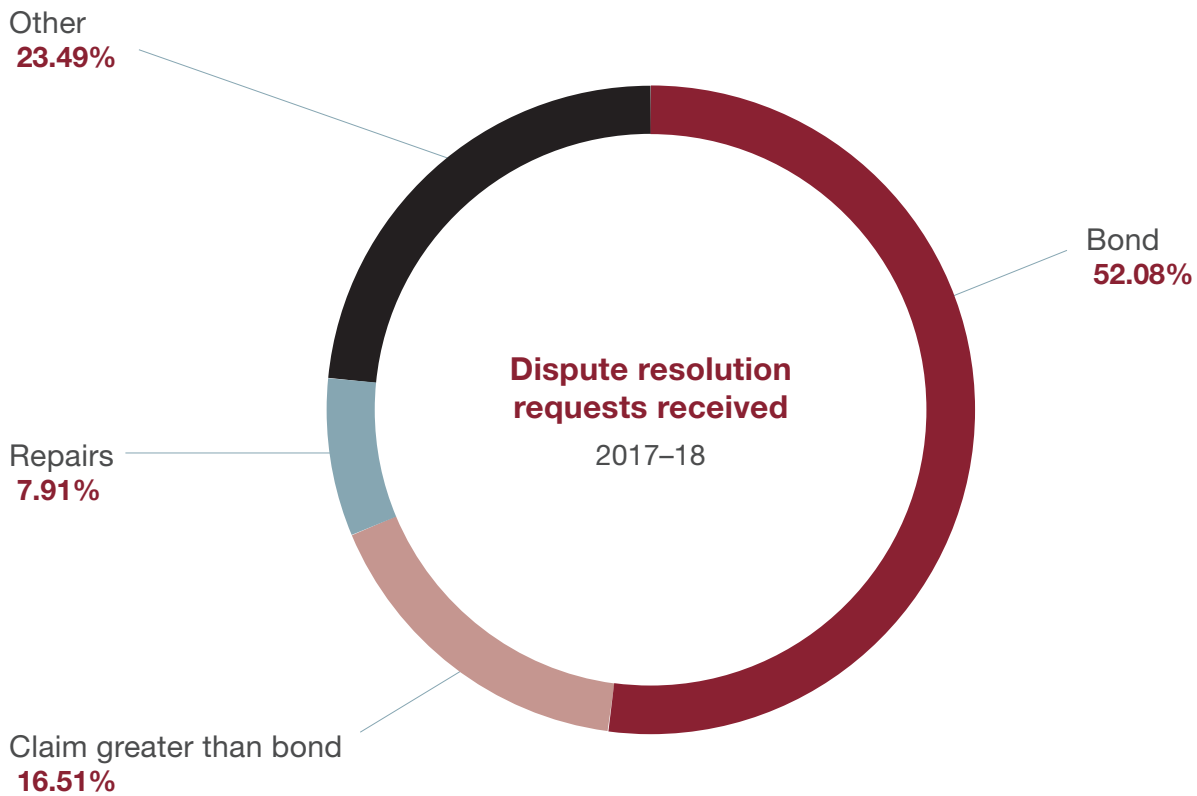
The RTA's dispute resolution model includes a strong focus on intake methodology. Initial assessment of a dispute resolution request will establish client negotiability and disputing parties are contacted for an opportunity to have their say on the matter. The intake officer then gathers all information to determine the most suitable and efficient method of resolving the dispute.

Conciliation

Where possible, matters are resolved during intake or a teleconference is organised for parties to discuss their issues. A conciliator facilitates this conversation to educate parties involved, help them involved reach an agreement and, where applicable, maintain their ongoing relationship. When people participated in the conciliation process in 2016–17, 70.8 per cent of disputes were resolved. The figure has increased to 73 per cent for 2017–18.

Reasons for disputes

Disagreement over how a bond will be paid out remains the most common form of dispute, accounting for 52.08 per cent of all disputes received in 2017–18. Claims greater than bond and repairs are the next most common areas of disagreement. Compensation claims for amounts in excess of the bond and claims submitted after the bond has been paid out represented 16.51 per cent of all disputes while 31.4 per cent of disputes occurred during a tenancy. Such disputes often related to ending a tenancy, rental arrears, repairs and maintenance.



All Reasons

Bond	52.08%
Claim greater than bond	16.51%
Repairs	7.91%
Other	23.49%
- Ending a tenancy	3.96%
- Rent arrears	3.10%
- Non-lodgement of bond	2.82%
- Water charges	1.86%
- Entry	1.85%
- Tenancy database	0.56%
- Overpaid rent	0.38%
- No refund form	0.23%
- Rent increase	0.19%
- Other	8.55%

Bond management

Bond management has realised the benefits of enhanced data and analytics capabilities, due to the internal systems upgrades delivered in 2016–17.

Improved access to near real-time operational and historical data has provided the platform for improvements to workforce forecasting and scheduling in 2017–18, enhancing the ability to align resourcing with the cyclical nature of demand for bond services. A significant focus on quality and streamlining bond processes resulted in improvements to the accuracy and efficiency of processing activities. These advances provided the platform for consistent and timely bond processing, contributing to the positive experiences clients enjoyed with our services.

This year recorded a continuation of the strong upward trend for online submissions, with 83.5% of refunds received through digital channels – a clear statement of our clients' desire to transact online with us.



New bonds

Growth

-1.29%

2016–17	2017–18
276,448	272,939



Bond processing times

Lodgements

92.8%

Lodgement documents processed in 3 days

2016–17	2017–18
412,504*	424,416

Refunds

91.3%

Refund forms processed in 2 days

2016–17	2017–18
329,538	321,086

* Following system changes bond lodgements are now recorded differently. The 2016–17 figures include the total number of bond lodgement documents sent to the RTA.

Managing bonds

A slight decrease in new bonds lodged with the RTA was experienced; 272,939 compared to 276,448 in 2016–17, down 1.3 per cent, following a 3.6 per cent increase in the previous year.

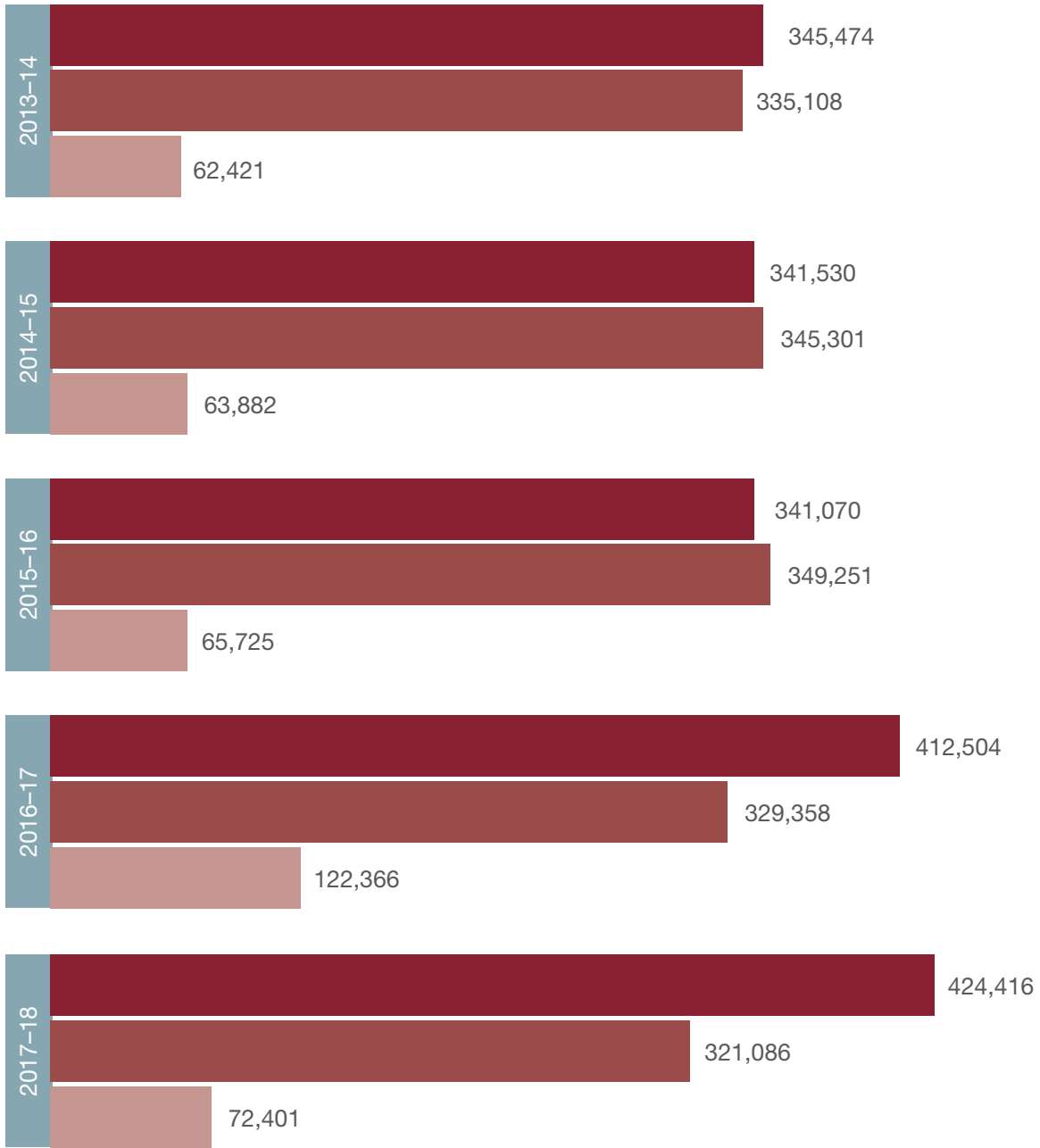
Bonds refunded in 2017–18 rose by 3.2 per cent to 1011 per day (980 in 2016–17). Despite the increase in volumes, clients consistently enjoyed timely disbursements, with 91.3 per cent of bond refund requests processed within two working days, exceeding the target of 90 per cent, and representing a 14.3 percent improvement on 2016–17 (79.9 per cent).

Our online channels continued to attract increasing numbers of clients, with growth experienced in the proportion of both bond lodgements and bond refunds submitted online.

An online forms upload facility (via the RTA website) is available to all clients. Additionally, property managers/owners who manage multiple tenancies are able to register for eServices, the RTA's secure online bond management facility.

Bond forms processed

2013–14 to 2017–18



- Bond lodgement (Form 2)
- Refund of rental bond (Form 4)
- Bond change forms
 - Change of rental property (Form 3)
 - Change of property manager/owner (Form 5)
 - Change of bond contributors (Form 6)

Our sector

Regulating the sector

The *Queensland Housing Strategy 2017–2027* is a 10-year framework that aims to provide Queenslanders with better pathways to safe, secure and affordable housing.

The *Queensland Housing Strategy Action Plan 2017–2020* includes a review of the RTRA Act to better protect tenants and property owners and improve housing stability for people living in the private rental sector.

We will continue to work closely with government and non-government stakeholders to achieve the objectives of the strategy and the review of the Act.

Supporting the sector

A significant RTA-wide change emphasis during the year was an extensive review of how we meet our commitments under the Act to provide appropriate information, educational and advisory services to inform all clients of their rights and responsibilities.

To ensure our efforts align with the RTA's 2017–21 Strategic Plan and business and operational plans, we focussed on developing a statewide Stakeholder Engagement Strategy, an accompanying Strategic Engagement Register and targeted, integrated outreach, education and communication plans for the year.

The overarching strategy provides a framework for all engagement activities using the best practice model developed by the International Association for Public Participation (IAP2) to inform, consult, involve, collaborate and empower clients.

To support the sector we delivered presentations for REIQ events, CPAQ Conference, ARAMA training, TAFE international students and real estate franchise seminars. General public display stalls were held at NAIDOC Musgrave Park Family Fun Day and Mental Health Expo. Regional seminars were held for self-managing property owners, real estate agents and property managers in the Gold Coast and Mackay areas.

An important part of our stakeholder engagement activities was participating in round tables on domestic and family violence reforms with Q Shelter and working closely with Anglicare in Cairns to support tenants as part of a joint compliance operation with OFT.

As part of the process of developing resources for young people, we have consulted statewide with the international student support sector. We have worked collaboratively with Study Brisbane and Study Queensland in researching communication channels for delivering key tenancy and accommodation messages to students. We also commenced consultations with the youth housing and homelessness sector with the aim of developing communication strategies and targeted resources during 2018–2019 for young people at risk of homelessness.



Digital outreach

With completion of the intensive planning process, we have collaborated with key stakeholders to improve client knowledge of the tenancy rules and to support strategic Queensland Government priorities, including a focus on its Domestic and Family Violence initiative, 'Not Now Not Ever'.

In collaboration with Q Shelter, we participated in their 'Opening Doors' video promotion to provide guidance to people entering the private rental market. We also amended the RTA Form 17a Information Statement booklet provided to tenants at the start of a new tenancy to include information on domestic and family violence, including contact details where tenants and property owners and managers can get help.

Further collaboration with Department of Housing and Public Works produced a video aimed at people renting on the Gold Coast about any tenancy issues around the staging of the 2018 Commonwealth Games. All of our videos are available on the RTA website or YouTube channel: www.youtube.com/RTAQueensland.

In line with our focus on digital extension, we have continued with educational webinars, including collaboration with Community Legal Centres Qld and ARAMA. The aim is to help their clients and members understand the tenancy regulations, the RTA's role and how we can assist.

To address growing concerns about unlawful terms written into leases by property owners and managers, together with an increase in prosecutions of real estate agents, we produced an animated video on special terms as part of our investigations and compliance campaign.

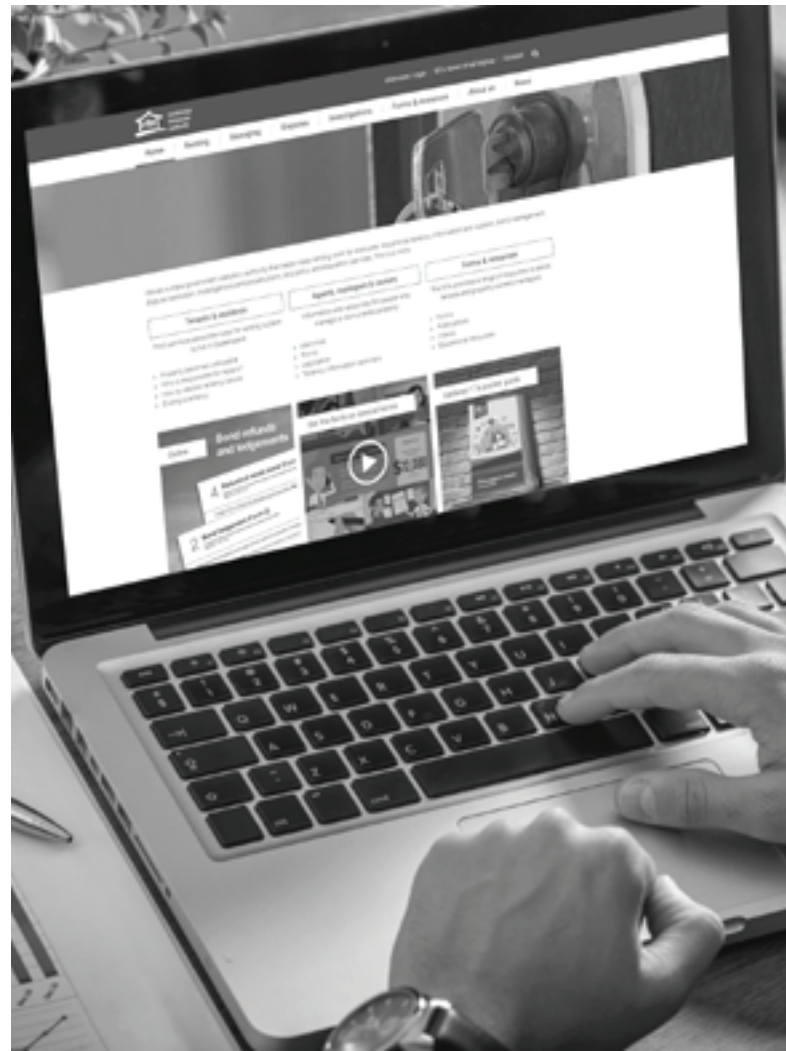
The RTA is committed to expanding digital resources to ensure the sector is educated and aware of their rights and responsibilities under tenancy law.

Website

The RTA's website provides a wealth of important information for our clients and stakeholders. It clearly sets out information on bond management, dispute resolution, investigation and education services. Visits to our website remained steady at over 2.2 million, with the most popular pages being Forms, eServices and a new addition, Newsroom. Clients viewed over 6.5 million pages and 40 per cent of users accessed our website using mobile devices this year, which is a three per cent increase.

The RTA held two webinars this financial year, including one in partnership with the ARAMA and one on breaches and entry.

Each month the RTA received a stream of comments and feedback from clients about the information, content and resources provided on the website with the majority being positive and helpful. The print-friendly function and sharing buttons on the RTA website enabled the printing and sharing of 230,000 pages and articles.



Online publications

In December 2017, we phased out the *Open house* newsletter series and launched a new section on the website called News. This page contains a number of news articles that are updated weekly and automatically sent to our subscribers weekly or fortnightly via email. This has allowed timely sharing of information to an engaged database, with an average open rate of 40 per cent. Our clients have viewed Newsroom articles 105,000 times since its inception. Our Newsroom subscriptions have grown to 12,000 contacts and comprise property managers, lessors, caravan park and rooming accommodation managers, tenants and community support workers. We continued to contribute articles to a range of sector publications including those published by the REIQ, TQ, Caravanning Queensland, ARAMA and POAQ.

We also promoted tenancy education in the International Student Guide.

Publications on tenancy law

The RTA's comprehensive suite of publications continued to help our clients navigate tenancy legislation. A total of 182,899 copies of RTA publications were distributed to clients during 2017–18. These included legislated publications, such as the *Pocket guide for tenants – houses and units* (Form 17a) 174,182 copies; *Pocket guide for tenants – caravan parks* (Form 17b) 1,982 copies; and other useful resources for property managers/owners, such as *Managing General Tenancies in Queensland* – 1,257 copies. Clients download publications from our website. Selected publications are also available in up to 15 languages other than English.

Supporting our culturally and linguistically diverse clients

We are committed to making our services, and the tenancy information we provide, accessible to everyone in Queensland's large and diverse residential tenancies sector. We provide tenancy information to culturally and linguistically diverse (CALD) clients, outlined in the Queensland Cultural Diversity Policy.

In 2017–18, we supported CALD clients by:

- continuing our commitment to the Queensland Government's Multicultural Action Plan
- including contact information for the Translating and Interpreting Service (TIS) in all publications, ensuring CALD clients can access tenancy information in their own language. In 2017–18, we received 610 calls using the TIS, up 42 per cent from last year. The most requested languages were Mandarin (199 calls in 2017–18, 85 calls in 2016–17), Korean (96 calls in 2017–18, 57 calls in 2016–17) and Arabic (53 calls in 2017–18, 21 calls in 2016–17)
- providing educational seminars for international students

Printed number of *Pocket guide for tenants – houses and units* (Form 17a):

- 1,118 Simplified Chinese
- 864 Traditional Chinese
- 551 Spanish
- 673 Korean
- 815 Arabic
- 548 Vietnamese
- 619 Japanese
- Non-translated 17a – 174,182.

Downloads of *Pocket guide for tenants – houses and units* (Form 17a):

- 312 Simplified Chinese
- 52 Traditional Chinese
- 43 Spanish
- 46 Korean
- 129 Arabic
- 57 Vietnamese
- 38 Japanese
- Non-translated 17a – 32,032.



Our proactive compliance agenda

Compliance investigations by the RTA are undertaken impartially with all evidence considered. Where an offence is identified, those involved are given a chance to respond and provide information. The RTA investigation is a separate process to any related Queensland Civil and Administrative Tribunal (QCAT) matters. Offences under the Act are classified as criminal and prosecuted by the RTA in the Queensland Magistrates Court.

This year marked the continuation of increased investigation requests with 2,273 offences investigated.

A total of 1,018 cases were finalised – up 25 per cent on 815 in 2016–17. Of the cases completed, 95 per cent were finalised within six months, compared with 93.9 per cent last year. Average case completion time this year was under two months.

Compliance operations

We continued to enhance our regulatory compliance function by strategically aligning with other government regulators including the Office of Fair Trading (OFT) and referring fraud and other serious matters to Queensland Police Service (QPS).

In December 2017, the RTA and the OFT signed a Memorandum of Understanding to facilitate information exchange, joint training and education and joint operations relating to areas of mutual interest.

A joint operation with the OFT, Operation Bond, was commenced in January 2018, focussing on non-lodgement of bonds with the RTA. In total, 54 real estate agencies were examined with 12 being followed up with the OFT for other issues including misapplication of trust monies. The RTA is conducting further investigations of nine agencies regarding non-lodgement of bonds.

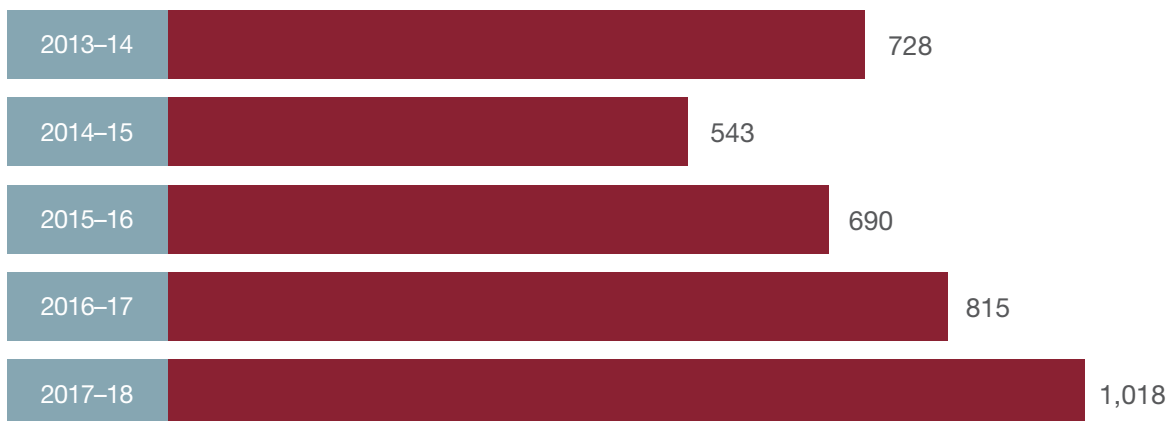
We worked with sector stakeholders and government agencies, including the OFT, QPS, The Queensland Statewide Tenant Advice and Referral Service (QSTARS), support agencies such as Anglicare, and local councils, particularly where vulnerable tenants could be affected.

In order to address the increase in investigation cases and maintain public confidence in the RTA to regulate the rental sector effectively, we undertook prosecutions and issuing of Penalty Infringement Notices against habitual offenders within the sector.

The most common offences for which enforcement action was taken included non-lodgement of bonds, unlawful entry and inclusion of unlawful special terms in tenancy agreements, quiet enjoyment, unlawful recovery of premises and providing false or misleading documentation to the RTA.

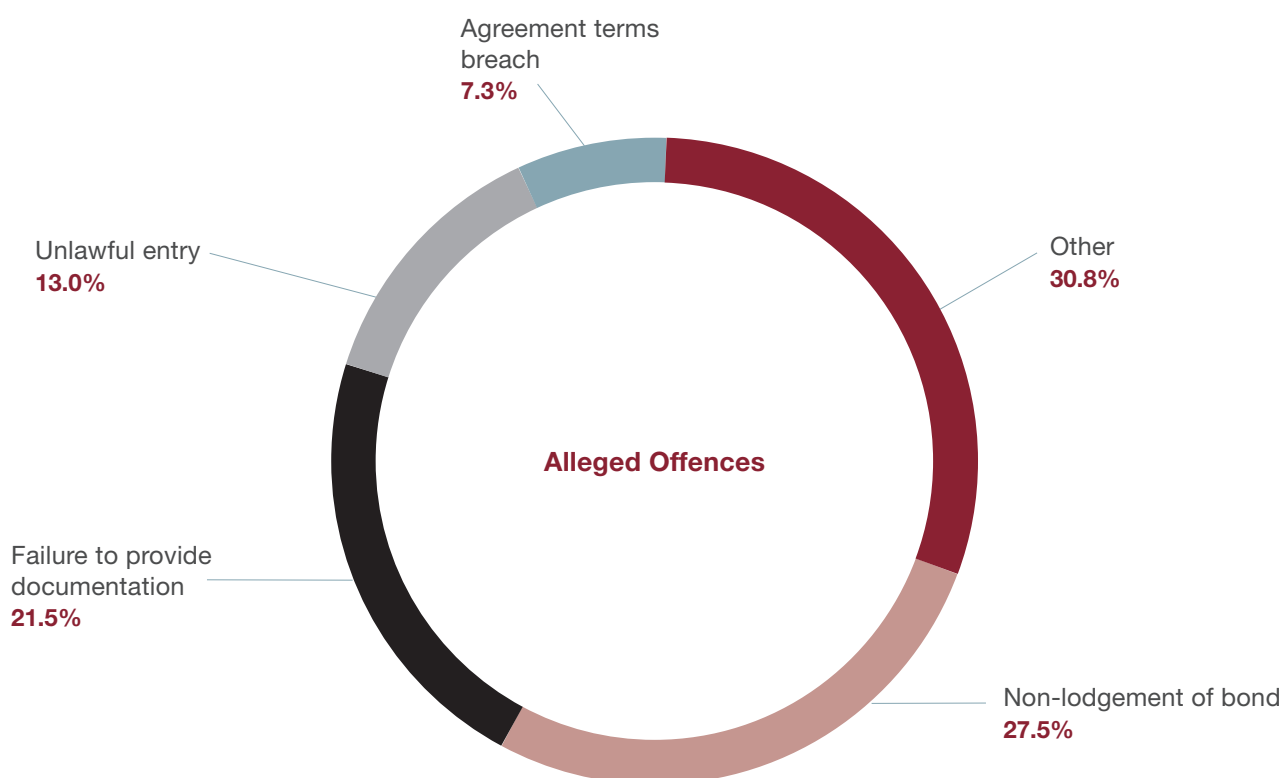
Finalised investigations into non-compliance with the Act

2012–13 to 2017–18*



*Previous annual reports recorded the number of commenced investigations into non-compliance with the Act.

Types of offences investigated in 2017–18



Outcomes of two investigation cases

The RTA successfully prosecuted a Gold Coast real estate agency for several unlawful entries during the sale of a rental property. The defendant was found guilty, received a criminal conviction in the Magistrates Courts and was ordered to pay \$10,000.

The RTA successfully prosecuted a Brisbane property owner who evicted tenants without proper notice by removing their belongings and changing the locks while they attended study. The defendant was issued a \$2,000 fine due to their personal circumstances.

OUR ORGANISATION

Our corporate governance

Our corporate governance framework links to reporting, business planning, decision making and client service. It provides additional rigour around transparency, accountability and efficiency (see guide to the framework and summary of activities that provide confidence to stakeholders on pages 46–49).

Role of the Chief Executive Officer (CEO)

The CEO is responsible for all aspects of management, staffing and administration, and providing monthly performance, operational and compliance reports to the Board. The CEO provides strategic advice to the Chair, RTA Board and Minister on the operation and monitoring of Queensland residential tenancy legislation. The Board also receives reports and updates on strategic and operational issues.

The CEO attends all Board meetings and divisional directors attend as required.

The CEO also leads our executive and leadership teams by ensuring strategic priorities and operations are on track. The Executive Leadership Team (pages 44–45) comprises divisional directors and meets regularly.

Role of the RTA Board of Directors

The RTA Board of Directors reflects the diversity of the sector. Its members bring a wealth of knowledge and expertise in sector representation, commercial activities, corporate governance and community service.

The Queensland Parliament's Governor in Council, on the recommendation of the Minister, appoints the Chair and six Directors to the Board for three-year terms.

Remuneration for Board Directors is determined through Cabinet-approved procedures, administered by the Queensland Government's Department of the Premier and Cabinet (see pages 40–41 for Directors' profiles).

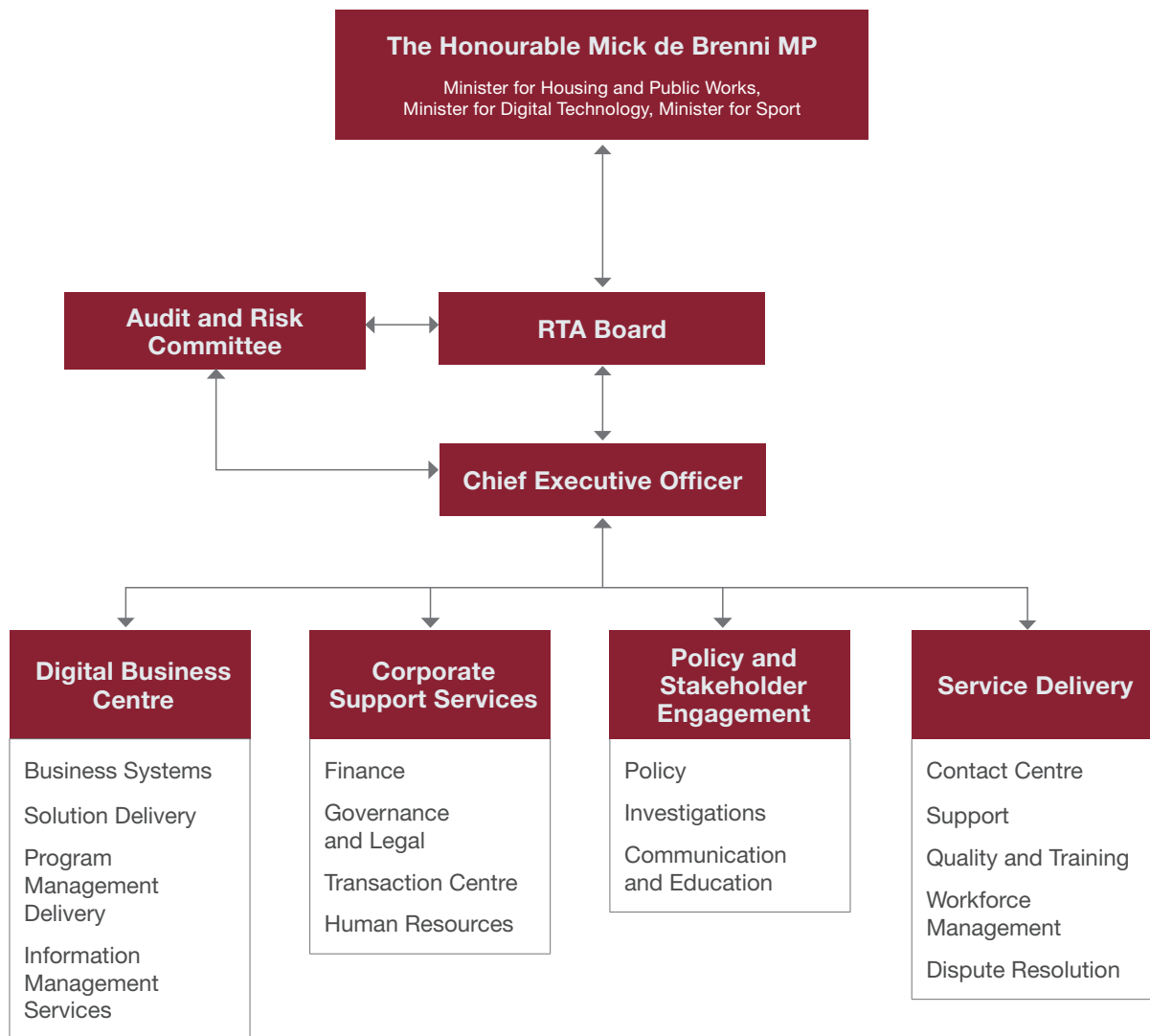
The induction program for new directors focuses on governance and operations, and includes time with key senior executives.

RTA Board charter

The Board is guided by a comprehensive charter, which includes details of:

- roles and responsibilities
- delegations, ethics and conduct
- independence and declaration of interests
- confidentiality
- professional development
- strategy formulation
- budget development
- investment management
- performance monitoring
- audit and risk management

Our organisational structure



Board members

Paul Melville

LLB, Solicitor
Chair



Paul Melville was appointed as a Director on 11 May 2017. He has over 15 years experience as a Director and Board member, currently working as joint Managing Director of Halcyon and a Board member of the

Urban Development Institute of Australia.

Mr Melville has an extensive legal background, previously operating as a solicitor and senior partner within his own firm. He holds a Bachelor of Law from the Queensland University of Technology and was admitted as a Solicitor of the Supreme Court of Queensland.

Steve Ryan

CertTeach, MAICD, MAIST
Director



Steve Ryan was appointed as a Director on 1 November 2016 and is also the Chair of the Audit and Risk Committee. Mr Ryan is an experienced Board member with over 40 years experience in strategic leadership,

governance and service delivery. He has worked across the public, union, superannuation and not-for-profit sectors. Mr Ryan was Deputy Chairman of the Board of Directors and Board of Trustees at QSuper and a Board member of the Queensland Studies Authority's Governing Body. He was president of the Queensland Teacher's Union and was also an executive member of the Australian Education Union and the Queensland Council of Unions.

Janet Benson

MA(Public Sector Policy and Leadership)
Director



Janet Benson was appointed as a Director on 11 May 2017. She is the former owner and principal of Bluemint Property Management and brings a comprehensive understanding of the Queensland

property sector – in particular, residential property management. Ms Benson has a background in the Queensland public sector, working as the Executive Director of the Human Service CEO Committee, and Executive Director of Homelessness Programs at the Department of Housing and Public Works. She brings extensive knowledge of social housing, rental affordability and homelessness issues in Queensland. Ms Benson holds a Master of Arts (Public Sector Policy and Leadership) from Griffith University and is a licensed real estate agent in Queensland.

Christine Castley

BA, LLB, Postgrad Dip Arts, MPA

Director



Christine Castley has served in multiple senior leadership roles across the Queensland Government, with significant experience in strategic policy, governance and service delivery.

She is currently Deputy Director-General in the Department of the Premier and Cabinet. Prior to this, Christine was Deputy Director-General, Housing, Homelessness and Sport in the Department of Housing and Public Works. In this role, Christine led major reform (including development of the *Queensland Housing Strategy 2017–2027*) and transformation of housing and homelessness services delivered by 1,500 staff, managing a \$1.4 billion business and a \$15 billion asset portfolio. Christine holds a Bachelor of Laws, Bachelor of Arts, Postgraduate Diploma of Arts and Master of Public Administration from the University of Queensland.

Sally Watson

BSocWk, MPubPolicy

Director



Sally Watson was appointed as a Director on 1 November 2016. Ms Watson has extensive experience in working in housing and homelessness services across

the public and not-for-profit sectors. Based in Far North Queensland, Ms Watson is a lecturer in social work at James Cook University in Cairns. Previously, she was North Queensland Coordinator for the Tenants Union of Queensland and Executive Director of Homelessness Australia in Canberra. Ms Watson is Convenor of the Steering Committee of Tenants Queensland and a Board member of the North Queensland Women's Legal Service.

Rachel Watson

Director



Rachel Watson is a social worker with more than 20 years experience in the community services, local, state, commonwealth and not-for-profit sectors. Ms Watson brings

extensive knowledge of transformational leadership, growth and innovation in the areas of homelessness, social inclusion, mental health and aged care.

Ms Watson is committed to quality service delivery with highly developed skills in creating cultures of accountability. Her diverse experience includes administration, governance, evaluation, engagement and policy writing.

Ms Watson is currently the Manager, Service Innovation and New Business at Wesley Mission Queensland and Chair of the Q Shelter Board of Management.

Deborah Duffy

JP, Cdec, MAICD

Director



Deborah Duffy was appointed as a Director on 7 April 2010. Ms Duffy is a former Director of the Real Estate Institute of Queensland. She has more than 32 years experience in the real estate sector, winning

numerous accolades including Property Manager of the Year. Ms Duffy bring a wealth of knowledge of Queensland's rental sector to the Board, particularly relating to housing issues in North Queensland.

Board Meetings

A total of 11 meetings of the RTA Board of Directors occurred during 2017–18:

Board Member	Number of attendances	Departure/Arrival
Catherine Sinclair (Chair)	3/3	25 October 2017 was last Board meeting
Penny Gillespie	3/3	25 October 2017 was last Board meeting
Deborah Duffy	10/10	Not a member for the meeting of 29 November 2017
Steve Ryan	11/11	Member for entire period
Janet Benson	10/11	Member for entire period
Sally Watson	10/11	Member for entire period
Paul Melville	11/11	Member for entire period
Rachel Watson	7/7	First Board meeting was 31 January 2018
Christine Castley	7/7	First Board meeting was 31 January 2018

Audit and Risk Committee Member	Number of attendances	Departure/Arrival
Catherine Sinclair (ex officio)	1/1	23 August 2017 was last ARC meeting
Deborah Duffy	2/2	Ms Duffy was appointed as an ARC member at the Board meeting of 31 January 2018
Steve Ryan	4/4	Member for entire period
Janet Benson	3/4	Member for entire period
Sally Watson	3/4	Member for entire period
Paul Melville (ex-officio)	2/2	Commenced attending ARC Meetings as ex officio member from 28 March 2018

Note: Caretaker government period

The Queensland Government election was called on 29 October 2017 and the government was claimed on 8 December 2017. Board positions that ended on 31 October 2017 during the caretaker period were:

- Catherine Sinclair's appointment as Chair
- Penny Gillespie's appointment as a Director
- Deborah Duffy's appointment as a Director from 1 November 2016 to 31 October 2017

These positions could not be replaced during the caretaker period. The impact of the caretaker period was that the Board meeting of 29 November 2017 did not have an official Chair. The Board nominated Mr Steve Ryan as Acting Chair until the next meeting on 31 January 2018. Appointments commencing on 21 December 2017 were:

- Paul Melville as Chair
- Rachel Watson, Christine Castley and Deborah Duffy as Directors.

Accountability and risk management

Board Audit and Risk Committee

The Board's Audit and Risk Committee (ARC) ensures the organisation's objectives and strategies are achieved efficiently and effectively within an appropriate framework of internal control and risk management. The ARC Charter, reviewed annually, clearly defines the roles and responsibilities of its members. The ARC meets on a quarterly basis and includes Steve Ryan (ARC Chair), Deborah Duffy (Director), Janet Benson (Director), and Paul Melville (ex officio member/Chair). The CEO and Chief Financial Officer (CFO) report to this committee. The ARC oversees our accounting policies and practices, the integrity of financial statements and reports, the scope, quality and independence of external audit arrangements, the monitoring of the internal audit function, and the effectiveness of risk measures.

The ARC is also responsible for monitoring overall legal and regulatory financial compliance. The Internal Audit Strategic Plan 2017–2020, developed by ARC, maintains accountability, ensures compliance and identifies business processes to be audited each financial year. Internal and external auditors attend each ARC meeting. Achievements in 2017–18 were:

- Reviewed implementation of:
 - Internal Audit recommendations
 - External Audit recommendations
 - Risk register

The ARC adhered to the terms of its charter and the Queensland Treasury's Audit Committee Guidelines.

Our Executive Leadership Team

Our Executive Leadership Team underwent considerable changes during the year due to departures by key members including Darren Barlow, Chief Executive Officer, John Rayfield, Chief Information Officer and Melanie Banner, Director Service Delivery. The official appointment of Jennifer Morgan to the role of Chief Executive Officer occurred on 30 April 2018.

The rebranding of the role of Chief Information Officer to Chief Digital Officer signified the focus of the role to lead the RTA forward in its digital offerings to the Queensland residential rental sector. Finalisation of the recruitment for this role occurred in June 2018 with the successful candidate being Nasa Walton. The other key executive role, Director Service Delivery, has Claudio Boveri acting in the position.

Jennifer Morgan

Chief Executive Officer



Jennifer has a broad range of management experience and leadership skills with demonstrated achievements in financial planning, corporate governance, policy development and the delivery of

services across both private and public sectors.

Prior to joining the RTA, Jennifer held executive roles at Brisbane City Council. These roles included Assurance Delivery and Performance Manager, Financial Projects Manager and senior appointments within Corporate Treasury.

Jennifer holds a Bachelor of Business degree majoring in Accountancy from the Queensland University of Technology and is an accredited Workplace Executive Coach.

Juliet McKenzie

Chief Financial Officer



Juliet McKenzie leads the RTA's Corporate Support Services including finance, bond transaction management, human resources, and legal and governance. From February 2018 to April 2018, she

served as Acting Chief Executive Officer pending the arrival of our new CEO.

Juliet joined the RTA in November 2015 after 15 years in the water industry in executive and senior finance roles. She has extensive leadership experience in corporate services, developing commercial initiatives, governance and financial structures and policies during mergers, government restructuring and complex project management.

She has a Bachelor of Commerce from James Cook University and is a Fellow Certified Practising Accountant and Graduate of the Australian Institute of Company Directors.

Meghan Hibbert

Director, Policy and Stakeholder Engagement



Meghan leads our Policy and Stakeholder Engagement division's research, consultation, investigations, communication and education services.

Meghan joined the RTA in July 2016 after more than 17 years experience in housing and community services, holding executive roles in government since 2008 and as general manager of a Tier 1 community housing provider. Her extensive experience includes policy development, ministerial liaison, change management, operations and asset management for the Queensland Department of Housing and Public Works and Housing NSW. Meghan's comprehensive sector knowledge has led to her selection for a key project of the *Queensland Housing Strategy 2017–2027*.

She holds a Bachelor of Organisational Leadership and graduate qualifications in business management and social science (housing policy and management).

Claudio Boveri

A/Director, Service Delivery



Claudio Boveri leads the Service Delivery division, comprising the contact centre, dispute resolution and client support services offering personalised tenancy information.

Claudio joined the RTA in 2010 with several years experience in client service and management including roles with Queensland departments of Justice and Attorney-General and Transport and Main Roads. Before his Queensland Government experience, Claudio worked in the transport and logistics industry.

Having progressed through various roles in the Service Delivery division, Claudio has led key projects to enhance frontline services and, as Workforce Manager, developed robust processes to maximise resources.

He has a Bachelor of International Business from University of the Sunshine Coast and is a qualified Prince2 Practitioner.

Nasa Walton

Chief Digital Officer



Nasa is an award winning Chief Information Officer with a career in delivering innovative solutions. As the CIO of a hospital and health service for the past five years, she also has experience in

other health industry senior leadership. Appointed in June 2018 and commencing in July as Chief Digital Officer, Nasa guides our ICT strategic direction and leads the Digital Business Centre (DBC), comprising helpdesk and application support, innovative projects, business intelligence, information management and clients' online communication and forms lodgement.

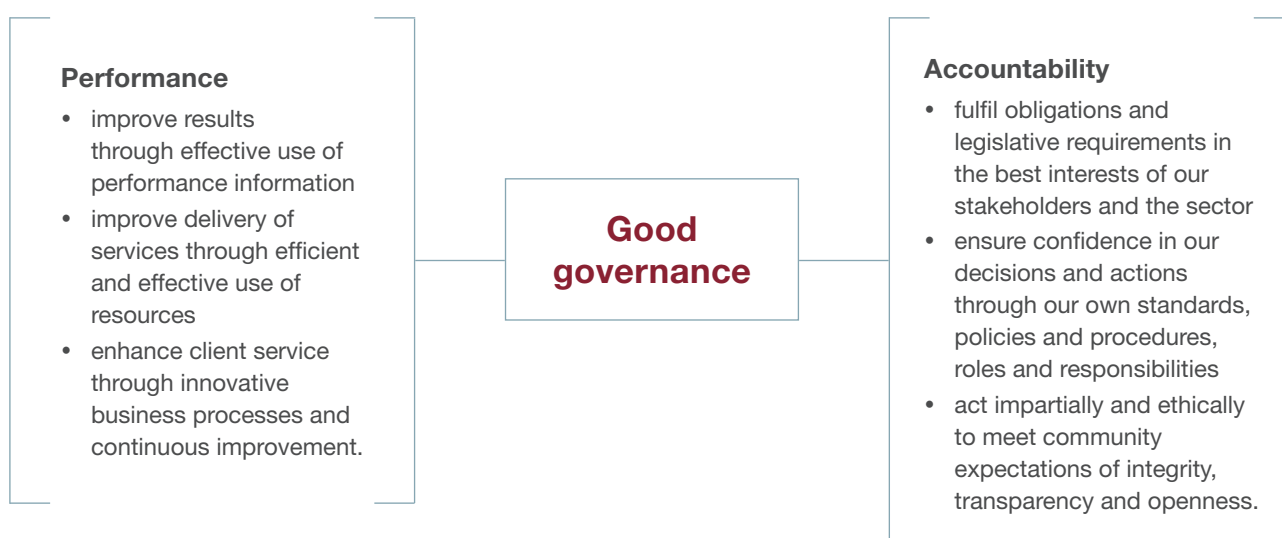
Nasa has a Bachelor of Business, Human Resource Management, from Southern Cross University and a Graduate Certificate in Marketing and Communications from Canberra University.

Our corporate governance framework

The RTA bases its corporate governance framework on the Queensland Treasury Corporate Governance Guidelines for Government Owned Corporations and the Queensland Auditor-General's model and includes far-reaching accountability processes. Our commitment to the Queensland Government's focus on integrity and accountability underpins our existing corporate governance processes.



- 1 **Continual improvement** – enhanced business processes using a cycle of continuous improvement to improve organisational effectiveness and efficiencies
- 2 **Risk management** – regularly assess and respond to risks by linking everyday processes and practices to operational and strategic risk
- 3 **Leadership and strategy** – shared understanding of our vision, purpose, priorities through effective planning, collaboration and resource allocation
- 4 **Alignment** – functions, structures and culture that support our organisational goals through role clarity and empowered staff
- 5 **Responsibilities** – accountability, transparency for decisions through legislative compliance and corporate reporting
- 6 **Performance management and evaluation** – building a high performing culture through agreed performance expectations, effective communication, best practice management and capability building
- 7 **Ethical standards and values** – acting impartially and ethically in the interests of the RTA, adhering to the Code of Conduct and our values are reflected in our behaviour.
- 8 **Systems and processes** – accountable and transparent decision making processes, robust internal control mechanisms, compliance, policies and procedures
- 9 **Deliver** – quality client service, stakeholder engagement, collaboration, monitoring, review and reporting



Governance practices, strategies, policies, processes and resources that provide confidence to our stakeholders and the sector.

	1	2	3	4	5	6	7	8	9
<i>Residential Tenancies and Rooming Accommodation Act (2008) and Acts Interpretations Act (Qld) 1954</i>	●			●	●			●	●
Strategic Plan	●	●	●	●	●	●	●	●	●
Annual Report	●	●	●	●	●	●	●	●	●
State Budget			●	●	●	●			●
<i>Statutory Bodies and Financial Arrangements Act 1982</i>				●	●	●		●	●
<i>Financial Accountability Act 2009 and Financial Management Standard 2009</i>		●	●		●	●		●	
2020 Business Plan	●	●	●	●	●	●	●	●	●
Annual Business Plan		●	●	●	●	●	●	●	●
Divisional Operational Plans		●	●	●	●	●	●	●	●
Organisational Structure	●			●	●				●
Position Descriptions	●		●	●	●	●	●		●
Induction Strategy		●		●	●	●	●	●	●
Mandatory Training	●	●	●	●	●	●	●		●
Delegations of Authority including associated policies, procedure and register		●		●	●		●	●	
Ministerial Charter Letters		●	●		●	●			
<i>Queensland Housing Strategy 2017-2027</i>	●	●	●		●			●	●
<i>Public Sector Ethics Act 1994</i>		●			●	●	●		
<i>Anti-Discrimination Act 1991 (Qld)</i>		●			●		●	●	
<i>Information Privacy Act 2009 (Qld)</i>		●			●	●		●	
<i>Right to Information Act 2009 (Qld)</i>		●			●	●		●	
<i>Public Interest Disclosure Act 2010 (Qld)</i>		●			●	●	●	●	
Code of Conduct		●		●	●		●	●	●
Quality Management including Work Instruction Working Group	●	●			●			●	●
Performance Management Planner Schedule of Corporate Governance Activities		●	●	●	●	●	●	●	●
Quality Monitoring Program	●	●			●			●	●
Procurement Strategy		●			●		●	●	
Digital Strategy	●	●			●	●			●

1 **Continual improvement**

2 **Risk management**

3 **Leadership and strategy**

4 **Alignment**

5 **Responsibilities**

6 **Performance management and evaluation**

7 **Ethical standards and values**

8 **Systems and processes**

9 **Deliver**

	1	2	3	4	5	6	7	8	9
Post-Call Client Surveys	●	●			●			●	●
Outreach Program	●						●	●	●
Industry Development Forum	●		●				●	●	●
Client Service Charter	●	●			●	●	●	●	●
Policies, Procedures and Work Instructions		●		●	●	●		●	●
Risk Management Framework	●	●	●		●			●	
Strategic Risk Register	●	●			●			●	●
Legislative Compliance Register	●	●			●			●	●
Business Continuity Management Plans		●			●			●	●
Performance Management Framework				●		●	●	●	●
Competency Framework	●			●			●		●
Learning and Development Strategy	●			●			●		●
Work Health and Safety Plan		●			●		●		●
Quality and Training Program		●		●			●	●	●
Project and Program Governance Model	●	●	●		●			●	●
RTA Brand Policy including Style Manual and Associated Guides		●						●	●
Financial Management Practices Manual		●			●			●	●
Open Data Strategy		●					●	●	●
Working for Queensland Survey Results and Action Plans	●	●	●				●		
Red Flag Escalation Process	●	●		●	●	●	●		●
External Reviews	●	●			●	●			●

External scrutiny

During the year, the RTA engaged a number of external experts to review and provide feedback on systems, processes, policies and strategies.

These reviews included –

- KPMG – Payroll system implementation assurance
- Price Waterhouse Coopers (PwC) – Payroll project assurance
- Deloitte – Review of the business intelligence strategy
- Protiviti – Internal Controls Review

Further to these, Crowe Horwath was engaged to undertake a wide range of internal audit programs. For these include:

- Procure to Pay
- Payroll Processing
- Business Continuity Planning
- System Change Management
- Investigations Management
- IT Security

The RTA engaged Pitcher Partners through the Queensland Audit Office to provide annual financial audit services. No significant findings have been reported through the reviews.

Internal audit

Internal accountability processes include planning mechanisms for the management of risk and the associated internal audit function, the flow of information to and from the Executive Leadership Team, and engagement with stakeholders. The internal audit assists with our strategic goals by providing an independent review of identified areas. The reviews assist with:

- reliability and integrity of financial and other operating information
- adequacy and effectiveness of systems and controls
- compliance with policies, laws and regulations
- prevention of fraud and corruption
- safeguarding of assets
- risk management planning
- economic and efficient use of resources

Committees and groups

- The Consultative Committee (CC) provides a forum to discuss and consult on staff relations including industrial relations and ensures issues are managed appropriately. The committee meets quarterly and as issues arise.
- The Portfolio Management Steering Committee (PMSC) is chaired by the CEO and includes senior management and an external representative. It ensures corporate projects operate efficiently and effectively and are sufficiently resourced to support our business and corporate needs.

Public interest disclosure

All of our staff members have an ethical responsibility to report actual, or suspected, instances of official misconduct as defined in the *Public Interest Disclosure Act 2010*. There were no disclosures this financial year.

Ethical standards

The RTA Code of Conduct provides a framework for ethical conduct based on the principles and values of the *Public Sector Ethics Act 1994*. All staff must carry out their duties with integrity and impartiality, be accountable and transparent, and promote the public good. All staff have completed mandatory Code of Conduct training using the online management system myPlace. The code is also reflected in all of our Human Resources policies, procedures and initiatives.

Positive client feedback

The RTA values the opinions of our clients and actively encourages feedback about our services. Feedback options are embedded in all channels of communication. Organisation-wide feedback is overwhelmingly positive and reflects the success of the RTA's client focused culture.

In 2017–18, the RTA's website was updated to make it easier for clients to submit a complaint or make a suggestion. We responded to 136 formal client complaints in 2017–18 (179 in 2016–17, a 24 per cent decrease). In addition to the reduction in complaints, client satisfaction surveys demonstrated a 7.3 per cent increase in overall client satisfaction from Q4 2016–17 to Q4 2017–18.

Performance review framework

The RTA Board and CEO are responsible for monitoring and reviewing the performance of the organisation. The performance review framework ensures this role is undertaken with comprehensive knowledge of our functions.

The table below outlines our 2017–18 performance against the key elements of the framework.

Function	Purpose	Achievements 2017–18
Monthly financial reporting	Reports level of revenue and expenditure against the approved budget at each Board meeting	Comprehensive monthly financial reports provided at each Board meeting
Performance measures	Reports achievement against annual performance targets. These targets include the number of enquiries, the quality of information provided and timeliness of the response	Full performance reports provided at each Board meeting
Internal audit program	Reports progress and recommendations from internal audit to the ARC	Full status of all audits provided to the ARC – no critical level risks
Service Delivery Statement	Contributes to the Minister's report on performance and budget results to the Queensland Parliament	Effective investment management resulted in stronger returns outperforming the budgeted target
Annual Report	High reporting standards ensure accountability to the RTA's clients, sector and staff	Full compliance with the Queensland Government's annual reporting requirements

Business and financial planning

The Board sets the organisation's strategic direction, which is documented and formalised through the RTA Strategic Plan 2017–21 (visit rta.qld.gov.au to access a copy).

The 2017–21 Strategic Plan identifies priorities relating to enhanced client service, lean systems, adaptive people and business sustainability.

The strategic plan is underpinned by an annual business plan and divisional operational plans specifying activities and performance levels to be achieved. Staff complete annual performance development plans with their line managers to identify their contribution to planning and performance and to determine their professional development requirements. Our business planning is used to develop our budget, which is endorsed by the Board and approved by the Minister. We report to public stakeholders through the Annual Report, annual Service Delivery Statements and Parliamentary Estimates Hearings process.

Recordkeeping and access to information

Recordkeeping

The *Public Records Act 2002* governs RTA's records management. The Records Management Unit maintains centralised control and oversees the records management framework. The RTA has policies and

procedures in place, including a Records Management Policy, to inform staff of all aspects of recordkeeping practices and responsibilities. Our Business Classification Policy, Disposal of Records Policy and Vital Records Policy also support compliance with Information Standard: 40 Recordkeeping (IS40) and Information Standard: 31 Retention and disposal of public records (IS31). A phased implementation of RTA's new SharePoint and RecordPoint Electronic Document and Records Management System (eDRMS) is currently in progress. The new eDRMS has been successfully implemented in pilot areas. Full implementation across all business areas is planned for 2018–19.

Right to information

The *Right to Information Act 2009* (RTI Act) allows members of the public access to certain information controlled by the Queensland Government. The RTA supports right to information principles by operating in an open, transparent and accountable manner while protecting the privacy of clients and staff. In 2017–18, the RTA responded to two applications for access to documents relating to bonds and disputes under the RTI Act.

The RTA's Administrative Access Policy allows public access to certain types of information held by the RTA without having to apply through the formal RTI Act or the *Information Privacy Act 2009* (IP Act) application processes.



Where possible, the RTA will release information under this policy. In 2017–18, the RTA responded to 953 requests made under the Administrative Access Policy.

Information privacy

The *Information Privacy Act 2009* (Qld) gives members of the public the legal right to access and amend their personal information. It requires the RTA to safeguard personal information it holds and disclosures can occur only when the individual it relates to provides consent or where it is required and authorised under law. In 2017–18, the RTA received nine applications from individuals for access to documents containing their personal information.

Information systems and cyber security

In 2017–18, we continued to enhance the management and security of our information assets. Key initiatives included:

- moving some services to the cloud and planned for further migration of infrastructure to a scalable, on-demand cloud delivery model
- strengthening of the RTA's IT security posture through a range of initiatives including changes to user access requirements and a review of the security access matrix for the core myRTA system
- finalising implementation of an enterprise content management system and commenced work on implementation of an electronic records management system
- commencing work on data quality improvement initiatives and developing business intelligence reporting dashboards to enhance data quality processes and ensure data integrity and completeness for all business critical datasets

Open data – access and content

The RTA meets its requirements to publish information through the Queensland Government's Open Data portal at <http://data.qld.gov.au>. Information published includes:

- Consultancies
- Overseas travel
- Queensland Language Services Policy

Our people

Our people are the key to our success and the RTA has put enormous energy into building an adaptive workforce during a time of significant organisational change.

This focus, which is an important pillar of the organisation's strategic plan, is helping to build the foundations of a high performance culture.

Learning and development strategy

The Learning and Development Strategy, a major RTA initiative in 2016–17, was developed and implemented to achieve that goal. This two-year strategy and its associated initiatives will be reviewed and evaluated at the cessation of the year to enable a further strategy to be developed for the following year.

The current strategy includes:

- enhancing capability to improve performance and productivity
- adopting modern and best practice approaches in the sector
- minimising organisational and operational risk
- enhancing organisational performance

Other strategic initiatives include:

- talent and succession management
- reward and recognition
- myPlace online learning management system
- new performance framework

Talent and succession management plan

This plan identifies staff members with ability, potential and passion to move into senior roles in the RTA.

The RTA's framework was built to:

- develop leadership pathways to ensure business continuity
- resource talent development to ensure a greater return on investment
- identify and deploy the best candidates for key positions
- develop critical technical capability
- develop potential successors

Succession planning has occurred for all critical roles across the RTA, as well as talent assessment across the executive and leadership teams.

Reward and recognition program

This program recognises and rewards staff who help build a high performance culture at the RTA. The current reward and recognition program addresses the Working for Queensland survey results across a range of areas such as engagement, learning and development, recognition and performance and aligns itself with the RTA performance framework.

myPlace online learning management system

The RTA undertakes a blended approach to learning following the 70:20:10 rule. Part of this learning approach is the use of the online learning management system (named myPlace).

The learning management system is web based and allows staff 24/7 access to training modules on PCs, smartphones and tablets and replaces the more traditional and costly face-to-face approach. The system streamlines metrics and reporting and helps mitigate risk by ensuring staff complete mandatory training in areas such as code of conduct, work health and safety and other compliance areas.

The myPlace platform is powered through ELMO and is also utilised for our performance module.

Driving a high performing culture

The RTA implemented a performance framework on 1 July 2017, which aims to help create a high performing organisation and supports and enables the RTA's strategic objectives to be met. The framework encourages all employees to support and participate in a high performance environment and encourages a learning and growth culture. The Public Service Commission's competency framework (Success Factors) outlines

expectation of behaviour in the workplace and helps enable career path planning and the transfer of skills across the Queensland Public Sector.

The performance framework will be hosted in myPlace to enable streamlined tracking, reporting, intelligence gathering and forward planning, delivering on our strategic goal of developing lean systems.

In order to support a high performing culture, 360-degree feedback has been rolled out to all of the RTA leadership team. This feedback then forms part of their development needs and assists in the formulation of the RTA training calendar and leadership development programs.

Safety and employee wellbeing remains a priority

In 2017–18, 16 workplace incidents occurred without any lost time due to injury. All legislative and reporting requirements were met including those to regulatory bodies. We also supported a number of employees through rehabilitation programs to facilitate a safe return to the workplace after a significant absence or injury.

A Work Health and Safety Strategic Plan was developed and implemented in 2017–18 and approved by the RTA Board. This initiative has progressed well against the plan and focused on two primary areas of ergonomics and managing mental health in the workplace.

The Wellness Program gave staff the opportunity to increase their knowledge of health issues through annual health assessments, skin cancer checks and the flu vaccination program. We also leveraged our corporate partnerships with healthcare providers, Medibank Private and Bupa through a series of sessions for staff. This included information on healthy eating habits, dealing with stress and anxiety, and general mental health matters. As well, financial information sessions, conducted by Q Super, Remserv and Smart Salary were integrated into the program.

Our free, confidential counselling and online service for staff have proven popular during the year. The Employee Assistance Program, Benestar, has been well utilised by staff over the last year.

Promoting equity at work

We promote a discrimination-free workplace by educating staff about anti-discrimination laws through formal induction training, brochures and pamphlets, and information on the intranet.

The RTA supports Equality of Employment Opportunity (EEO) events such as Mental Health Week, International Women's Day and Domestic Family Violence Prevention Month. Requirements and principles for EEO and anti-discrimination are incorporated into RTA policies, procedures and training.

The RTA also celebrated other events for the first time such as Brisbane Pride and White Ribbon Day.

The RTA supports people within the workplace who may be making changes within their personal life such as gender transitioning.

Healthy work-life balance

The RTA continued to encourage staff to maintain a healthy work-life balance by providing flexible accrued time, part-time employment, casual employment and formal working from home arrangements.

The *Queensland Public Service Officers and Other Employees' Award – State 2015* allows for greater flexibility for staff with additions such as the ability to use recreation leave and long service leave on half pay or take recreation leave as a part day.

With the introduction of more efficient technologies and ways of doing business, the RTA has piloted a variety of flexible workplace options being utilised across different areas of the business. This allows the RTA to retain highly talented and capable people, whilst they are supporting family commitments.

Our workforce is the key to our success

Our workforce is critical in the achievement of the deliverables of the RTA strategy.

High staff retention continued in 2017–18 and, as at 30 June 2018, 65 employees recorded 10 or more years of service with our organisation, representing 26.75 per cent of our workforce.

Of these, 11 employees (four per cent of the workforce) completed 15 or more years of service, a further 11 employees completed 20 or more years of service and six employees (two per cent of the workforce) had completed 25 or more years of service.

The annual separation rate for 2017–18 was 21.5 per cent of the workforce. This rate includes staff who resigned to take up roles elsewhere in the public service. During the period, one employee received a redundancy package at a cost of \$93,510.

Workforce profile

Employees (FTE) by division* as at 30 June 2018		Employees (headcount) by occupation and gender* as at 30 June 2018		
Office of the CEO	2	Occupation	Female	Male
Policy and Stakeholder Engagement	21.40	Managers and administrators	6	5
Corporate Support Services	74	Professionals	21	12
Digital Business Centre	14.76	Clerical and administrative workers	126	60
Service Delivery	95.59	Total	153	77
Total	207.75			

***Note:** This table does not include employees on extended leave or contract and temporary agency staff.

RTA support for community

RTA staff raised over \$7,200 for homeless charities

For over a decade, RTA staff have made a difference to the lives of Brisbane's homeless and disadvantaged by collecting gold coin donations every Friday for two worthy charities.

We remain committed to our favourite charities, the Ecumenical Coffee Brigade (ECB) and the Brisbane Youth Service (BYS), who help the homeless. During 2017–18, we raised \$7,200 for these charities.

RTA recycling restores hope for the homeless

When the time came to dispose of old computer hardware, the RTA found a way to support both the environment and the community.

In a major update of our information technology this year, we disposed of hundreds of PCs, servers, monitors, printers, toner cartridges, routers, phones, keyboards, mice and scanners.

Buyequip, a social enterprise established in 2001 to divert electronic waste from landfill and securely dispose of old data, assisted us with removing the old equipment.

More than 500 assorted items were collected by Buyequip to be redeployed, upcycled, recycled or dismantled for parts.

Importantly, Buyequip provides opportunities for vulnerable, isolated and homeless people to earn an income while gaining transferrable skills and real life training.



Two donations totalling \$7,200.30 were given to two charities based off monies raised from staff-funded donations for "Casual Fridays". The proceeds were provided to the Ecumenical Coffee Brigade (top) to help feed Brisbane's homeless, and Brisbane Youth Service (bottom) to help homeless and disadvantaged young people secure and maintain housing.

OUR FINANCES

KEY RESULTS



3.0%

return on investment



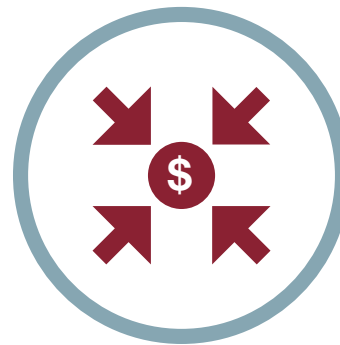
\$855.58M

value of bonds held



-\$7.89M

operating deficit



Focus on **REDUCING**
TRANSACTION costs

FUTURE PRIORITIES

- Business sustainability
- Customised, near real-time information for staff and stakeholders

Financial overview

Lower investment returns with strong expense control

This financial year saw investment returns moderately drop below forecasted results with investment income below budget by \$1.5m. Offsetting this return was the RTA's ability to reduce expenses under the budgeted number by \$1.0m.

Investment returns totalled \$26.0m in 2017–18. The average rate of return on investments of rental bonds was 3.0 per cent against a budgeted return of 3.2 per cent. This is a further decrease from 4.4 per cent in 2016–17 due to widening credit spreads impacting bond yields and continuing low interest rates in Australia.

We are committed to ensuring prudent management of investments through agreed strategies and processes in line with the *Statutory Bodies Financial Arrangements Act 1982*. Given continued market uncertainty, we are working closely with our fund manager, Queensland Investment Corporation (QIC) to ensure investment risks are carefully managed.

Expenses decreased from \$34.3m in 2016–17 to \$34.0m in 2017–18 and further savings initiatives kept costs below the 2017–18 budget by \$1.0m. Overall this resulted in an operating deficit of \$7.9m.

Financial position

Despite weaker investment returns, the RTA continued to maintain a healthy balance sheet, with no debt and a high level of liquid assets. Total equity decreased from \$43.5m in 2016–17 to \$35.6m, due to the deficit of \$7.9m. The value of bonds held during 2017–18 increased by 5.0 per cent from \$815.5m to \$855.6m.

Financial performance

2012–13 to 2017–18

Financial year	Income	Expenditure	Surplus/deficit
2012–13	45.72	41.06	4.66
2013–14	46.69	48.66	(1.98)
2014–15	24.54	34.55	(10.01)
2015–16	27.42	37.20	(9.78)
2016–17	34.99	34.27	0.72
2017–18	26.09	33.98	(7.89)

Financial performance

The table above gives a snapshot of our financial performance and highlights the relationship between the level of investment revenue, expenditure and the surplus or deficit achieved for the last six years. The year's operating deficit of \$7.9m is due to actual investment returns underperforming against forecast. Investment returns were below expectations at 3.0 per cent compared with 4.4 per cent in the previous year. The result of this reduced return was that income was \$1.5m below budget and \$8.9m lower than 2016–17.

Costs continued to be managed during the year and annual costs were contained to \$1.0m below budget. During 2017–18, the RTA wrote down the value of the work in progress intangible asset relating to software development of the bond management system's outdated portal module. The write down occurred due to the additional costs required for the implementation of the portal. The costs do not outweigh the benefit of a potential new solution to adapt to the increasing pace of new technologies. The effect of the write down was an extra \$1.1m recognised in the final results for 2017–18. Despite this, write down expenses were still \$0.3m below 2016–17 expenditure.

The operating deficit is funded from our accumulated surplus. This reserve ensures that service delivery will continue at current or increased levels into the future without disruption.



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*.

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

The 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 2018

Fund type	Investment range	Amount invested (\$'m)	Allocation QIC	Allocation QIC/QTC/other
QIC Bond Plus Fund	0–45%	163.7	19.5%	
QIC Cash Enhanced Fund	0–100%	184.6	21.2%	
QIC Global Credit Fund	0–45%	336.3	40.0%	
QIC Global Credit Opportunities Fund	0–20%	1.7	0.2%	
QIC Property Fund	0–20%	155.6	18.3%	
Total QIC		841.9	100%	96.2%
QTC		31.7		3.6%
Other		1.7		0.2%
Total funds invested		875.3		100%

Operating Income

The RTA's income relies almost exclusively on investment income from the investment of the rental bond portfolio. Revenue from investments fell 25 per cent from 2016–17 results and 44 per cent from the revenue earned in 2013–14.

As a result of these reductions in income, the RTA, in conjunction with QIC, actively managed the investment portfolio to receive the maximum return possible, without exposure to additional risk, while staying within investment guidelines and existing approvals. Steps that were taken include increasing the investment into the QIC Property Fund, which returned 8.9 per cent for 2017–18, and holding onto cash assets while they equalled or outperformed other investment types. The retention of cash gives the RTA the flexibility to invest as opportunities arise, such as the additional investment in the QIC Property Fund.

Operating expenditure

Overall expenditure decreased by \$0.3m (0.8 per cent) to \$34.0m. This expenditure result includes the write down of the intangible assets value by \$1.1m. This write down has occurred as a one-off adjustment to the RTA's software assets.

Total expenditure by type

Expenditure	2016–17		2017–18	
	\$m	%	\$m	%
Salaries and related expenses	\$20.9m	61%	\$20.4m	60%
Supplies and services	\$11.7m	34%	\$10.6m	31%
Other expenses	\$1.7m	5%	\$3.0m	9%
Total	\$34.3m	100%	\$34.0m	100%

Employee expenses

Employee expenses represent approximately 60 per cent of our total expenditure. In 2017–18 we were able to decrease employee expenses by \$0.5m (-2.4 per cent) from \$20.9m in 2016–17 to \$20.4m in 2017–18. This reduction is due to the return to business as usual activities after the completion of major projects in 2016–17.

Supplies and services

Supplies and services decreased by \$1.1m (-9.4 per cent) from \$11.7m in 2016–17 to \$10.6m in 2017–18 due to cost savings initiatives and completion of major project work. Savings were gained through a range of spending reductions including reduced postage and mail house costs as a result of increasing online services engagement, decreased telecommunications costs and reduced information technology spending. These savings initiatives begin to support the RTA to achieve an economically sustainable business model that can service Queenslanders well into the future.

Other expenses

The RTA's other expenses include depreciation and amortisation expenses. Due to the write down of intangible assets the proportion of the other expenses has increased in 2017–18 to 8.6 per cent compared to 2016–17 at 4.9 per cent.

Improved efficiency reduces costs

The RTA continues to focus on reducing transaction costs through the increasing use of automation and enabling clients to self-service.



General Purpose Financial Report

for the year ended 30 June 2018

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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 the 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 financial statements please call 07 3046 5400, or visit the RTA Internet site rta.qld.gov.au/annual-report.

Statement of Comprehensive Income

for the year ended 30 June 2018

	Notes	Group		Parent	
		2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Income					
Investment revenue	4	26,046	34,970	26,046	34,970
Other revenue	4	45	19	45	19
Total Income		26,091	34,989	26,091	34,989
Expenses					
Employee expenses	5	20,384	20,909	783	488
Supplies and services	6	10,612	11,680	30,217	32,104
Depreciation and amortisation	7	1,583	1,354	1,583	1,354
Impairment losses	17	1,087	-	1,087	-
Other expenses	8	314	324	310	321
Total expenses		33,980	34,267	33,980	34,267
Operating result for the year		(7,889)	722	(7,889)	722
Other comprehensive income					
		-	-	-	-
Total operating result		(7,889)	722	(7,889)	722

The accompanying notes form part of these statements.

Statement of Financial Position

as at 30 June 2018

	Notes	Group		Parent	
		2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Current assets					
Cash and cash equivalents	12	60,661	50,677	60,593	50,584
Other financial assets	13	841,733	813,888	841,733	813,888
Receivables	15	473	440	475	426
Other current assets	16	133	460	133	455
Total current assets		903,000	865,465	902,934	865,353
Non-current assets					
Intangible assets	17	9,673	11,951	9,673	11,951
Property, plant and equipment	18	627	1,003	627	1,003
Other non-current assets	16	10	42	10	42
Total non-current assets		10,310	12,996	10,310	12,996
Total assets		913,310	878,461	913,244	878,349
Current liabilities					
Payables	19a	795	850	4,719	4,797
Rental bonds and unclaimed monies	19b	872,552	829,591	872,552	829,591
Operating lease payable	19c	137	47	137	47
Accrued employee benefits	20	3,262	3,329	14	68
Total current liabilities		876,746	833,817	877,422	834,503
Non-current liabilities					
Operating lease payable	19c	181	317	181	317
Accrued employee benefits	20	743	798	1	-
Total non-current liabilities		924	1,115	182	317
Total liabilities		877,670	834,932	877,604	834,820
Net assets		35,640	43,529	35,640	43,529
Equity					
Accumulated surplus		35,640	43,529	35,640	43,529
Total equity		35,640	43,529	35,640	43,529

The accompanying notes form part of these statements.

Statement of Changes in Equity

for the year ended 30 June 2018

	\$'000	\$'000
	Accumulated Surplus	Total Equity
Group		
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
2017		
Balance as 1 July 2016	42,807	42,807
Operating result from continuing operations	722	722
Balance as at 30 June 2017	43,529	43,529
Parent		
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
2017		
Balance as 1 July 2016	42,807	42,807
Operating result from continuing operations	722	722
Balance as at 30 June 2017	43,529	43,529

The accompanying notes form part of these statements.

Statement of Cash Flows

for the year ended 30 June 2018

	Notes	Group		Parent	
		2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Cash flows from operating activities					
<i>Inflows</i>					
Interest income		1,527	2,036	1,527	2,036
Bond lodgements		414,250	405,176	414,250	405,176
Other operating receipts		45	19	45	19
GST collected from customers		2	1	2	1
GST refunds received		1,043	1,729	1,043	1,733
<i>Outflows</i>					
Bond claims		(371,289)	(362,257)	(371,289)	(362,257)
Employee expenses		(21,398)	(20,733)	(1,731)	(442)
Supplies and services		(9,537)	(11,858)	(29,179)	(32,036)
Other expenses		(206)	(338)	(206)	(341)
GST paid to suppliers		(1,041)	(1,660)	(1,041)	(1,660)
Net cash provided by operating activities	CF.1	13,396	12,115	13,421	12,229
Cash flows from investing activities					
<i>Inflows</i>					
Investments redeemed		24,104	28,387	24,104	28,387
<i>Outflows</i>					
Payments for property, plant and equipment		(16)	(28)	(16)	(28)
Payments for intangibles		-	(4,689)	-	(4,689)
Payments for investments		(27,500)	(56,000)	(27,500)	(56,000)
Net cash used in investing activities		(3,412)	(32,330)	(3,412)	(32,330)
Net increase/(decrease) in cash and cash equivalents		9,984	(20,215)	10,009	(20,101)
Cash and cash equivalents at beginning of financial year	12	50,677	70,892	50,584	70,685
Cash and cash equivalents at end of financial year	12	60,661	50,677	60,593	50,584

The accompanying notes form part of these statements.

Notes to the Statement of Cash Flows

for the year ended 30 June 2018

Group		Parent	
2018	2017	2018	2017
\$'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	(7,889)	722	(7,889)	722
Add: Depreciation and amortisation	1,583	1,354	1,583	1,354
Impairment losses	1,087	-	1,087	-
Increase in accrued employee benefits	-	176	-	46
Decrease in receivables	-	55	-	54
Decrease in prepayments	359	176	354	167
Increase in unclaimed bonds	435	1,511	435	1,511
Increase in rental bonds	42,526	41,407	42,526	41,407
Increase in operating lease payable	-	39	-	39
	38,101	45,440	38,096	45,300
Less:				
Increase in receivables	33	-	49	-
Decrease in trade creditors	55	391	78	137
Decrease in accrued employee benefits	122	-	53	-
Unrealised increase in investments	24,449	32,934	24,449	32,934
Decrease in operating lease payable	46	-	46	-
Net cash provided by operating activities	13,396	12,115	13,421	12,229

Notes to the Financial Statements

for the year ended 30 June 2018

1. Basis of Financial Statement Preparation

General information

The Residential Tenancies Authority (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 2017, 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 2017–18.

Accounting standards early adopted

No new Australian Accounting Standards have been early adopted for 2017–18.

Accounting standards applied for the first time

AASB 2016-4 *Amendments to Australian Accounting Standards – Recoverable Amount of Non-Cash Generating Specialised Assets for not-for-Profit Entities* simplified and clarified the impairment testing requirements under AASB 136 for non-cash generating assets held by NFP entities. The amendment has not changed any reported amounts. References to the Depreciated Replacement Cost have been replaced with Current Replacement Cost in line with these amendments.

No new Australian Accounting Standards effective for the first time in 2017–18 have had any material impact on this financial report.

Presentation

Currency and rounding

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

Comparatives

Comparative information reflects the audited 2016–17 financial statements except where it has been restated in Note 5 and Note 6 to be consistent with disclosures in the current reporting period.

Notes to the Financial Statements

for the year ended 30 June 2018

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 flows 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. For further information regarding the RTA's accounting policies regarding fair value measurement refer to Note 14.

Present value

Present value represents the present discounted value of the future next 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. Refer to Note 20 to see how the RTA uses present value when calculating the value of employee entitlements not expected to be wholly settled within 12 months.

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 2018

2. Objectives and principle activities of the RTA

The RTA's core responsibility and principal activity is to administer and provide services in accordance with the RTRA Act.

The RTA's strategic objectives include:

- delivering secure online services that make renting easier for everyone
- maintaining strong relationships with the sector and stakeholders to ensure high levels of community awareness of the RTRA Act, the RTA and its services
- simple cost-effective systems to enable great client service
- delivering value for money services
- growing value through innovation and cost-base efficiency
- addressing financial sustainability. The RTA contributes to the Queensland Government's objective to be a responsive Government by providing state-wide rental bond management, tenancy information, self-resolution assistance and support, community education, a conciliation service for tenancy disputes, investigating offences under the RTRA Act, providing sector research and data, and policy advice to government.

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 Housing and Public Works.

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 of the SBFA Act.

Notes to the Financial Statements

for the year ended 30 June 2018

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:	<i>The 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) 2018: \$3K (2017: \$3K)
Financial information:	
Total assets: \$4.06 million (2017: \$4.14 million)	Total revenue: \$19.61 million (2017: \$20.54 million)
Total liabilities: \$4.06 million (2017: \$4.14 million)	Total operating result: \$nil (2017: \$nil)

4. Income

Investment revenue

Interest on cash assets and investments

	Group		Parent	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Return on investments	24,449	32,934	24,449	32,934
Bank interest	1,597	2,036	1,597	2,036
Total investment revenue	26,046	34,970	26,046	34,970
Other revenue				
Sundry income	27	18	27	18
Penalties and infringements revenue	18	-	18	-
Bad debts recovered	-	1	-	1
Total other revenue	45	19	45	19
Total income	26,091	34,989	26,091	34,989

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 QIC managed funds or 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 2018

5. Employee expenses

Employee benefits

	Group		Parent	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Salaries and wages	15,195	15,523	275	281
Allowances	43	231	-	-
Annual leave expense	1,402	1,556	23	28
Long service leave expense	341	271	(14)	12
Employer superannuation contributions	2,041	2,022	42	44
Total employee benefits	19,022	19,603	326	365
Employee related expenses				
Fringe benefits tax	29	14	29	11
Workers' compensation insurance	118	121	118	2
Payroll tax	916	917	21	23
Other employee related expenses	299	254	289	87
Total employee related expenses	1,362	1,306	457	123
Total employee expenses *	20,384	20,909	783	488

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	
	2018 No.	2017 No.	2018 No.	2017 No.
	208	234	1	1

* Total employee expenses for the group include redundancies of \$94,679 in the 2017–18 financial year (2016–17: \$237,892).

Notes to the Financial Statements

for the year ended 30 June 2018

5. Employee expenses (continued)

Accounting policy – wages, salary and sick leave

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

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

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

Accounting policy – superannuation

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

6. Supplies and services

	Group		Parent	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Delivery of service expenses	844	995	844	995
Board fees	138	149	138	149
Building expenses	278	299	278	299
Contractors and consultants	3,690	8,902	3,690	8,875
Less: Capitalised costs	-	(4,589)	-	(4,589)
Investment expenses	1,774	1,769	1,774	1,769
Information technology expenses	995	1,265	995	1,265
Legal expenses	98	64	98	64
Operating lease rent	2,231	2,230	2,231	2,230
Repairs and maintenance	133	136	133	136
RTEO service fees	-	-	19,607	20,540
Other supplies and services	431	460	429	371
Total Supplies and services	10,612	11,680	30,217	32,104

Notes to the Financial Statements

for the year ended 30 June 2018

	Group		Parent	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
7. Depreciation and amortisation				
Depreciation and amortisation were incurred in respect of:				
Plant and equipment	18	23	18	23
Computer equipment	99	100	99	100
Leasehold improvements	275	275	275	275
Intangible assets				
Internally generated software	1,181	842	1,181	842
Purchased software	10	114	10	114
Total depreciation and amortisation	1,583	1,354	1,583	1,354

8. Other expenses

External audit fees *	36	35	32	32
Internal audit fees	141	102	141	102
Bad and impaired debts	65	55	65	55
Special Payments **	7	-	7	-
Insurance premiums	72	132	72	132
Total other expenses	314	324	310	321

* Total external audit fees paid to QAO relating to the 2017–18 financial year are estimated to be \$35,550 for the group (2017: \$35,200 for the group). There are no non-audit services included in this amount.

Special Payments

** Special payments represent ex gratia expenditure and other expenditure that the RTA is not contractually or legally obligated to make to other parties. Special payments during 2017–18 include the following payments over \$5,000:

– the RTA made an ex-gratia payment of \$7,000 in relation to the settlement of a legal matter.

Notes to the Financial Statements

for the year ended 30 June 2018

9. Key management personnel and remuneration expenses

(a). Key management personnel

The RTA's responsible Minister is the Honourable Michael (Mick) de Brenni MP and is identified as part of the organisations 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 2017–18. 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.

Position	Responsibilities	Changes to positions
Chief Executive Officer	The Chief Executive Officer is responsible for ensuring the authority is managed as required by the policies of the Board.	Current: from 30/04/18 Acting: 19/02/18 – 27/04/18 Former: to 16/02/18
Chief Financial Officer	Responsible for leading the Corporate Support Services team, including Corporate Governance and Legal Services, Financial Services and Human Resources. This role also oversees the Transaction Centre for rental bond processing of all bond lodgements and refunds.	Current: from 2/11/15 Acting: 19/02/18 – 27/04/18
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 March 2018.	Former: 21/09/17 – 1/03/18 Former: to 22/09/17
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. The A/IT Director is currently engaged as a contractor via a temporary agency arrangement and is not an employee of the RTA or its controlled entity.	Current: from 5/03/18
Director – Policy and Stakeholder Engagement	Leads the Policy and Stakeholder Engagement team, undertaking policy development and research, proactive community education and compliance activities and stakeholder engagement.	
Director – Service Delivery	Heads the RTA's Service Delivery division that comprises of 4 business units which include the Contact Centre, Support, Dispute Resolution and Quality and Training.	Acting: from 30/10/17 Former: to 3/11/17
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.	Former: to 14/05/18

Notes to the Financial Statements

for the year ended 30 June 2018

9. Key management personnel and remuneration expenses (continued)

(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 an 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 the 30th April 2018.

For the 2017–18 year, the remuneration of key executive management personnel increased by 2.5% (16–17 2.5%) for Senior Officers and for Administrative Officers, in accordance with government directives.

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

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

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

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

Notes to the Financial Statements

for the year ended 30 June 2018

9. Key executive management personnel and remuneration (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 is currently 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 Directors 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.

Notes to the Financial Statements

for the year ended 30 June 2018

9. Key executive management personnel and remuneration (continued)

(b) Remuneration (continued)

1 July 2016 – 30 June 2017

Position (service date if less than full year)	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	280	-	6	30	-	316
Chief Financial Officer	177	-	4	15	-	196
Chief Information Officer	174	-	4	19	-	197
Director – Policy and Stakeholder Engagement (Appointed 18 July 2016)	131	-	3	17	-	151
Executive Manager – Policy and Education (1 July 2016 to 18 July 2016)	8	-	-	1	-	9
Director – Service Delivery	134	-	3	17	-	154
Manager – Transaction Centre	110	-	3	13	-	126
Total	1,014	-	23	112	-	1,149

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

For the 2017–18 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 2018

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	
			2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Mr Paul Melville (Chair) ¹	May 2017		39	3	39	3
Mr Stephen Ryan	Nov 2016		21	14	21	14
Ms Sally Watson	Nov 2016		21	14	21	14
Ms Janet Benson	May 2017		23	3	23	3
Ms Rachel Watson	Dec 2017		10	-	10	-
Ms Christine Castley ²	Dec 2017		-	-	-	-
Ms Deborah Duffy ³	Dec 2017		18	21	18	21
Ms Catherine Sinclair (Chair) ⁴	Apr 2013	Oct 2017	18	52	18	52
Ms Helen Roslyn Wallace	Apr 2004	Oct 2016	-	7	-	7
Ms Jane Seawright	Nov 2012	Oct 2016	-	7	-	7
Mr Darryl Mutzelburg	Apr 2013	Mar 2017	-	15	-	15
Ms Jan Williams	Nov 2013	Oct 2016	-	7	-	7
Ms Penny Gillespie	Nov 2013	Oct 2017	7	21	7	21
Total Board member payments			157	164	157	164

The 2017–18 Board fees included fees of \$143,116 plus superannuation of \$13,873. The 2016–17 Board fees included fees of \$150,091 plus superannuation of \$14,324.

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

² – Christine Castley was appointed to the Board from the 21st 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 the 25th 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 2018

11. Related party disclosures

During the year, the RTA paid service fee income to its controlled entity, the RTEO, of \$19,607,000 (2017: \$20,540,000).

For the 2017–18 financial year there were no other material related party transactions.

12. Cash and cash equivalents

Cash at bank

Queensland Treasury Corporation (QTC)

Term deposits

Total cash and cash equivalents

Group		Parent	
2018	2017	2018	2017
\$'000	\$'000	\$'000	\$'000
1,831	3,467	1,763	3,374
37,330	31,710	37,330	31,710
21,500	15,500	21,500	15,500
60,661	50,677	60,593	50,584

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 2018

	Group		Parent	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Managed funds – QIC	841,733	813,888	841,733	813,888
Total other financial assets	841,733	813,888	841,733	813,888

13. Other financial assets

Represented by:	Group and Parent			
	Annual average return on investments	Treasurer approved strategic asset allocation parameter	Actual Allocation	Amount \$'000
QIC investment products as at 30 June 2018				
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

QIC investment products as at 30 June 2017	Annual average return on investments	Treasurer approved strategic asset allocation parameter	Actual Allocation	Amount \$'000
	QIC Bond Plus Fund	3.99%	0% – 45%	20.06%
QIC Cash Enhanced Fund	2.78%	0% – 100%	22.72%	184,933
QIC Global Credit Fund	3.07%	0% – 45%	41.84%	340,524
QIC Global Credit Opportunities Fund	5.32%	0% – 20%	0.22%	1,775
QIC Property Fund	9.80%	0% – 20%	15.16%	123,413
Total Portfolio	4.40%		100.00%	813,888

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 2018

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 2018 Amount \$'000	30 June 2017 Amount \$'000	Fair value hierarchy category
QIC investment products as at 30 June 2018			
QIC Bond Plus Fund	163,658	163,243	Level 2
QIC Cash Enhanced Fund	184,567	184,933	Level 2
QIC Global Credit Fund	336,324	340,524	Level 2
QIC Global Credit Opportunities Fund	1,629	1,775	Level 2
QIC Property Fund	155,555	123,413	Level 3
Total portfolio	841,733	813,888	

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 2018

15. Receivables

Debtors

Less provision for doubtful debts

Accrued interest revenue

GST receivable

Total Receivables

Group		Parent	
2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
107	91	109	82
(13)	-	(13)	-
94	91	96	82
281	211	281	211
98	138	98	133
473	440	475	426

16. Other assets

Current

Prepayments

Total current

Non-current

Prepayments

Total non-current

Total other assets

Group		Parent	
2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
133	460	133	455
133	460	133	455
10	42	10	42
10	42	10	42
143	502	143	497

Notes to the Financial Statements
for the year ended 30 June 2018

	Group		Parent	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
17. Intangible assets				
Software purchased: at cost				
Gross	750	1,012	750	1,012
Less: accumulated amortisation	(666)	(918)	(666)	(918)
	84	94	84	94
Software internally generated: at cost				
Gross	14,607	14,607	14,607	14,607
Less: accumulated amortisation	(5,018)	(3,837)	(5,018)	(3,837)
	9,589	10,770	9,589	10,770
Work in progress: at cost				
Client portal – Gross	-	1,087	-	1,087
	-	1,087	-	1,087
Total intangible assets	9,673	11,951	9,673	11,951

Notes to the Financial Statements

for the year ended 30 June 2018

17. Intangible assets (continued)

Intangible assets reconciliation

	Software internally generated	Software purchased	Software work in progress	Total
	Group and Parent			
	\$'000	\$'000	\$'000	\$'000
2018				
Carrying amount at 1 July 2017	10,770	94	1,087	11,951
Acquisitions	-	-	-	-
Disposals	-	-	-	-
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
2017				
Carrying amount at 1 July 2016	-	107	8,111	8,218
Acquisitions	-	101	-	101
Acquisitions through internal development	-	-	4,588	4,588
Capitalisation of software	11,612	-	(11,612)	-
Amortisation	(842)	(114)	-	(956)
Impairment losses recognised in operating deficit *	-	-	-	-
Carrying amount at 30 June 2017	10,770	94	1,087	11,951

* Impairment losses are shown as a separate line item in the Statement of Comprehensive Income. Impairment loss expense for the current year regarding the Client portal work in progress is \$1,086,976 (2017: \$nil). This was a result of previously capitalised development costs that were no longer being utilised by the organisation.

Notes to the Financial Statements

for the year ended 30 June 2018

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 the RTA's intangible assets.

Accounting policy – amortisation expense

Key judgement: 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 intangibles useful life.

Useful life

Key estimate: 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	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.

Key judgement: The RTA had developed an integrated client portal in the 2016–17 financial year. The associated costs of developing the client portal were accumulating as work in progress capital. In preparation for the RTA's modernisation strategy, the work in progress asset related to the final component of the bond management system software development (Module 4) was written down to nil value. This will ensure the RTA has the flexibility to adapt new technologies without the reliance on an outdated solution.

Notes to the Financial Statements

for the year ended 30 June 2018

18. Property, plant and equipment

Leasehold improvements: at cost

	Group		Parent	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Gross	2,799	2,799	2,799	2,799
Less: accumulated depreciation	(2,294)	(2,019)	(2,294)	(2,019)
	505	780	505	780

Plant and equipment: at cost

Gross	319	319	319	319
Less: accumulated depreciation	(300)	(282)	(300)	(282)
	19	37	19	37

Computer hardware: at cost

Gross	1,268	1,293	1,268	1,293
Less: accumulated depreciation	(1,165)	(1,107)	(1,165)	(1,107)
	103	186	103	186

Total property, plant and equipment	627	1,003	627	1,003
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Property, plant and equipment reconciliation

	Leasehold improve- ments	Plant and equipment	Computer hardware	Total
	Group and Parent			
	\$'000	\$'000	\$'000	\$'000
2018				
Carrying amount at 1 July 2017	780	37	186	1,003
Acquisitions	-	-	16	16
Depreciation	(275)	(18)	(99)	(392)
Carrying amount at 30 June 2018	505	19	103	627
2017				
Carrying amount at 1 July 2016	1,055	60	258	1,373
Acquisitions	-	-	28	28
Depreciation	(275)	(23)	(100)	(398)
Carrying amount at 30 June 2017	780	37	186	1,003

Notes to the Financial Statements

for the year ended 30 June 2018

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 2018

	Group		Parent	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
19. Payables				
Current				
a. Payables				
Trade creditors	795	850	722	768
Payables to RTEO	-	-	3,997	4,029
	795	850	4,719	4,797
b. Rental bonds and unclaimed monies				
Rental bonds	858,017	815,491	858,017	815,491
Unclaimed bond monies *	14,535	14,100	14,535	14,100
	872,552	829,591	872,552	829,591
c. Operating lease payable				
Operating lease payable **	137	47	137	47
	137	47	137	47
Total current	873,484	830,488	877,408	834,435
Non-current				
c. Operating lease payable				
Operating lease payable **	181	317	181	317
Total non-current	181	317	181	317
Total payables	873,665	830,805	877,589	834,752

* Under s151 of the RTRA Act a rental bond claim that has not been presented within 15 months 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 2018

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. In accordance with AASB 139 *Financial Instruments: Recognition and Measurement*, bonds are a financial liability and are regarded as being payable on demand. 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.

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	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
20. Accrued employee benefits				
Current				
Annual leave	1,281	1,407	4	37
Long service leave	1,605	1,599	-	16
Accrued wages	369	319	10	15
Time off in lieu (TOIL)	7	4	-	-
Paid parental leave	-	-	-	-
Total current	3,262	3,329	14	68
Non-current				
Long service leave	743	798	1	-
Total non-current	743	798	1	-
Total accrued employee benefits	4,005	4,127	15	68

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.

Notes to the Financial Statements

for the year ended 30 June 2018

	Group		Parent	
Notes	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000

21. Financing arrangements

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

	2018	2017	2018	2017
Corporate credit cards	200	200	200	200

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					
Financial assets					
Financial assets measured at fair value through profit and loss:					
Cash and cash equivalents	12	60,661	50,677	60,593	50,584
Other financial assets	13	841,733	813,888	841,733	813,888
Financial assets measured at amortised cost:					
Receivables	15	473	440	475	426
Total financial assets		902,867	865,005	902,801	864,898
Financial liabilities					
Financial liabilities measured at amortised cost:					
Payables	19	795	850	4,719	4,797
Rental bonds and unclaimed monies	19	872,552	829,591	872,552	829,591
Operating lease payable	19	318	364	318	364
Total financial liabilities		873,665	830,805	877,589	834,752

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

Notes to the Financial Statements

for the year ended 30 June 2018

22. Financial instruments (continued)

(a) Categorisation of financial instruments (continued)

Accounting policy – financial instruments: recognition and classification

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

Financial instruments are classified and measured as follows:

Category	Measured by
Cash and cash equivalents	Fair value through profit and loss
Other financial assets	Fair value through profit and loss
Receivables	Held at amortised cost
Payables	Held at amortised cost
Rental bonds and unclaimed monies	Measured at amortised cost

(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 2018

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 2018. 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 2018 (2017: \$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	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.
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 the 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 2018

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
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	
2017						
Financial liabilities						
Payables	19	850	-	-	850	
Rental bonds and unclaimed monies	19	829,591	-	-	829,591	
Operating lease payable	19	47	317	-	364	
Total financial liabilities		830,488	317	-	830,805	

Notes to the Financial Statements

for the year ended 30 June 2018

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
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
2017					
Financial liabilities					
Payables	19	4,797	-	-	4,797
Rental bonds and unclaimed monies	19	829,591	-	-	829,591
Operating lease payable	19	47	317	-	364
Total financial liabilities		834,435	317	-	834,752

Notes to the Financial Statements

for the year ended 30 June 2018

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 2017–18 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	
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
Return on earnings basis points					
		50 pts less than actual		20 pts greater than actual	
2017 Market risk					
Investment earning variation	813,888	(4,069)	(4,069)	1,628	1,628
Actual result		722	43,529	722	43,529
Changed result		(3,347)	39,460	2,350	45,157

Notes to the Financial Statements

for the year ended 30 June 2018

Group		Parent	
2018	2017	2018	2017
\$'000	\$'000	\$'000	\$'000

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.

24. Commitments

(a) Capital commitments

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

(b) Other expenditure commitments

Other expenditure committed for at the reporting date (inclusive of anticipated GST where applicable) but not recognised in the financial statements as liabilities:

These expenditures are payable:

Not later than one year	879	2,565	879	2,559
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(c) Finance lease commitments

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

(d) Non-cancellable operating lease commitments

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

Accommodation	8,619	7,360	8,619	7,360
<u>Total future minimum lease payments</u>				
Not later than one year	2,607	2,506	2,607	2,506
Later than one year and not later than 5 years	6,012	4,854	6,012	4,854
Later than 5 years	-	-	-	-
	8,619	7,360	8,619	7,360

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 31st 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 2018

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 from its 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 types of revenue the RTA earns.

A range of new disclosures will however be required by the new standards 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

Unlike AASB 117 Leases, AASB 16 introduces a single lease accounting model for lessees. Lessees will be required to recognise a right-of-use asset (representing rights to the underlying leased asset) and a liability (representing the obligation to make lease payments) for all leases with a term of more than 12 months, unless the underlying assets are of low value.

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.

In effect, the majority of operating leases (as defined under the current AASB 117) and shown in Note 24 will be reported on the statement of financial position under AASB 16. There will therefore be a significant increase in assets and liabilities for the RTA on initial application.

AASB 16 allows a 'cumulative approach' rather than a full retrospective application to recognising existing operating leases. If a lessee chooses to apply the 'cumulative approach' it does 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 (or other component of equity, as appropriate) at the date of initial application.

The exact impact will not be known until the year of transition. However, assuming the RTA's current operating lease commitment (see Note 24) was recognised 'on-balance sheet' at transition, the expected increase in lease liabilities (with a corresponding right-of-use asset) is estimated to be \$5.2 million and expenditure recognised for depreciation of the right of use asset and interest charges would be \$5.2m versus the \$5.2m in rent expense that would be recognised over the same period.

All other Australian accounting standards and interpretations with future effective dates are either not applicable to the RTA's activities, or have no material impact on the organisation.

Notes to the Financial Statements

for the year ended 30 June 2018

26. Future impact of accounting standards not yet effective (continued)

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

These standards will first apply to the RTA from its financial statements for 2018–19 with a 1 July 2018 date of transition. The main impacts of these standards on the RTA are that they will change the requirements for the classification, measurement, impairment and disclosures associated with the RTA's financial assets. AASB 9 will introduce different criteria for whether financial assets can be measured at amortised cost or fair value.

The RTA has reviewed the impact of AASB 9 on the classification and measurement of its financial assets. The following summarises the estimated impact (or ranges of estimates) of AASB 9 on the categorisation and valuation of the amounts reported in Note 22(a).

- There will be 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 will not restate comparative figures for financial instruments on initial adoption of AASB 9. Aside from a number of one off disclosures in the 2018–19 financial statements to explain the impact of adopting AASB 9, a number of new or changed disclosure requirements will also apply from that time. Assuming no change in the types of financial instruments that the organisation enters into, the most likely ongoing disclosure impacts are expected to relate to the RTA's investment in the QIC Global Credit Fund.

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 2018

28. Budgetary reporting disclosures

Statement of Financial Position

		Original budget 2018	Actual 2018	Variance
	Variance notes	\$'000	\$'000	\$'000
Current assets				
Cash and cash equivalents	6	34,735	60,661	25,926
Other financial assets	7	859,338	841,733	(17,605)
Receivables		495	473	(22)
Other current assets	8	397	133	(264)
Total current assets		894,965	903,000	8,035
Non-current assets				
Intangible assets	9	10,426	9,673	(753)
Property, plant and equipment		807	627	(180)
Other non-current assets		-	10	10
Total non-current assets		11,233	10,310	(923)
Total assets		906,198	913,310	7,112
Current liabilities				
Payables	10	1,451	795	656
Rental bonds and unclaimed monies	11	869,865	872,552	(2,687)
Operating lease payable		-	137	(137)
Accrued employee benefits	12	3,991	3,262	729
Total current liabilities		875,307	876,746	(1,439)
Non-current liabilities				
Operating lease payable		359	181	178
Accrued employee benefits	12	869	743	126
Total non-current liabilities		1,228	924	304
Total liabilities		876,535	877,670	(1,135)
Net assets		29,663	35,640	5,977
Equity				
Accumulated surplus	13	29,663	35,640	5,977
Total equity		29,663	35,640	5,977

Notes to the Financial Statements

for the year ended 30 June 2018

28. Budgetary reporting disclosures (continued)

Statement of Comprehensive Income

		Original budget 2018	Actual 2018	Variance
	Variance notes	\$'000	\$'000	\$'000
Income				
Investment revenue	1	27,627	26,046	(1,581)
Other revenue		12	45	33
Total income		27,639	26,091	(1,548)
Expenses				
Employee expenses	2	21,454	20,384	1,070
Supplies and services	3	11,582	10,612	970
Depreciation and amortisation		1,674	1,583	91
Impairment losses	4	-	1,087	(1,087)
Other expenses		267	314	(47)
Total expenses		34,977	33,980	997
Operating result	5	(7,338)	(7,889)	(551)
Other comprehensive income		-	-	-
Total operating result		(7,338)	(7,889)	(551)

Notes to the Financial Statements

for the year ended 30 June 2018

28. Budgetary reporting disclosures (continued)

Statement of Cash Flows

		Original budget 2018	Actual 2018	Variance
	Variance notes	\$'000	\$'000	\$'000
Cash flows from operating activities				
Inflows				
Interest income	14	866	1,527	661
Bond lodgements	15	400,205	414,250	14,045
Other operating receipts		-	45	45
GST collected from customers		-	2	2
GST refunds received	16	1,500	1,043	(457)
Outflows				
Bond claims	17	(361,714)	(371,289)	(9,575)
Employee expenses		(21,147)	(21,398)	(251)
Supplies and services	18	(11,857)	(9,537)	2,320
Grants and subsidies		-	-	-
Other expenses		(267)	(206)	61
GST paid to suppliers	19	(1,450)	(1,041)	409
Net cash provided by operating activities		6,136	13,396	7,260
Cash flows from investing activities				
Inflows				
Investments redeemed		26,774	24,104	(2,670)
Outflows				
Payments for property, plant and equipment		(160)	(16)	144
Payments for intangibles		-	-	-
Payments for investments	20	(48,692)	(27,500)	21,192
Net cash used in investing activities		(22,078)	(3,412)	18,666
Net increase/(decrease) in cash and cash equivalents		(15,942)	9,984	25,926
Cash and cash equivalents at beginning of financial year		50,677	50,677	(0)
Cash and cash equivalents at end of financial year		34,735	60,661	25,926

Notes to the Financial Statements

for the year ended 30 June 2018

28. Budgetary reporting disclosures (continued)

Explanations of major variances

Statement of Comprehensive Income

- 1 Investment revenue is below budget due to lower than expected investment returns across the entire investment portfolio. Budgeted returns were expected to achieve 3.2% and however only 3.04% was returned. Primary drivers for the lower than expected returns are the combination of widening credit spreads effecting bond yields and continuing low interest rates.
- 2 Employee expenses are below budget due to lower FTEs. Budgeted FTE numbers were expected to be 220, the actual FTE as at 30 June 2018 was 207.75. Some vacancies have been filled using agency staff during peak periods.
- 3 Supplies and services came in under budget due to a range of budget savings achieved during the year. Decreases in IT spending, investment fees, mail services, postage and telecommunication expenses all contributed to the lower than expected spend.
- 4 In preparation for the RTA's modernisation strategy, the work in progress asset related to the final component of the client portal software development was written down to nil value. This write down was not budgeted.
- 5 The operating result was marginally lower than expected primarily due to the poor investment performance. Overall the RTA delivered lower than budgeted expenses despite the unbudgeted asset write down.

Statement of Financial Position

- 6 Cash has increased due to the RTA holding on to cash deposits to maximise earnings. Budgeted cash transfers to the QIC did not occur due to low performing investments.
- 7 Other financial assets are lower than budgeted due to the increase in cash assets, refer note 6 above.
- 8 Other current assets represent a drop in prepaid expenses after a review of software maintenance requirements.
- 9 Intangible assets have decreased due to the write down of the work in progress asset refer note 4 above.
- 10 Payables are lower than budget due to lower than expected trade creditor balances compared with prior years. Budgets were based on prior year balances.
- 11 Rental bond lodgements increased at a higher rate than budgeted. Forecast growth in the value of bonds was expected to be 3.3% but the actual growth was 4.3%. Budget expectations for growth were to slow in the 2017–18 year in line with the 5 year average growth of 3.2%.
- 12 Accrued employee benefits decreased due to lower than budgeted FTE's compared to what had been budgeted. Refer note 2 above.
- 13 Equity is higher than budgeted due to the higher than expected investment returns in 2016–17 altering the opening balance assumed when the 2017–18 budget was constructed.

Statement of Cash Flows

- 14 Interest income is higher than budget due to the large proportion of cash invested in the QTC Capital Guaranteed Cash Fund and various term deposits for the majority of the financial year.
- 15 Cash received for bond lodgements increased at a higher rate than budgeted. Forecast growth in the value of bonds was expected to be 3.3% but the actual growth was 4.3%.
- 16 GST refunds were lower due to a lower than budgeted spend in supplies and services subject to GST.
- 17 Bond claims increases along with the growth in the number and value of bonds lodged.
- 18 Cash outflows for supplies and services is lower than budget due to expenditure being lower than budget for the year, refer note 3 above.
- 19 GST paid to suppliers was lower due to a lower than budgeted spend in supplies and services subject to GST.
- 20 Cash outflows for payments for investments decreased due to the cash balances being maintained in the QTC while the investment portfolio was under performing.

Management Certificate

for the year ended 30 June 2018

This consolidated general purpose financial report has been prepared pursuant to section 62(1) of the *Financial Accountability Act 2009* (Old) (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 entity for the financial year ended 30 June 2018 and of the financial position of the Authority and its controlled entity 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 Morgan
Chief Executive Officer


Paul Melville
Chairperson, RTA Board

22 August 2018



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 2018, 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 2018, 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 2018, 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.



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.

GLOSSARY – ACRONYMS AND ABBREVIATIONS

ARAMA	Australian Resident Accommodation Managers Association
ARC	Audit and Risk Committee
BYS	Brisbane Youth Service
CALD	Culturally and Linguistically Diverse
CC	Consultative Committee
CPAQ	Caravan Parks Association of Queensland
DBC	Digital Business Centre
DPC	Department of the Premier and Cabinet
DHPW	Department of Housing and Public Works
DJAG	Department of Justice and Attorney-General
eDRMS	Electronic Document and Records Management System
ECB	Ecumenical Coffee Brigade
EEO	Equal Employment Opportunity
FPMS	<i>Financial and Performance Management Standard 2009</i>
FTE	Full-time Equivalent (staff)
IAP2	International Association for Public Participation
IDF	Industry Development Forum
IP Act	<i>Information Privacy Act 2009</i>
NAIDOC	National Aboriginal and Islanders Day Observance Committee
OFT	Office of Fair Trading
PMSC	Portfolio Management Steering Committee
POAQ	Property Owners Association of Queensland
QCAT	Queensland Civil and Administrative Tribunal
QFES	Queensland Fire and Emergency Services
QIC	Queensland Investment Corporation
QPS	Queensland Police Service
Q Shelter	Queensland Shelter
QSTARS	Queensland Statewide Tenant Advice and Referral Service
QTC	Queensland Treasury Corporation
REIA	Real Estate Institute of Australia
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
TAFE	Technical and Further Education
TIS	Translating and Interpreting Service
TQ	Tenants Queensland

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Compliance checklist

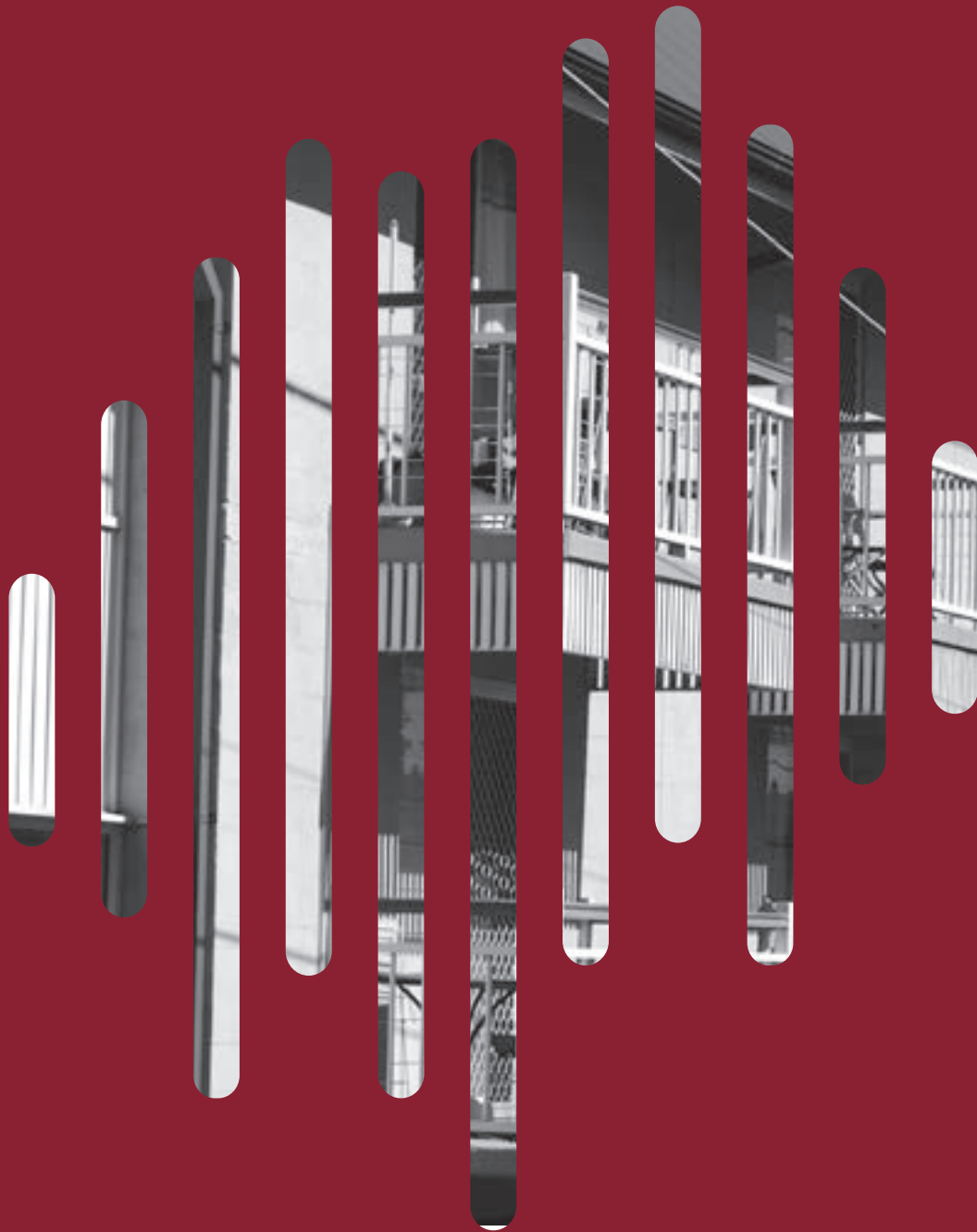
	Summary of requirement	Basis for requirement	Annual Report reference
Letter of compliance	A letter of compliance from the accountable officer or statutory body to the relevant Minister/s	ARRs – section 7	Page after contents
Accessibility	Table of contents	ARRs – section 9.1	Inside front cover spread
	Glossary		107
	Public availability	ARRs – section 9.2	Inside front cover
	Interpreter service statement	<i>Queensland Government Language Services Policy</i> ARRs – section 9.3	Inside front cover
	Copyright notice	<i>Copyright Act 1968</i> ARRs – section 9.4	Inside front cover
	Information licensing	<i>QGEA – Information Licensing</i> ARRs – section 9.5	Inside front cover
General information	Introductory information	ARRs – section 10.1	1
	Agency role and main functions	ARRs – section 10.2	1
	Machinery of Government changes	ARRs – section 31 and 32	n/a
	Operating environment	ARRs – section 10.3	6–7
Non-financial performance	Government's objectives for the community	ARRs – section 11.1	20
	Other whole-of-government plans/ specific initiatives	ARRs – section 11.2	21
	Agency objectives and performance indicators	ARRs – section 11.3	15–19
	Agency service areas and service standards	ARRs – section 11.4	22–23
Financial performance	Summary of financial performance	ARRs – section 12.1	56–59
Governance – management and structure	Organisational structure	ARRs – section 13.1	39
	Executive management	ARRs – section 13.2	44–45
	Government bodies (statutory bodies and other entities)	ARRs – section 13.3	n/a
	<i>Public Sector Ethics Act 1994</i>	<i>Public Sector Ethics Act 1994</i> ARRs – section 13.4	50
	Queensland public sector values	ARRs – section 13.5	n/a

Governance – risk management and accountability	Risk management	ARRs – section 14.1	43, 47
	Audit committee	ARRs – section 14.2	43, 51
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	Early retirement, redundancy and retrenchment	Directive No.11/12 <i>Early Retirement, Redundancy and Retrenchment</i> Directive No.16/16 <i>Early Retirement, Redundancy and Retrenchment</i> (from 20 May 2016) ARRs – section 15.2	54
Open Data	Statement advising publication of information	ARRs – section 16	52
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FAA *Financial Accountability Act 2009*

FPMS *Financial and Performance Management Standard 2009*

ARRs *Annual Report requirements for Queensland Government agencies*



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