

Annual report 2013–2014



*residential
tenancies
authority*

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Contents

Helping our clients save time and money	5
Sector snapshot 2013–14	6
Chair’s message	10
CEO’s message	11
RTA Board	12
Five-year performance summary	13
Performance overview	14
Corporate governance	16
Accountability and risk management	16
Business and financial planning	22
Recordkeeping and access to information	23
Our clients	25
Helping clients	26
Managing rental bonds	28
Resolving tenancy disputes	31
Investigations and prosecutions	33
Our sector	35
Regulating the sector	36
Working with stakeholders	37
Supporting the sector	38
Our organisation	41
Our people	42
Workforce profile	43
Our business operations	44
RTA Executive team	45
Our finances	47
Financial overview	48
Financial statements	52
Management certificate	97
Independent auditor’s report	98
Glossary of terms	100
List of charts and graphs	101
Letter of compliance	102
Compliance checklist	103
Index	105



Helping our clients save time and money

This year we have focused on revitalising our services to ensure a seamless, cost-effective experience for our clients.

The Residential Tenancies Authority (RTA) was established as the Rental Bond Authority in 1989 and grew out of the need for the impartial management of rental bonds. Since then our services have expanded to include dispute resolution, tenancy information, investigations, policy and education. We also monitor sector data, conduct research and provide advice to the Minister for Housing and Public Works. The RTA is governed by a board of directors which consists of a chair and six directors. Board members are appointed by the Governor in Council.

As the statutory authority that administers the *Residential Tenancies and Rooming Accommodation Act 2008*, we work with all sector groups including tenants, property managers and lessors, community and industry stakeholder groups and the Queensland Government. The income earned from the investment of rental bonds pays for our operating costs.

As we head into our 25th year, we are proud of the high levels of client satisfaction we continue to achieve across the organisation (see page 26).

In Queensland, more than a third of households rent and the RTA plays a pivotal role in supporting and regulating this significant sector.

Queensland is the only state that provides a tenancy conciliation service, allowing clients to quickly resolve tenancy problems without the cost and inconvenience of a civil tribunal.

This financial year we received over 27,000 dispute resolution requests, with only 17.1% of finalised disputes lodged as applications to the Queensland Civil and Administrative Tribunal (QCAT).

This cost-effective, client-focused approach to service can be found across the entire organisation.

We have responded to the evolving needs of our clients by continuing to transform our business systems, reorganising frontline client services and introducing 24/7 online services.

In the last financial year we introduced interim online bond lodgement and refund services. We also introduced a new service to help clients save time and money by providing practical assistance and strategies to help clients resolve their own tenancy issues before they become disputes.

An increasing number of agents and property managers are registering for our online bond management service and clients continue to take advantage of our comprehensive, easy-to-use website which registered more than 1.6 million visits this financial year.

Financial summary

	2012–13 (\$'m)	2013–14 (\$'m)	% change
Operating income	45.72	46.69	2.1%
Operating expenses	41.06	48.66	18.5%
Total assets	778.05	798.81	2.7%
Total liabilities	713.48	736.22	3.2%
Value of bonds held	697.11	721.47	3.4%

Sector snapshot

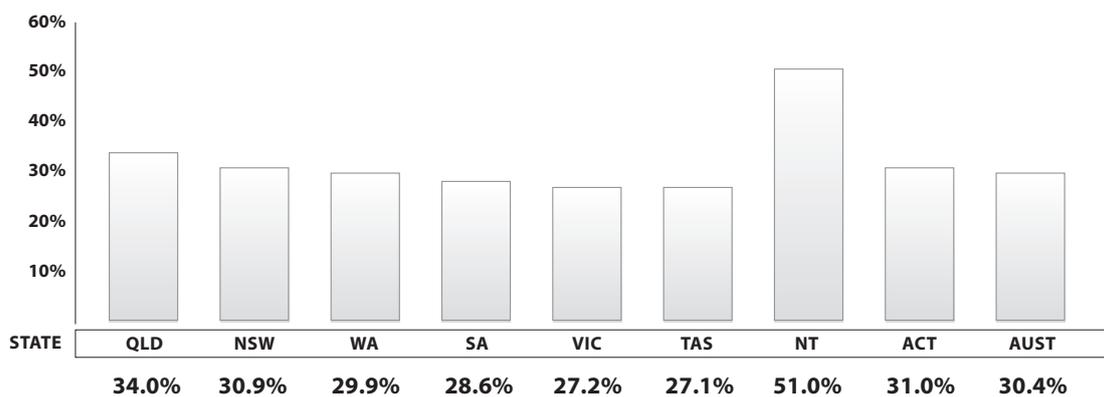
2013–14

Our authoritative data, gathered from bond lodgements, combined with the latest Australian Bureau of Statistics data provides an informative picture of the residential rental sector in Queensland.

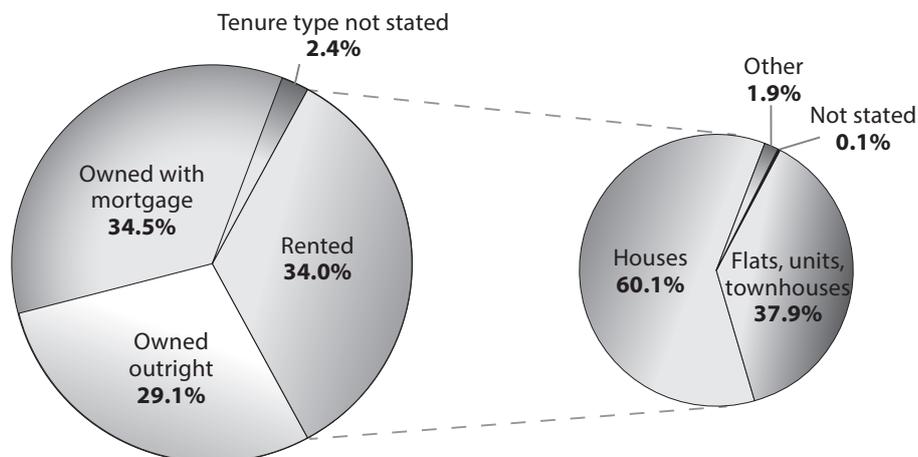
Demand for rental housing

Proportion of occupied private dwellings rented

For occupied private dwellings where tenure was known. General tenancies as at 30 June 2014. Source: ABS, 2011 Census of Population and Housing



More than one third of Queensland households rent their homes.

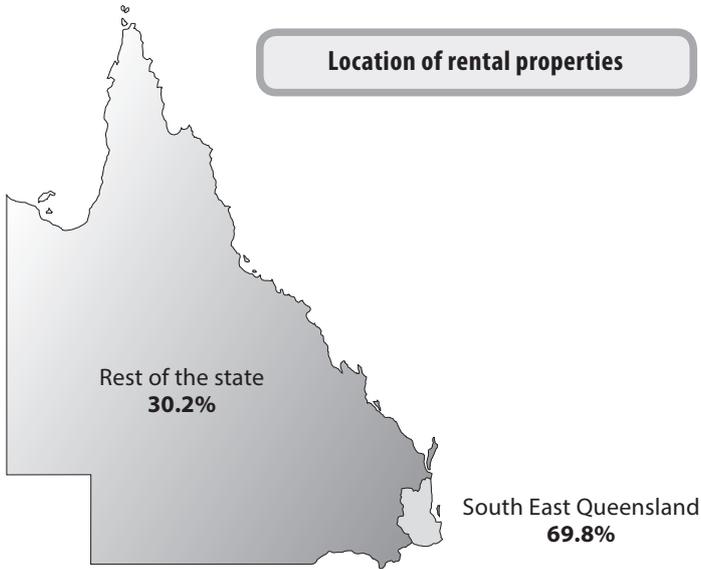


513,415 properties in Queensland are rented, about 60,800 more than in 2006.

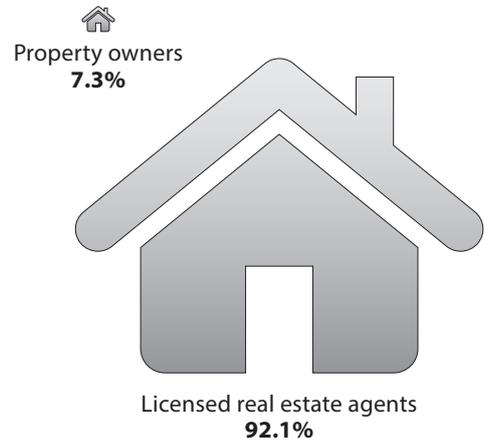
Source: ABS, 2011 Census of Population and Housing

General tenancies

Location of rental properties

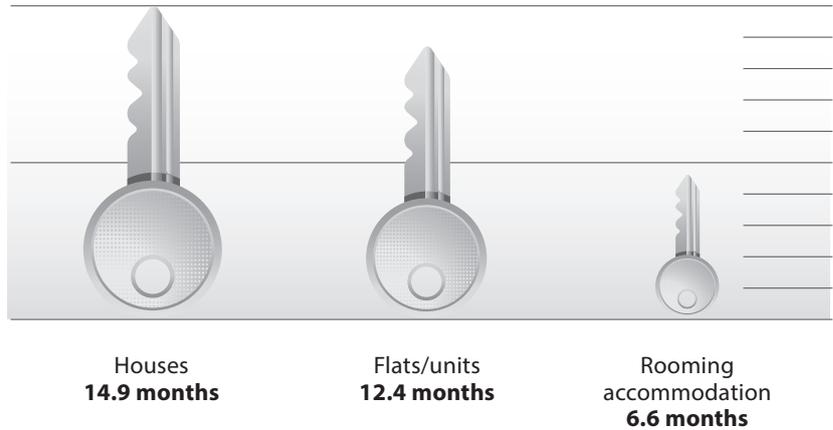


Managing rental properties



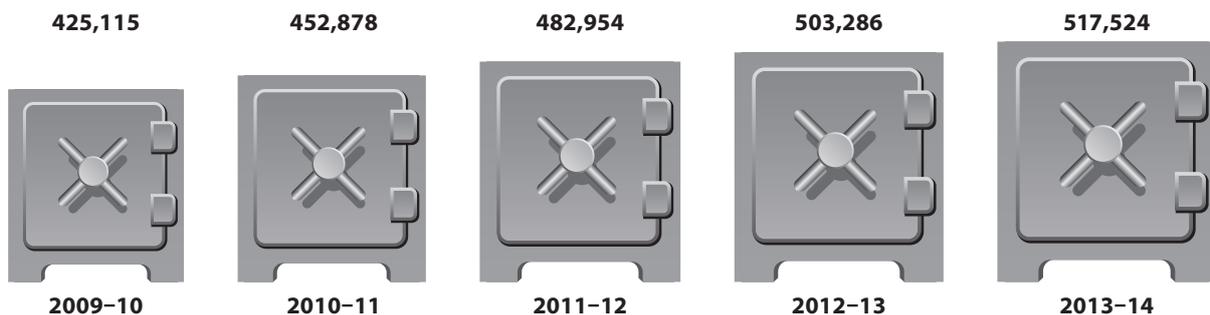
Median length of a tenancy

The median tenancy is 13.1 months.

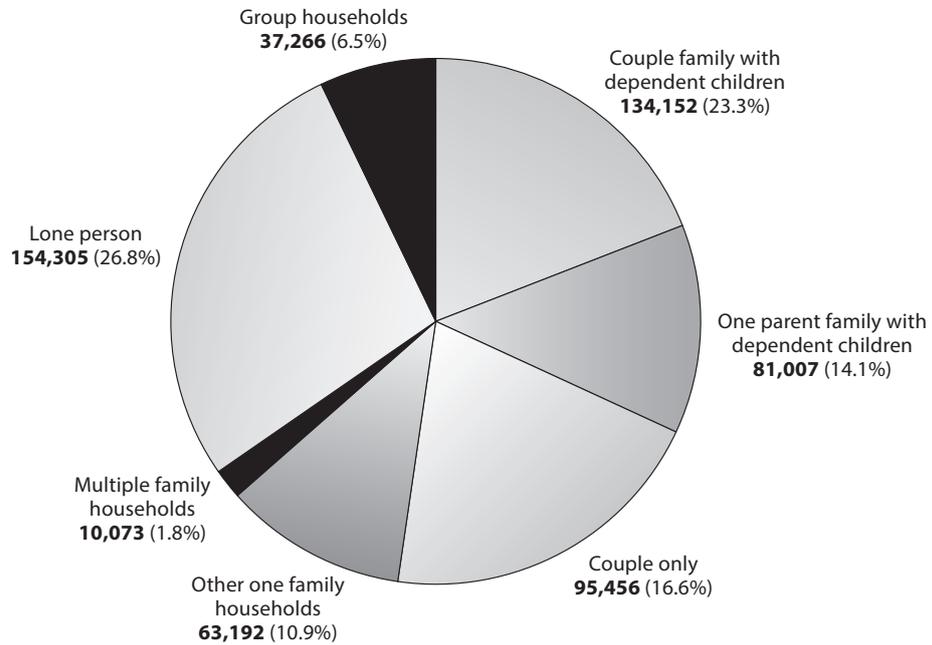


Bonds held (at 30 June 2014)

The increase in bonds held reflects an increase in the growth of Queensland's population.

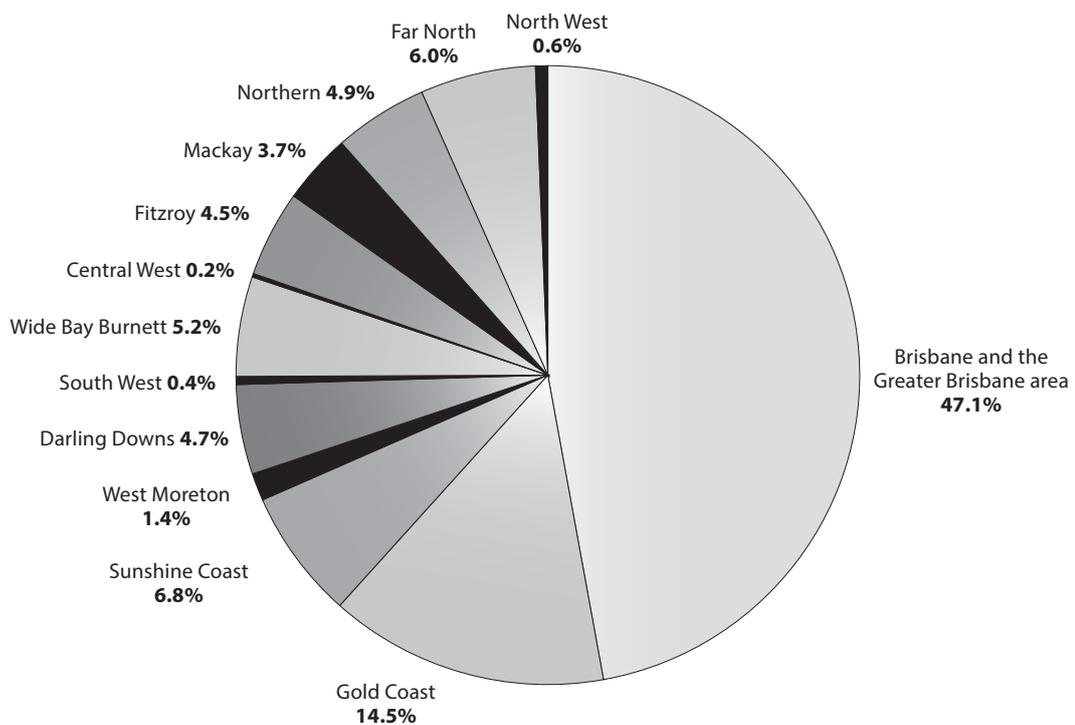


**Household types
in rental sector**



Source: 2011–12 ABS Survey of Income and Housing

Percentage of bonds held by area



Percentage of bonds held by area (as at 30 June 2014)

Rents – capital cities

Median weekly rents in March quarter 2014

Capital city	Two bedroom other dwellings
Sydney	\$500
Darwin	\$481
Perth	\$440
Canberra	\$410
Brisbane	\$380
Melbourne	\$380
Adelaide	\$280
Hobart	\$270

Capital city	Three bedroom house
Darwin	\$652
Perth	\$470
Canberra	\$450
Sydney	\$450
Brisbane	\$375
Melbourne	\$355
Hobart	\$350
Adelaide	\$329

Source: REIA

Note: The Brisbane figure used by the REIA is for the Brisbane and Greater Brisbane area.

Rents – whole of Queensland

Median weekly rents 2005 to 2014 based on new bonds lodged in June quarter each year for flats, houses and townhouses

Year	Rent	% increase
2005	\$240	9.1%
2006	\$260	8.3%
2007	\$285	11.8%
2008	\$320	12.3%
2009	\$330	3.1%
2010	\$330	0.0%
2011	\$340	3.0%
2012	\$350	2.9%
2013	\$350	0.0%
2014	\$350	0.0%

Rents – centres throughout Queensland

Median weekly rents based on new bonds lodged in June quarters 2013 and 2014

Location	Two bedroom flat/unit			Three bedroom house		
	2013	2014	% change	2013	2014	% change
Queensland	\$330	\$330	0.0%	\$350	\$350	0.0%
Cairns	\$265	\$275	3.8%	\$330	\$350	6.1%
Townsville	\$280	\$270	-3.6%	\$340	\$330	-2.9%
Mackay	\$350	\$280	-20.0%	\$440	\$360	-18.2%
Rockhampton	\$250	\$240	-4.0%	\$340	\$310	-8.8%
Gladstone	\$420	\$280	-33.3%	\$480	\$335	-30.2%
Mt Isa	\$410	\$317	-22.7%	\$580	\$480	-17.2%
Bundaberg	\$230	\$225	-2.2%	\$285	\$285	0.0%
Hervey Bay	\$250	\$250	0.0%	\$280	\$285	1.8%
Maryborough	\$180	\$180	0.0%	\$255	\$260	2.0%
Roma	\$320	\$350	9.4%	\$430	\$430	0.0%
Sunshine Coast	\$310	\$330	6.5%	\$380	\$400	5.3%
Brisbane	\$390	\$395	1.3%	\$410	\$410	0.0%
Ipswich	\$240	\$255	6.3%	\$290	\$300	3.4%
Toowoomba	\$230	\$250	8.7%	\$295	\$300	1.7%
Gold Coast	\$350	\$360	2.9%	\$420	\$430	2.4%

Chair's message

Queensland's residential tenancy sector is a vital part of the state's economy, with more than one third of Queensland households living in rented homes.

The RTA supports Queensland's rental sector by ensuring tenancy legislation remains relevant, is fair for property owners and tenants, and encourages investment in this vital sector. In addition, in 2013–14 the RTA provided \$21 million to the Department of Housing and Public Works to support affordable housing projects in the state and contribute to the construction of housing for people in need.

Our income is derived from rental bond investment returns and we anticipate a flattening in the growth rate of invested bond values as the resources industry transitions from construction to operation. However, we remain in a strong financial position, with a small deficit of \$1.975m and equity of \$62.595m, fulfilling our strategic objective to remain self-funded.

It is essential that the RTA continues to meet the evolving needs of tenants, property managers, property owners and other sector groups. Working with stakeholders remains a priority, and we value our productive relationships with government and non-government organisations, such as QCAT.

This financial year the RTA has been firmly focused on the future and we are committed to building on our past successes. We will continue to work hard to provide better, more efficient services for all our clients. We have reviewed and updated our strategic plan and continued to revitalise our frontline services. We have also identified ways to cut red tape through the ongoing review of the *Residential Tenancies and Rooming Accommodation Act 2008*.

The encouraging feedback from our clients in our latest client satisfaction survey confirms that we are on the right track. To continue to achieve our aim of making a positive difference to the residential rental sector, we need strong leadership.

I would like to acknowledge the contribution of all RTA staff for their dedication and service to the RTA's clients, and the outgoing general manager Fergus Smith for his 11 years service. Acting CEO David Eades is continuing the vision of establishing online client services and I am confident the RTA is well placed to manage future changes.

I would also like to acknowledge the diligence and dedication of my fellow board members over the past year, and welcome new board members Penny Gillespie and Jan Williams while farewelling Damien Eckersley and Susan Rix.



Catherine Sinclair
RTA Board Chair

CEO's message

Since joining the Residential Tenancies Authority in February 2014 I have been greatly impressed by its client-centred culture and ongoing efforts to keep pace with the evolving needs of the sector.

Our clients have agreed with this observation, registering their vote of confidence in the biennial Client Satisfaction Survey which revealed consistently high levels of satisfaction with our service across all client groups. While confirming our strong reputation, it was extremely reassuring to note the survey also showed continuing high levels of client trust.

While renewing our focus on client service in 2013–14, we also revitalised business systems and processes, including a new service to help clients resolve their tenancy disagreements before they develop into disputes. The initiative provides clients with strategies and ensures they are well informed on the relevant legislation. This proactive approach ultimately helps clients save time and money and benefits the entire sector by minimising dispute resolution requests and applications to the Queensland Civil and Administrative Tribunal.

It is from this positive position that we are tackling the challenges of the future, including the increasing demand on our call centre and our dispute resolution service due to growth in the rental market. This is set against a backdrop of slowed growth in the value of invested rental bonds and softer earning rates on investments, highlighting the need for prudent financial management and corporate governance. It also underscores the importance of reducing red tape to improve efficiencies and services across the entire organisation.

The next two years will be exciting for the RTA as we implement the foundations of our new integrated e-commerce business system which will bring the organisation fully into the 21st century.

I would like to extend a sincere thanks to all staff, especially the executive team, for their professionalism and dedication, and to the RTA Board for its support and clear direction.



David Eades
RTA Chief Executive Officer

RTA Board

The RTA Board provides ongoing leadership to Queensland's residential tenancy sector by establishing the RTA's strategic direction and corporate governance standards (see page 16).

Catherine Sinclair BSc, MA, FAICD, FAIM (Chair)

Ms Sinclair was appointed Chair of the RTA Board on 11 April 2013. She has extensive experience as a member of tribunals and boards. She is currently a Director of the National Board of the Committee for Economic Development of Australia, a Director of the Army and Air Force Canteen Service, and a Councillor of the Royal National Agricultural and Industrial Association of Queensland. Her previous experience includes appointments as Director of Brisbane Airport Corporation and LinkWater Projects, Deputy Chair of the Port of Brisbane, and Chair of the Advisory Board for City Business, Brisbane City Council. Ms Sinclair was awarded a Centenary Medal in 2001.

Deborah Duffy JP (CDec), MAICD

Ms Duffy was appointed as a Director on 7 April 2010. Ms Duffy is also on the Board of the Real Estate Institute of Queensland (REIQ). She has more than 28 years experience in the real estate sector, winning numerous accolades including Property Manager of the Year. Ms Duffy brings a wealth of knowledge of Queensland's rental sector to the board – in particular, housing issues in North Queensland.

Penny Gillespie BA (Hons)

Ms Gillespie was appointed as a Director on 1 November 2013. Ms Gillespie has recently opened her own management consulting business and has considerable experience at executive level in the public and not-for-profit sectors. She was previously the Director of Queensland Shelter and prior to that Queensland State Director of Mission Australia. Ms Gillespie has also held senior executive positions within the Queensland Department of Housing.

Darryl Mutzelburg CPA, BBus, MCom, FCPA

Mr Mutzelburg was appointed as a Director on 11 April 2013. He is currently Chief Financial Officer of the Port of Brisbane Pty Ltd and has held various senior financial roles within the commercial sector. Mr Mutzelburg has extensive experience in financial and management accounting, financial operations, treasury, risk management, insurance and business analysis as well as industrial property leasing and management.

Jane Seawright BA, LLB (Hons), MBus (Marketing), FAICD

Ms Seawright was appointed as a Director on 1 November 2012. She is an experienced corporate, commercial and finance lawyer, knowledge and information professional and business development leader. She has substantial board and senior executive experience in a range of environments. Ms Seawright has extensive legal practice experience advising listed and unlisted public and proprietary companies in corporate governance, capital raising, financing, commercial agreements and arrangements, intellectual property and mergers and acquisitions.

Roslyn Wallace

Ms Wallace was appointed as a Director on 7 April 2004. She gained tenancy expertise as a member and Secretary of the Property Owners' Association of Queensland (POAQ) and as a previous member of the RTA's Industry Development Forum (IDF). Ms Wallace is also a member of the Unit Owners' Association of Queensland. Ms Wallace brings first-hand knowledge of the sector through her experience in managing rental properties and providing support to POAQ members with rental concerns.

Jan Williams BSW (Hons), MAICD

Ms Williams was appointed as a Director on 1 November 2013. Ms Williams is an experienced board member whose expertise spans the public, private and not-for-profit sectors. She has a wealth of experience in the building and development industries, affordable housing design and delivery, and tenancy management. Currently a Director for Defence Housing Australia, Ms Williams was previously a Director of Brisbane Housing Company and Catalyst Affordable Housing. She was also a consultant on social issues for major Queensland projects including the Brisbane CBD Master Plan, Pacific Harbour and Coomera Waters.

Five-year performance summary

Our clients

	2013-14	2012-13	2011-12	2010-11	2009-10
Client Contact Centre enquiries	429,316	399,005	351,490	349,026	352,103
Bond lodgements ¹	262,895	259,810	260,699	256,748	245,080
Number of bonds held ² (30 June)	527,695	513,074	492,213	461,844	433,061
Value of bonds held ³ (\$'m 30 June)	721.47	697.11	651.59	581.47	525.22
Investigations commenced	709	617	646	509	523
Requests for dispute resolution	27,036	25,444	22,077	21,122	19,628
Client satisfaction results (rating/10)	8.1	N/A	8.2	N/A	8.4
Website visits ⁴	1,639,653	1,389,912	1,059,857	1,049,361	908,836

Our sector

	2013-14	2012-13	2011-12	2010-11	2009-10
Briefing notes and Ministerial correspondence	134	234	143	125	115
Response to rental sector data enquiries	214	291	387	268	233
Grant funding (\$'m)	21.00	14.04	6.35	6.82	3.90

Our organisation

	2013-14	2012-13	2011-12	2010-11	2009-10
Employees (full-time equivalent)	200.95	183.4	177	183	177
Staff training (total hours) ⁵	2807	4205	3437	10,848	2991
Quality assurance certification	Achieved	Achieved	Achieved	Achieved	Achieved
Operating surplus/deficit (\$'m)	(1.98)	4.66 surplus	5.84 surplus	10.89 surplus	13.22 surplus
Accumulated surplus (\$'m)	62.60	64.57	59.91	54.07	43.19

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 money and Australia Post settlements (to 31 October 2012)

4 The measurement methodology was changed in 2012-13

5 All staff participated in internally run workshops in 2010-11, 2012-13 and 2013-14

Performance overview

	Objectives	Aims 2013–14	Achievements 2013–14	Aims 2014–15
Our clients	Deliver effective client services	Achieve 85% of Client Contact Centre calls answered within two minutes	79.9% of calls answered within two minutes with an 8.2% increase in client demand due to growth in the rental market	Achieve 90 second average answer speed
		Increased usage of RTA online services for bond transactions	5.2% of bond lodgements and 32.5% of bond refunds processed online	Achieve call abandonment rate of 5% or less
		Maintain 85% of bond refunds processed within two working days	Exceeded. 98.1% of bond refunds processed within two working days	Achieve 6.5% of bond lodgements and 35% of bond refunds processed online
		Achieve increased target of 80% of disputes resolved through participation in conciliation	78.3% of disputes resolved through participation in the conciliation process, up from 76.2% last financial year	Achieve target of 90% of bond refunds processed within two working days
		Maintain 80% of all disputes finalised within 28 days	Exceeded. 84.1% of disputes were finalised within 28 days.	Achieve target of 80% of disputes resolved through participation in conciliation
		Maintain 90% of investigations finalised within six months of commencement	Exceeded. 96.3% of investigations finalised within six months of commencement	Maintain 80% of all disputes finalised within 28 days
Our sector	Understand our clients and respond to their needs	Conduct client satisfaction survey	Achieved a client satisfaction rating of 8.1 out of 10	Consider survey findings in development of future operational plans
		Continue to measure quality of client service provision	Reviewed and enhanced quality monitoring processes and introduced a feedback survey for dispute resolution clients	Continue to measure quality of client service through internal quality monitoring, client surveys and benchmarking
		Improve access to tenancy information	Website visits increased by 17.9% from 1,389,912 to 1,639,653	Continue to improve access to tenancy information
Our organisation	Educate and inform the sector on their rights and responsibilities	Continue outreach and education activities with a focus on regional areas	Hosted 65 tenancy information seminars and presentations in Queensland centres including Rockhampton, Ipswich, Southport and Cairns Introduced webinar series	Continue outreach and education activities with a focus on online delivery and regional areas
		Develop online videos of key tenancy information in several languages	Created and launched English language tenancy information videos	Continue to develop tenancy information in several languages
	Lead and support the sector through regulation, education, consultation, research and policy development	Facilitate introduction of amendment bill into Parliament	Amendments supporting social housing changes introduced	Facilitate introduction of amendment bill into Parliament
		Continue to engage with sector stakeholders and maintain quality consultative processes	Industry Development Forums held quarterly as well as regular meetings with individual stakeholder groups	Continue to engage with sector stakeholders and maintain quality consultative processes
Our organisation	Build the RTA's capability to deliver services now and into the future	Maintain high quality and regular sector data reporting and analysis	Published a range of rental data on our website and the Queensland Government Open Data website, and supplied rental industry data to stakeholders	Maintain high quality and regular sector data reporting and analysis
		Provide funding of \$10.0m to the Department of Housing and Public Works to support affordable and social housing initiatives	Provided funding of \$21.0m to the Department of Housing and Public Works to support affordable and social housing initiatives	Provide funding of \$5.19m to the Department of Housing and Public Works to support affordable and social housing initiatives
		Complete design process then build, test and provide training on new solution to improve RTA's service delivery capabilities	Completed new computer systems' core design and adopted improved governance and reporting framework Engaged specialist technical resources to plan the configuration and progressively build the systems	Complete the build, configuration and implementation of new core client services systems Decommission legacy system and archiving data using accessible interface Review and commence planning for replacement of remaining end-of-life systems Review and revise key business processes to reduce complexity and increase productivity
		Continue to progress Organisational Change Management (OCM) strategy	Regular communication to all staff regarding progress and initiatives via a range of channels	Revise OCM strategy and update transition plan Prepare and deliver effective systems and business process training
	Maintain accountability and financial sustainability	Undertake business continuity testing, continued maintenance and periodic upgrade of off-site core systems to minimise or eliminate technical failures and replace IT&T infrastructure	Maintained regular testing protocols and established scheduled visits to the RTA's disaster recovery site	Review and replace end-of-life systems hardware Undertake full technical review of backup and restore of system and processes to ensure viability within new systems environment
			Ensured technology infrastructure replacements are on track	Review infrastructure roadmap and investigate 'cloud computing' options in alignment with Queensland Government strategy
		Continue to implement environmentally friendly initiatives and maintain organisational awareness	Provided information to raise staff awareness of recycling and other waste and energy reduction strategies	Continue to implement environmentally friendly initiatives and maintain organisational awareness
		Achieve target of 4.5% return on investment	5.79% return on investment	Achieve target of 4.9% return on investment

Corporate governance

We place a high priority on due diligence, compliance and ensuring transparency in decision making.

Our commitment to the Queensland Government's focus on accountability and red tape reduction continues to enhance our already sound corporate governance processes and to support business outcomes.

Our corporate governance framework is based on the Queensland Auditor-General's model and includes deep organisational and accountability processes.

Accountability and risk management

New appointments

Mr David Eades joined the organisation as CEO on 6 February 2014. In November 2013 Ms Penny Gillespie and Ms Jan Williams were appointed as directors to the board.

Our Chief Executive Officer

The CEO provides strategic policy advice to the Chair, RTA board and Minister on the operation and monitoring of Queensland residential tenancy legislation.

The CEO is responsible for all aspects of management, staffing and administration, and providing monthly performance, operational and compliance reports to the board. The board also receives reports and updates on strategic policy issues. The CEO attends all board meetings and senior executives attend as required.

The CEO also leads our executive team (page 45) which is composed of the divisional executive managers. The team meets weekly to ensure strategic priorities and operations are on track.

Our board

Our board directors reflect the diversity of the sector and bring a wealth of knowledge and expertise in sector representation, property management law, commercial activities, corporate governance and community service.

The Governor in Council appoints the Chair and six directors to the board and remuneration for board directors is determined through Cabinet approved procedures, administered by the Department of the Premier and Cabinet.

The induction program provided to new directors focused on governance, operations and time with key senior officers.

The board's responsibilities are outlined in the Act and the Board Charter clarifies these roles. The board's responsibilities include:

- reviewing and approving strategy
- setting values and standards
- endorsing our annual budget
- monitoring business performance
- monitoring investment activities and financial position
- ensuring significant business risks are identified and managed effectively
- ensuring performance of the board and management is regularly assessed.

Board meetings

1 July 2013 – 31 October 2013	Full board		Audit and Risk Committee (ARC)	
	Attended	Scheduled	Attended	Scheduled
Directors				
Catherine Sinclair (Chair)	4	4	1	1
Deborah Duffy	2	4	-	-
Damian Eckersley	4	4	-	-
Darryl Mutzelburg	4	4	1	1
Susan Rix AM	3	4	1	1
Jane Seawright	4	4	1	1
Roslyn Wallace	4	4	1	1
Cathy Blunt (Independent)	n/a	n/a	1	1

1 November 2013 – 30 June 2014	Full board		Audit and Risk Committee (ARC)	
	Attended	Scheduled	Attended	Scheduled
Directors				
Catherine Sinclair (Chair)	9	9	4	4
Deborah Duffy	8	9	-	-
Penny Gillespie *	8	9	-	-
Darryl Mutzelburg	8	9	4	4
Jane Seawright	9	9	4	4
Roslyn Wallace	9	9	4	4
Jan Williams *	8	9	-	-
Susan Rix AM (Independent)	n/a	n/a	4	4
Cathy Blunt (Independent)	n/a	n/a	1	1

Note: Meetings on 8 November and 8 January were extraordinary meetings.

* Jan Williams and Penny Gillespie were appointed in November 2013.

Audit and Risk Committee

The Audit and Risk Committee (ARC) ensures the organisation operates 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 Susan Rix AM (ARC Chair/Independent member), Darryl Mutzelburg (RTA Director), Jane Seawright (RTA Director), Roslyn Wallace (RTA Director) and Catherine Sinclair (ex officio member/RTA Chair).

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 committee is also responsible for monitoring overall legal and regulatory financial compliance.

The committee approved the implementation of the Internal Audit Strategic Plan 2011–14. The purpose of the plan, developed in conjunction with internal auditors HLB Mann Judd, was to maintain accountability, identify business processes to be audited each financial year, and ensure compliance.

The Auditor-General appointed the Queensland Audit Office as the 2013 external auditor for the RTA and the Residential Tenancies Employing Office (RTEO) in accordance with section 30 of the *Auditor-General Act 2009*. Internal and external auditors attend each ARC meeting.

ARC achievements in 2013–14:

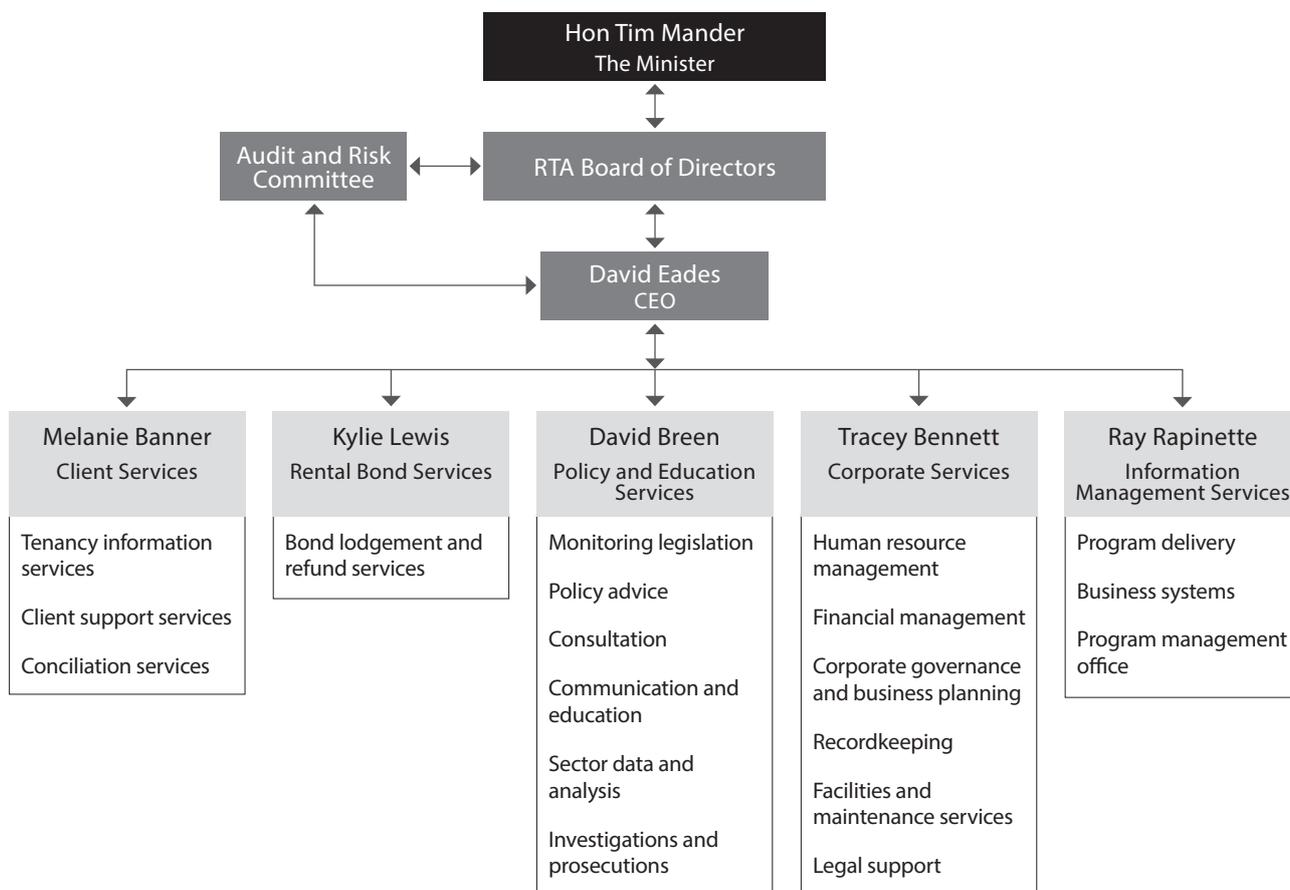
- reviewed and endorsed the annual financial statements
- reviewed and endorsed the annual *Workers Compensation Declaration*
- drafted a calendar aligned to the Internal Audit Strategic Plan 2011–14 to track tasks for completion throughout the year
- reviewed and assessed performance of internal auditors against the audit plan
- reviewed audits and risks associated with the Core Client Services Program
- reviewed the *Risk Management Framework* and *Risk Register*
- reviewed the *Legislative Compliance Register*
- reviewed the ARC Charter
- reviewed and endorsed recommendations to improve business efficiency
- endorsed recommendations to approve our new internal auditors

The ARC adhered to the terms of its charter, having due regard to the Queensland Treasury's Audit Committee Guidelines.

We maintain a comprehensive risk framework and risk register to closely monitor identified risks. All staff are responsible for identifying potential risks to our organisation using a process based on the *AS/NZ Standard 4360:2004 Risk Management Standard*.

Organisational structure

Our structure is aligned to the strategic plan, aimed at maximising the operational capability and capacity of management and staff (see diagram below).



- Fergus Smith was RTA General Manager until 30 January 2014.
- Kimberley Wilson was Executive Manager Client Contact Services until 3 January 2014.
- Client Contact Services and Dispute Resolution Services were combined in January 2014 to form Client Services.

RTA Executive team

The CEO leads the RTA Executive team (page 45) which is composed of the divisional executive managers. The team meets weekly to ensure strategic priorities and operations are on track.

Consultative Committee

This committee provides a forum to discuss employee relations, and to ensure issues are managed when they arise.

Information and Portfolio Management Steering Committee

The committee is chaired by the CEO and includes senior management. It ensures corporate projects operate efficiently and effectively, and are sufficiently resourced to support our business and corporate needs.

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*. The code guides staff to carry out their duties with integrity and impartiality, accountability and transparency, and to promote the public good. We continue to provide mandatory code of conduct training to staff and officials, and we have developed an online refresher package for staff and officials. The organisation's Human Resources policies and procedures and Performance Development Scheme have been amended to reflect the code.

Our management standards are also based on our code of conduct, as well as a range of government and organisational policies, procedures, guidelines and standards. Management standards are reviewed on an annual basis.

Complaints remain low

We formally responded to 74 complaints about our services from clients in 2013–14, compared with 71 in 2012–13. With more than 1.2 million client interactions this financial year, this equals about one complaint for every 16,200 interactions.

Accountability processes

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 team, and engagement with stakeholders. External accountability involves financial and nonfinancial reporting to the Queensland Parliament.

The Legislative Compliance Register is a risk management tool designed to monitor compliance. It helps identify and develop strategies to mitigate risks associated with noncompliance. The register is updated quarterly to include relevant government standards and document compliance actions.

We have also established business processes and internal controls to reduce the risk of fraud.

Public interest disclosure

All our employees have an ethical responsibility to report actual, or suspected, instances of official misconduct. The *Public Interest Disclosure Act 2010* (PID Act) provides direction on the reporting of such conduct. We received no disclosures during the period 1 July 2013 to 30 June 2014.

Internal audit

The internal audit assists with 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.

Our internal audit function is maintained under the *Financial and Performance Management Standard 2009*.

Under the standard we:

- maintain an internal audit charter to govern the operation of the internal audit function
- prepare strategic and annual internal audit plans, and
- report to the ARC about each audit report and performance against the audit plan.

The internal audit methodology complies with the requirements of the Institute of Internal Auditors of Australia, the standards of the Auditing and Assurance Standards Board, and the Institute of Chartered Accountants of Australia. Where other standards impact the work of auditors, compliance is a priority. An example of these types of standards is the *Risk Management Standard AS/NZS 4360:2004*.

The Internal Audit Strategic Plan 2011–14 sets out internal audits that were conducted during the 2013–14 financial year.

Audit reviews conducted

- Reviewed previous recommendations
 - concluded two internal audit recommendations that were in progress and all other internal audit recommendations approved by the ARC have been implemented
- Probity review of Herschel Street property sale
 - concluded that the voluntary adoption of Queensland Government policies about disposal of the Herschel Street property demonstrated that we were following a consistent and robust disposal process
- Review of expenditure processes and delegated authorities
 - concluded that we are complying with our policies and procedures including our Financial Management Practices manual
- Review of risk management
 - recommended improvements to the risk register. The recommendations were accepted and a 2014–15 implementation plan developed
- Review of external complaints
 - concluded that we have effective policies and procedures in place to manage external complaints and that we comply with the *Queensland Government Directive 13–06* and the standard *AS ISO 1002-2006*
- Review of investment policy
 - concluded that we adhered to all internal controls and comply with our Investment Policy

Performance review framework

The 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 outlines our 2013–14 performance against key elements of this framework.

Function	Purpose	2013–14 achievements
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 and quantity, quality, timeliness and location at each board meeting.	Full performance reports provided at each board meeting – majority of performance targets achieved.
Internal audit program	Reports progress and recommendations from internal audit to the board and the ARC.	Full status of all audits provided to the ARC – no current critical level risks.
Quality assurance certification	Maintains certification against the relevant ISO standard.	<i>ISO 9001:2008</i> certification renewed.
Client satisfaction survey	Biennial survey to gauge satisfaction and identify areas for improvement through unit operational plans.	Survey conducted February 2014.
Service delivery statements	Contributes to the Minister's report on performance and budget results to the Queensland Parliament.	Maintained a sound financial position.
Annual report	High reporting standards ensure accountability to the RTA's clients, sector and staff.	Full compliance with Queensland Government annual reporting requirements.

Business and financial planning

The board sets the strategic direction of our organisation, which is documented and formalised through the RTA Strategic Plan (available on our website).

The 2014–18 Strategic Plan identifies priorities relating to our clients, our sector and our organisation and progress is documented in this annual report.

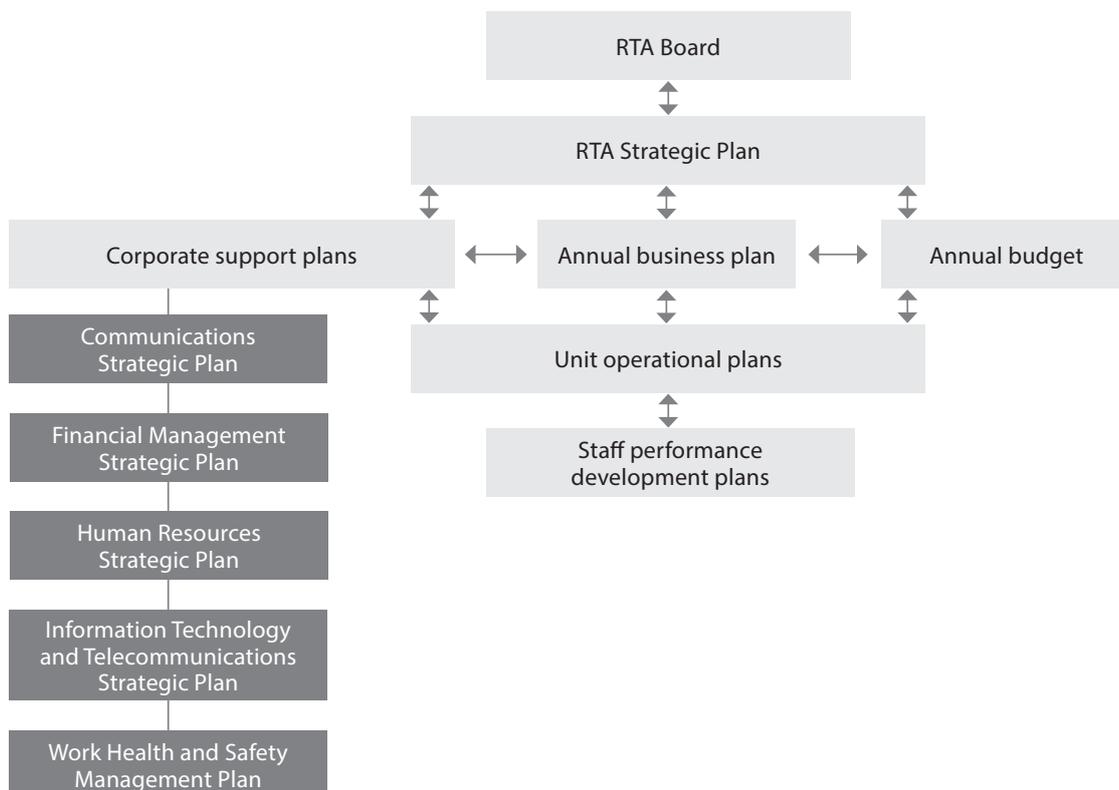
The plan is underpinned by corporate support plans, an annual business and operating plan and unit operational plans specifying activities and performance levels to be achieved.

We have five corporate support plans:

- Communications Strategic Plan
- Financial Management Strategic Plan
- Human Resources Strategic Plan
- Information Technology and Telecommunications Strategic Plan
- Work Health and Safety Management Plan

Staff members complete annual performance development plans with their line managers to identify their contribution to planning and performance, and to determine their professional development requirements.

Business planning overview



Our business planning is used to develop our budget which is endorsed by the board and the Minister. For the first time the budget included a three year outlook with zero basing introduced on some expenditure elements. This approach will continue into the future.

We report to public stakeholders through the annual report, service delivery statements and Parliamentary Estimates processes.

Recordkeeping and access to information

The RTA has policies and procedures in place, including a records management policy, to inform staff of all aspects of recordkeeping practices and responsibilities and to ensure we meet the requirements of the *Public Records Act 2002*.

Our *Vital Records Policy and Information Security Classification Scheme* supports compliance with *Information Standard: 40 Recordkeeping (IS40)*.

We consider recordkeeping requirements in all aspects of service delivery and when planning and implementing business requirements. Position descriptions and policies and procedures incorporate recordkeeping responsibilities.

Right to information

We support the *Right to Information Act 2009* (RTI Act) and its principles by operating in an open, transparent and accountable manner, while protecting the privacy of clients and staff.

Our Administrative Access Policy allows members of the public access to certain types of information without having to apply through the formal RTI Act or the *Information Privacy Act 2009* (IP Act) application processes. Where possible, we will release information under this policy.

Information privacy

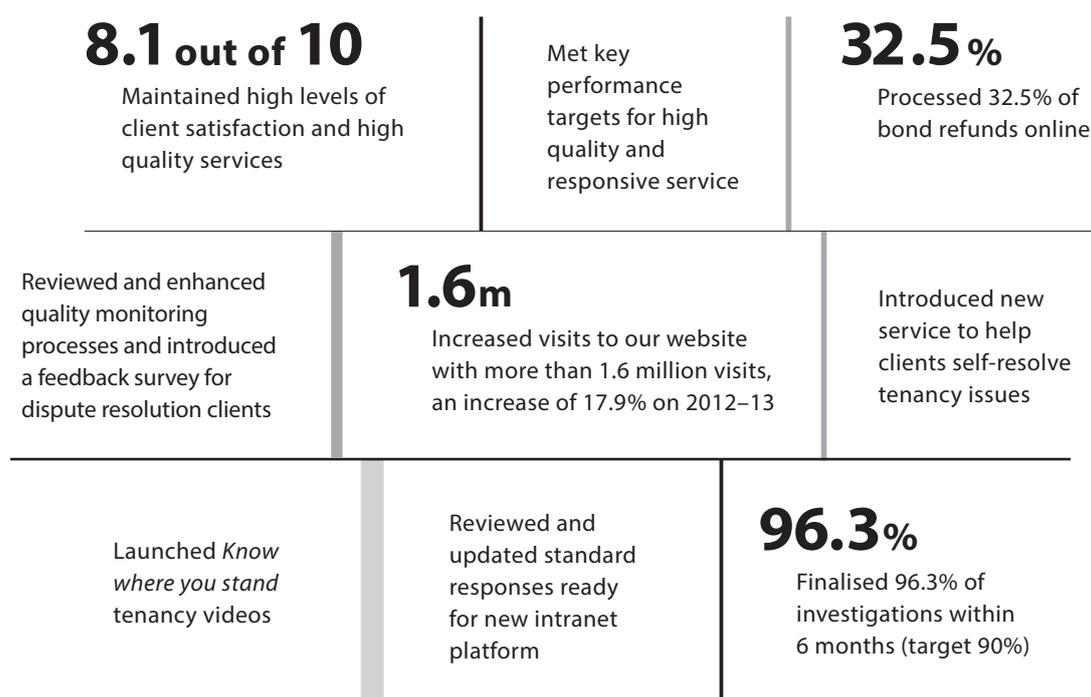
The IP Act gives all members of the public the legal right to access and amend their personal information. It requires us to safeguard the personal information we hold and disclose it only when the individual it relates to provides consent, or where it is required and authorised under law.

Open data

The RTA published information relating to consultancies, overseas travel, outcomes of the Multicultural Action Plan 2011–14 and rental bond data on the Queensland Government Open Data website (qld.gov.au/data).

Our clients

Key results 2013–14



Future priorities 2014–15

- improve and streamline business processes and reporting to improve client service and enhance productivity
- transform bond management processes to support future online services
- create a flexible workforce with staff working across business units to deliver improved client services
- monitor quality of service delivered to clients through internal quality programs, feedback surveys and benchmarking against industry standards
- provide conciliation training that meets national accreditation standards
- change Client Contact key performance indicators to align with industry standards and client expectations
- continue to liaise with QCAT to streamline service delivery
- finalise the development of our new business system
- develop and implement new policies and procedures for our investigations functions, including prosecutions, to ensure continuing transparency and consistency in dealing with the sector and to ensure best practice
- pilot a new case management system

Helping clients

Demand for our services grew this financial year as we continued to deliver targeted, high quality tenancy information and more services through our Client Contact Centre, website and publications.

We also maintained our commitment to improving access for our culturally and linguistically diverse (CALD) clients as well as those who may have difficulty accessing our information (see page 39).

High levels of client satisfaction

The Customer Satisfaction Survey 2014 confirmed our clients remain highly satisfied with services across the organisation. The survey, conducted by a market research company on behalf of the RTA, involved over 300 tenants, lessors and property managers from across the state. Survey participants were asked to rate their experiences with Rental Bond Services, Client Contact, Dispute Resolution and Investigations during small focus groups and telephone surveys.

Overall client satisfaction was very high with a rating of 8.1 out of 10. Our reputation also remained high (7.8) and clients maintained a high level of trust (7.9) in the organisation.

Property managers and agents continued to be the most satisfied group, giving us a score of 8.2 out of 10, while lessors rated us 8.0 and tenants gave an overall satisfaction rating of 8.1.

Our publications were considered highly useful and easy to understand and the website remained the first place clients go for tenancy information. Nearly all clients (96%) found the information they needed on the website.

These results highlight the success of our client-focused approach to business and our ongoing efforts to improve services across the organisation.

Bond enquiries remain high

Rental bond enquiries remained the most common type of call, accounting for 38.0% of calls, compared with 36.4% in 2012–13.

In 2013–14, frontline staff responded to 414,793 enquiries on the phone (up from 383,431 in 2012–13) and 14,523 online. Call volumes were up 8.2% in 2013–14 due to growth in the rental market and there was an increase in phone lines and staff to ensure client expectations were met.

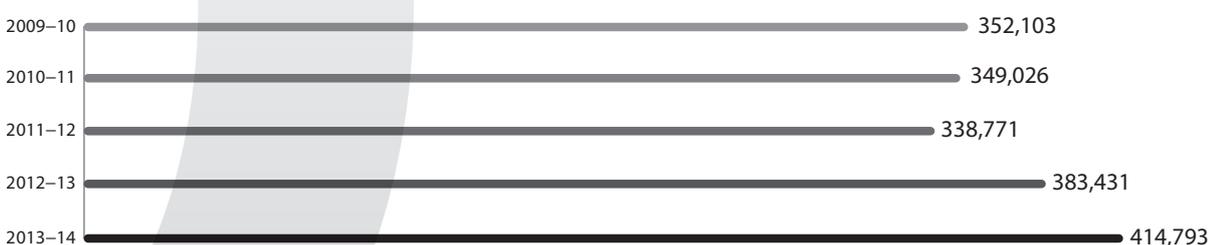
Staff responded to an average of 1653 calls each working day in 2013–14 (1,534 in 2012–13).

Average talk time for callers was 315 seconds in 2013–14, compared with 292 seconds in 2012–13. This highlights the increased service quality, complexity of calls and the time staff members take with clients to clarify their needs to ensure they are given all the information they need on the first call.

The contact centre maintained high service standards, with 68.0% of calls answered within 60 seconds (target 70%) and 79.9% within two minutes (target 85%). The average waiting time for callers was 69 seconds, compared with 75 seconds in 2012–13.

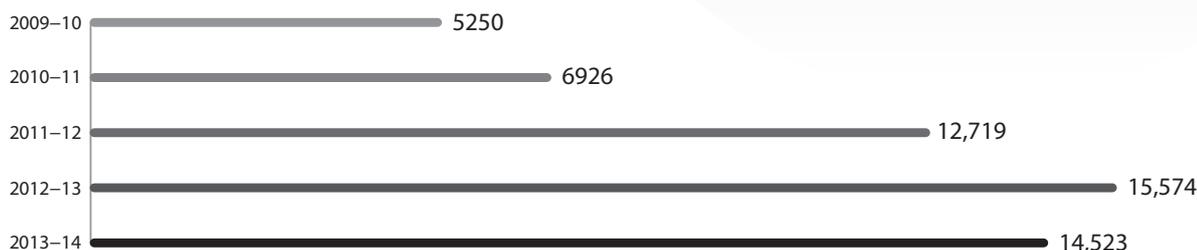
Calls answered by Client Contact Centre

2009–10 to 2013–14



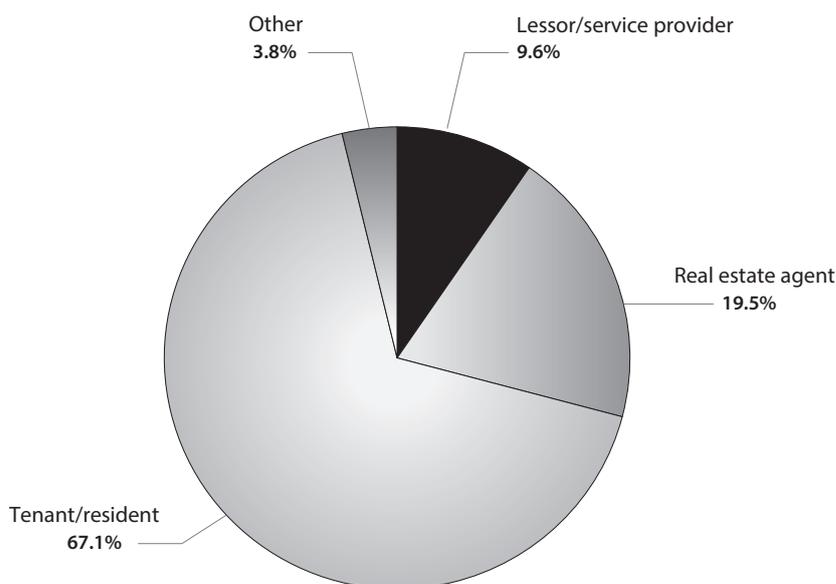
Online enquiries answered by Client Contact Centre

2009–10 to 2013–14



Client contact calls by client type

2013–14



Benchmarking reveals significant improvements in call handling

The latest Customer Service Benchmarking Australia (CSBA) benchmarking report confirmed significant improvements in key service areas relating to the development of rapport (from 85 to 96 points), good product knowledge (from 95 to 98 points) and the clarification of client needs (from 80 to 99 points). The results also showed a significant improvement in providing a clear resolution, up four points to 97. The report ranked the RTA first within the tenancy sector with an Overall Service Index of 120, nearly double the closest comparison organisation score (64). Customised client service training, a review of the quality program and coaching and feedback sessions helped achieve these significant improvements.

New videos for our website

In 2013–14, we launched the *Know where you stand* series of tenancy videos. The three videos help explain tenancy rights and responsibilities in Queensland and are available on our website and YouTube channel (RTAQueensland). Since the videos were launched in August 2013 (to 30 June 2014) the videos received over 3,000 views on YouTube.

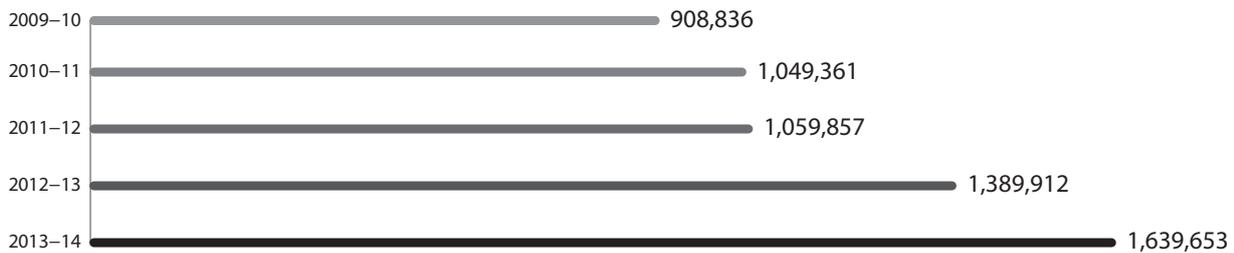
The Client Satisfaction Survey 2014 revealed 45% of clients went first to our website to have tenancy questions answered. Clients found the website easy to navigate and nearly all our clients found the information they needed.

Our website also keeps pace with the changing needs of all our clients. Property agents can access our online bond management system from the website as well as quick links to forms and fact sheets and our series of *Open house* online publications. Agreed bond refunds and bond lodgements can also be done online. New digital resources were added to the website with videos and webinars.

Visits to our website increased to more than 1.6 million in 2013–14, continuing the upward trend over the past five years. The number of users accessing our website using a mobile device almost doubled from the previous year (from 242,155 in 2012–13 to 428,781 in 2013–14).

Website visits

2009–10 to 2013–14



Publications

More than 500,220 printed RTA publications were distributed to our clients during 2013–14.

In response to continued demand for access to online tenancy information, clients can order or download publications from our website, or phone to request copies. Many of our publications are also available in languages other than English.

The Customer Satisfaction Survey 2014 found our suite of revamped publications, such as the *Pocket guide for tenants – houses and units* and *Managing general tenancies*, were considered highly useful and easy to understand.

Managing rental bonds

We continued to streamline and simplify the bond lodgement and refund process in 2013–14, with our interim channels for accepting lodgements and agreed refunds online becoming increasingly popular.

Bond refunds were processed ahead of target, with 98.1% processed within two days against a target of 85%.

Bond lodgement processing fell short of the target, with 67.3% processed within two days against a target of 95.0%. However, 91.4% of bond lodgements were processed within three days.

Growth in the number of bond transactions, manual processing of some transactions in the interim online channels and an increase in the amount of information collected from clients put pressure on bond lodgement processing targets.

Online service proves popular

The number of agents and property managers registering for our eServices online bond management continues to grow. In 2013–14, 86% of agents with more than 100 bonds were registered (84% in 2012–13).

In 2013–14, 48,881 eServices refunds were processed online (33,268 in 2012–13); 10.5% of all refunds processed.

Where all parties agree on a bond refund, a client can submit a refund application online. In 2013–14, 60,091 refund applications were lodged this way (17.9% of refunds). Together with eServices bond refunds, a total of 32.5% of bond refunds were processed online (18.9% in 2012–13).

Clients can also use BPAY when lodging single bonds online. In 2013–14, 24,625 lodgement forms were processed resulting in 17,885 BPAY bond lodgements (5.2% of all lodgements).

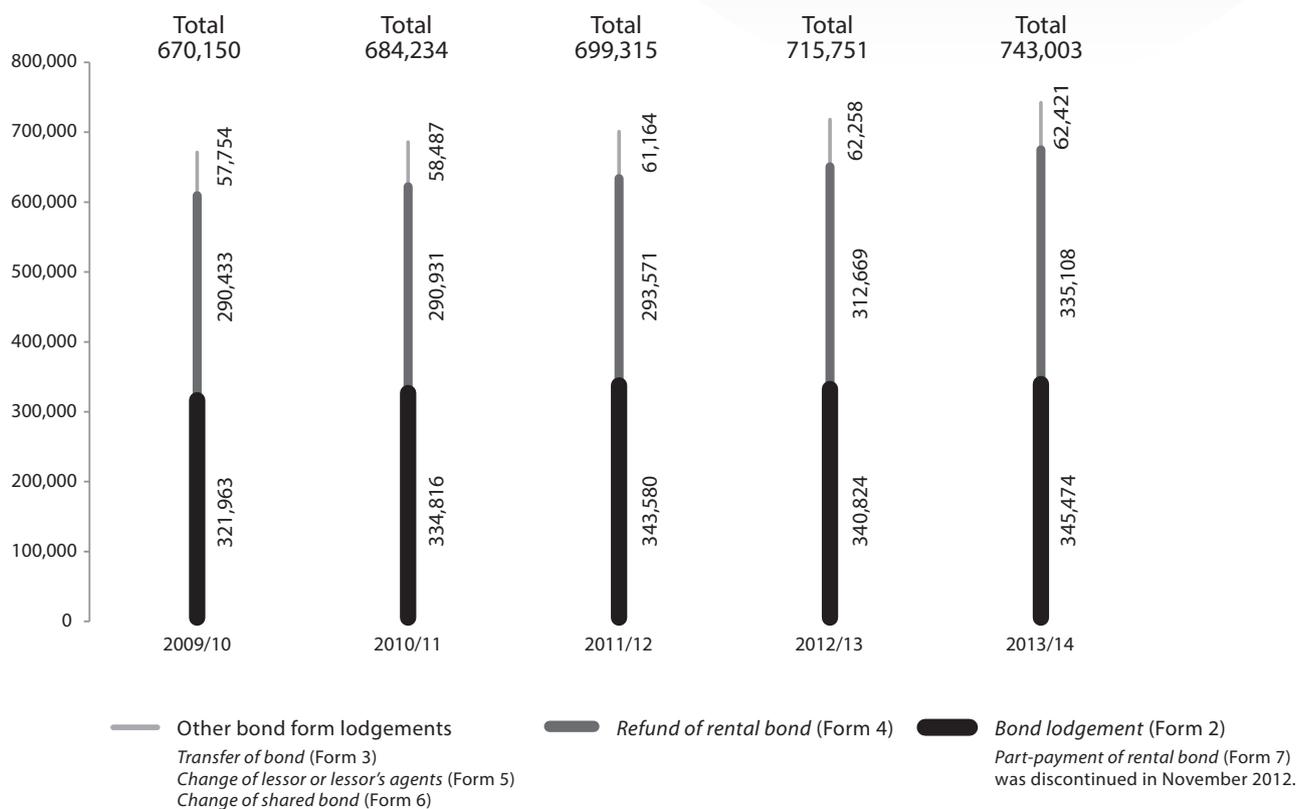
Increasing demand for bond management

In 2013–14, demand for bond management services increased, with 3.7% more bond forms processed than the previous financial year. On average, our staff processed 2960 forms each day (2863 daily in 2012–13), a total of 743,003 forms for the year.

December to March is traditionally the peak period for bond management services. During that period, an average of 3188 bond forms were processed each day with a maximum daily average of 3545 forms processed in February 2014, slightly higher than the monthly record set in February 2013.

Bond forms processed

2009–10 to 2013–14



Note: Bond and part payment lodgement figures for 2013–14 reflect bond forms processed. Previous figures were for bond forms received for processing.

Bond lodgement forms accounted for 345,474 of the total forms lodged. Bond refund applications and bond change forms (transfers and changes to lessor, agent and tenants) totalled 397,529 forms processed (see chart above).

Lodgements steady

There was a slight increase in new bonds lodged (1.2%); 262,895 in 2013–14, up from 259,810 in 2012–13. Nearly a quarter of bond lodgements were extra payments made to existing bonds ('top-ups') which often occur when rent is increased. Average daily lodgements increased slightly; \$1.508m in 2013–14 compared to \$1.499m in 2012–13.

Increased demand for refund services

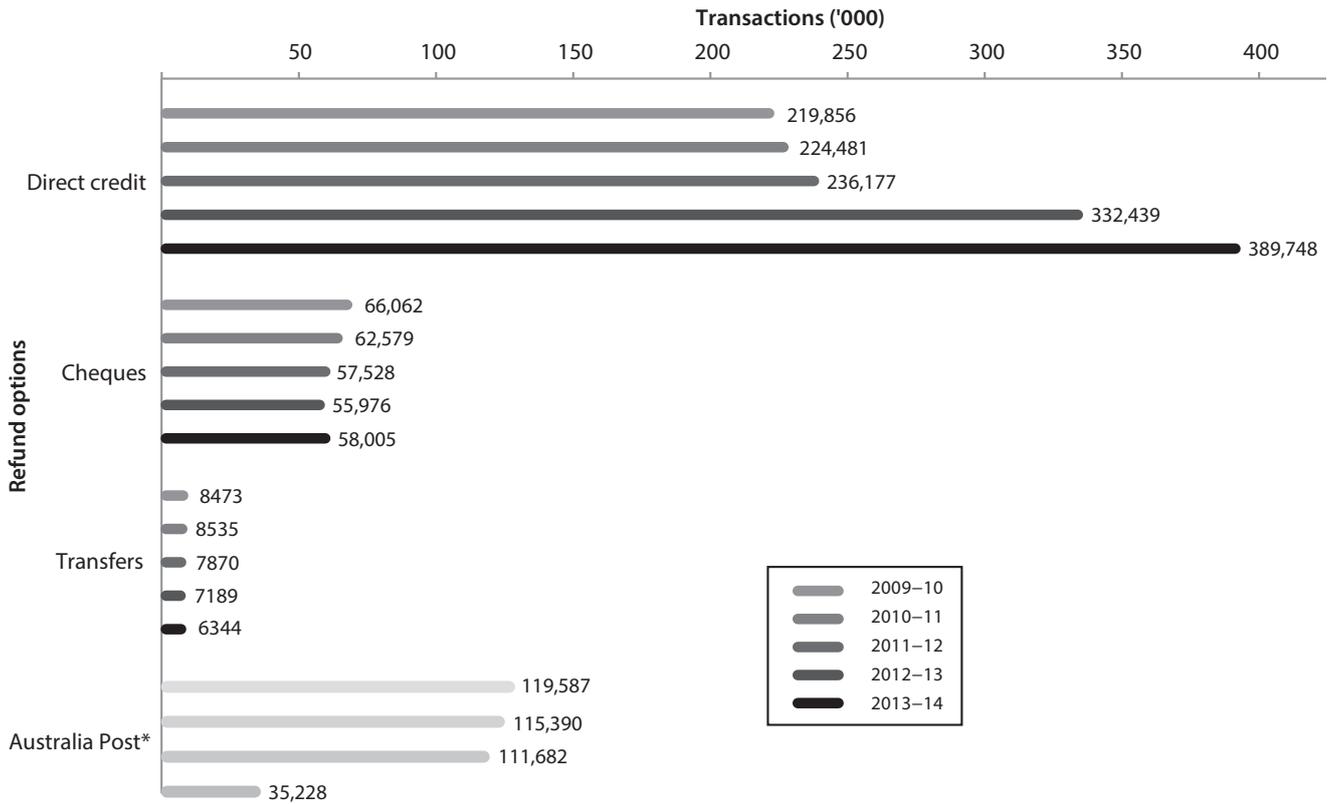
Bond refunds in 2013–14 increased to 990 per day, following an average of 957 bonds finalised daily in 2012–13. The daily average value of refunds increased to \$1.410m from \$1.314m in 2012–13. In 2013–14, we processed 98.1% of bond refunds within two working days, exceeding the target of 85% (91.2% in 2012–13).

Of all bonds refunded, 67.7% were paid out as agreed. Of the 'non-agreed' cases a significant proportion (around 82.5%) were finalised after a *Notice of claim* was issued and not disputed. In total, 72.8% of bond money by value was returned to tenants, a slight increase on 2012–13 (72.6%).

We have procedures in place to minimise mistaken bond refund payments (0.02% of all bonds refunded). When such mistakes occur we take the opportunity to provide staff feedback and improve training.

Bond refund transactions by refund option

2009–10 to 2013–14



(*The RTA ended its agreement with Australia Post on 31 October 2012.)

Direct deposit bond refunds prove popular

Direct deposits to client bank accounts have increased in popularity, with 83.9% of all transactions processed in 2013–14 using this method compared to 75.3% last year. Refunds to property owners via this method have grown to 89.0% compared to 83.9% last financial year. Tenants' use of the service increased from 70.2% in 2012–13 to 82.4% in 2013–14.

Resolving tenancy disputes

This financial year we have introduced a new service to help clients resolve their own tenancy issue.

Our new Client Support team assists clients with conflict coaching, communication strategies and information on the legislation. Staff assess calls and refer clients to the new team where appropriate. Initial results have been promising with over 80% of clients assisted able to resolve their issue without the need for dispute resolution.

We received 27,036 dispute resolution requests in 2013–14, an increase of 6.3% from 2012–13. This indicates the number of households with tenancy disputes is a small proportion of residential tenancies in Queensland (see page 7).

When people participated in the conciliation process, 78.3% (76.2% in 2012–13) of disputes were resolved and positive outcomes were achieved in 48.8% of all disputes lodged (47.7% in 2012–13); 84.1% of disputes were finalised within 28 days.

Telephone conciliation is the most efficient and popular form of conferencing. Face-to-face conciliations in regional and metropolitan areas are conducted when required.

Dispute resolution requests received

2009–10 to 2013–14



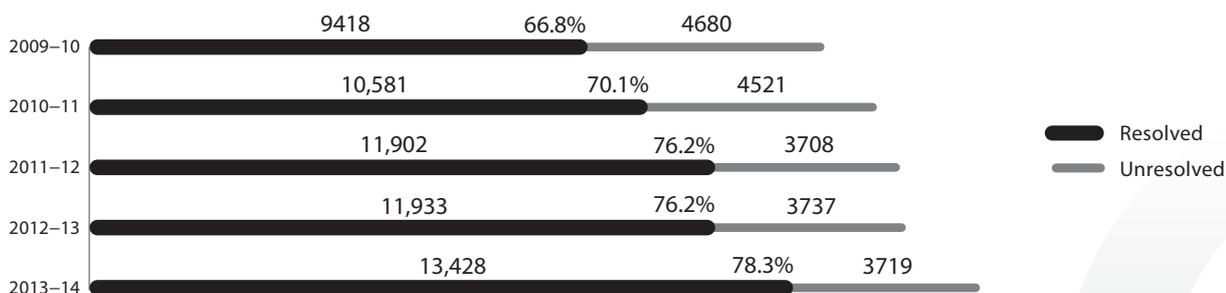
High resolution rates

We successfully resolve more than three quarters of all conciliated disputes where people agree to participate in the process. Helping to resolve these disputes quickly and without the need for clients to apply to have their matter heard by QCAT saves clients and the courts time and money.

QCAT data showed only 17.1% of finalised disputes led to the lodging of a tribunal application.

Results of dispute resolution after participation in the conciliation process

2009–10 to 2013–14



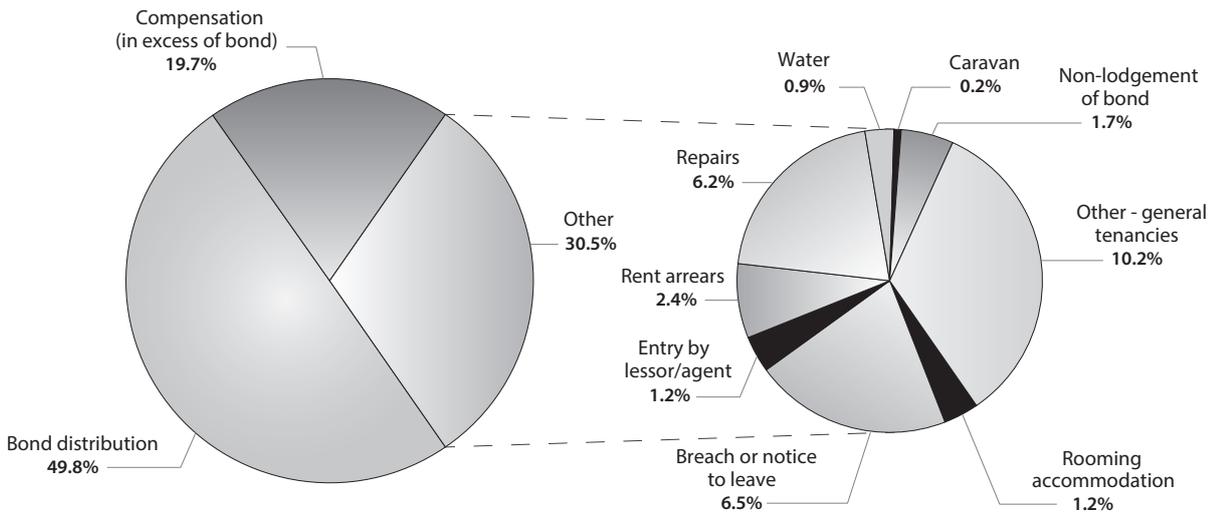
Reasons for disputes

Claims on bond money are often the cause of disputes, accounting for 49.9% of all disputes received in 2013–14 (compared with 47.2% in 2012–13). Bond disputes include disagreements about outstanding rent, the state of the premises or water usage. Claims for compensation in excess of the rental bond, or claims after the bond has been distributed, account for 19.3% of all disputes.

A significant proportion of disputes occurs during tenancies and accounts for 30.8% of all disputes. They often relate to repairs and maintenance, rental arrears and ending a tenancy early.

Reasons for disputes

2013–14



Ongoing training

All staff receive regular on-the-job training and support. Professional training continued in 2013–14, with six conciliators attending intensive conciliation skills workshops conducted by the Peace and Conflict Studies Institute Australia (PaCSIA). The workshops exceeded the training requirements of the *National Mediator Accreditation Standards*.

Investigations and prosecutions

We prefer to educate those who commit offences. However, infringement notices can be issued or prosecutions undertaken for serious and repeat offences. This approach is effective with instances of re-offending remaining extremely low.

During 2013–14 we prosecuted seven offenders, relating to 31 separate tenancies.

The most common offences continued to be failure to lodge bonds within the required timeframe and failing to provide appropriate documentation at the start of a tenancy. We have also seen an increase in tenancy agreements not complying with the Act. Of the 709 investigations carried out in 2013–14, 96.3% (target 90%) were resolved within six months.

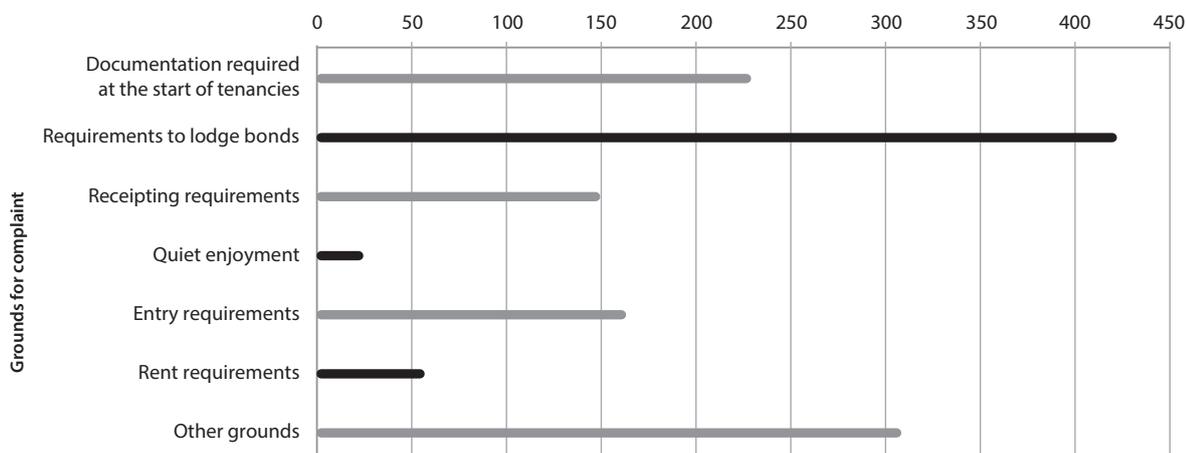
Investigations into non-compliance with the Act

2009–10 to 2013–14



Grounds for investigations of complaints regarding breaches of offence provisions

2013–14

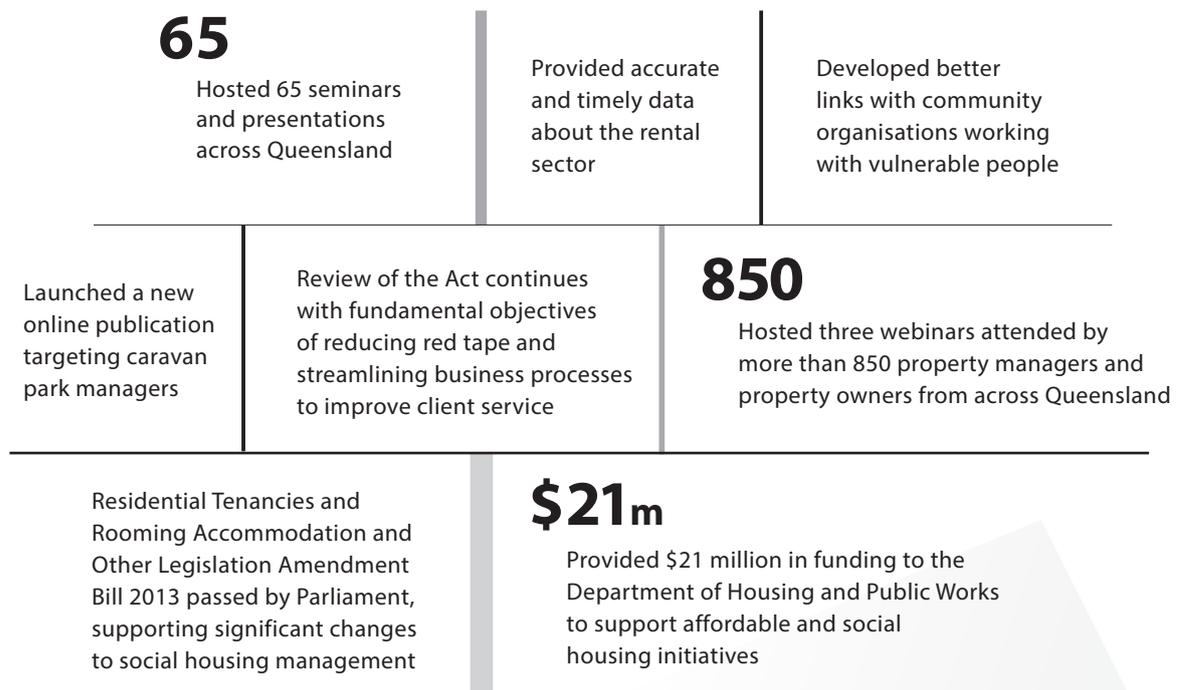


Note: Investigations generally involve multiple offences



Our sector

Key results 2013–14



Future priorities 2014-15

- continue to develop an amendment bill following review of the *Residential Tenancies and Rooming Accommodation Act 2008*
- continue to create new, diverse ways of communicating with targeted client groups (including webinars, podcasts, videos, social media tools and additional translated publications)
- commission audience research to develop our understanding of our clients' communications needs and improve targeted education activities
- continue to provide accurate and timely sector data
- provide information and education for community housing managers

Regulating the sector

This financial year we continued to review the Act to ensure it balanced stakeholder interests, posed no barriers to streamlining service delivery and, where possible, reduced the regulatory burden.

Interim amendments were introduced to support significant social housing changes, including the transfer of public housing management to community housing providers, anti-social behaviour provisions, and rental bonds for new and existing social housing tenants. The *Residential Tenancies and Rooming Accommodation and Other Legislation Amendment Act 2013* was passed in October 2013.

Cutting sector red tape

Opportunities to refine business processes and remove redundant provisions in the Act to reduce sector red tape were identified. A list of more than 70 recommendations for change was endorsed by the RTA Board and is under consideration by the Minister, with the drafting of the amendments expected to start in late 2014.

We also commenced analysis of a Private Member's Bill, proposing minimum standards for rental accommodation in Queensland. The Bill has been referred to the Transport, Housing and Local Government Parliamentary Committee to consider, with a report expected by November 2014.

Water charging and other government reviews

We provided input into other government reviews, including a water charging review conducted by the Department of Energy and Water Supply. Our organisation also contributed to the Queensland Government's response to the Coroner's report on the death of an infant in a rental property and assisted with an awareness campaign on lessors' obligations for standards of rental properties and repairs.

We continue to work with government agencies, such as the Office of Fair Trading, the Department of Justice and Attorney-General, and the Department of Housing and Public Works to discuss the legislative frameworks around residential tenancies and related issues, including proposed changes to social housing provisions and manufactured homes.

Working with stakeholders

We continue to strengthen collaborative sector relationships through quarterly Industry Development Forums (see below), 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 (QShelter)

We also continued to support the Minister in accordance with our legislated functions.

Listening to sector concerns

We continued to work with stakeholders to develop and implement legislation, policies, programs and services this financial year. This approach ensures all voices are properly represented when government decisions are made.

Industry Development Forum discussions in 2013–14 included:

- review of the *Residential Tenancies and Rooming Accommodation Act 2008*
- Queensland Government consultations on electricity and water supply
- innovation to our services, including the development of new business systems
- National Rental Affordability Scheme (NRAS) in Queensland
- emerging issues, such as student accommodation and sewerage charges
- opportunities to reduce red tape in our business processes and legislation

Supporting the sector

In 2013–14, we responded to 214 requests for rental market data and other statistical information from various government agencies, stakeholders, the housing industry and the community (291 data requests in 2012–13).

Client interactions, such as enquiries, types of dispute resolution requests and tribunal orders, are used to monitor the Act's operation and inform policy advice. We also analyse operational data and monitor emerging trends for targeted, state-wide community education activities.

Outreach program reaches thousands

In 2013–14, we hosted 65 tenancy seminars, industry and peak body presentations, and other information sessions across Queensland. As well as supplying tenancy information to our clients, the presentations provided an opportunity for us to listen to client concerns and issues.

The 2013–14, outreach program included seminars in Cleveland, Ipswich, Rockhampton, Southport, Currumbin and Cairns. Six hundred and forty three property managers and 539 property owners registered for these free seminars. We provided a similar program of events for caravan park managers in Hervey Bay, Brisbane, Sunshine Coast, Cairns and Currumbin areas.

During 2013–14, we also developed better links with stakeholders in rooming accommodation through various awareness raising activities.

As part of our *Creating pathways* strategy to raise awareness and understanding of tenancy issues with our most vulnerable client groups, we developed stronger networks with community support workers. We also engaged with the education sector and were featured in various educational videos and other social media channels.

Webinars and events

Over 850 property managers and property owners from across the state attended three tenancy webinars during the financial year. The webinars, which can be viewed on the RTA's YouTube channel (RTAQueensland), help stakeholders make informed decisions and meet their legal obligations.

We also hosted promotional information stands at events such as NAIDOC Week's Musgrave Park Family Fun Day, REIQ Property Managers' Annual Conference, Brisbane Welcomes International Students and World Refugee Day Community Festival. At these events and other presentations, our staff responded to more than 2055 individual enquiries related to tenancy rights and responsibilities.

Improved access for CALD clients

We are committed to providing access to tenancy information to culturally and linguistically diverse (CALD) clients, outlined in the Queensland Cultural Diversity Policy. Our Client Action Reference Group, with representatives from across the organisation, provides progress reports to the executive team.

In 2013–14 we supported CALD clients by:

- providing tenancy information videos in Auslan on our website, in collaboration with Deaf Services Queensland
- training staff to provide culturally responsive services
- monitoring the quality of translation calls, ensuring benchmarks were met for appropriate use of translators and successfully overcoming language barriers
- strengthening community networks to raise awareness of our organisation and services through information sessions, seminars and consultation sessions
- exploring options for online cultural awareness training modules to be used by frontline staff
- placing contact information for the Translating and Interpreting Service (TIS) on all publications, ensuring CALD clients can access tenancy information in their own language, and
- providing educational seminars for international students.

In 2013–14 we received 703 calls using the TIS, a 30% increase on last year. The most requested languages were Korean, Mandarin, Persian and Japanese.

New online publication

In March 2014 we published the first *Open house – caravan park managers*, aimed at strengthening our relationship with the caravan sector by providing helpful and relevant information. Subscriptions totalled 166 from March to June 30.

Subscriptions to our online publication *Open house – property managers and owners* have continued to grow. In 2013–14 the total number of subscribers grew from 5603 to 7420 (as at 30 June 2014). Property managers, real estate agents, property owners, community housing providers, educational institutions, peak bodies and rooming accommodation providers have all registered to receive the publication, which is published every two months.

Throughout 2013–14 we delivered targeted tenancy information through articles provided to a range of sector publications including those published by the REIQ, TQ, Caravanning Queensland, ARAMA (Qld) and POAQ. We also promoted tenancy education in the International Student Guide.

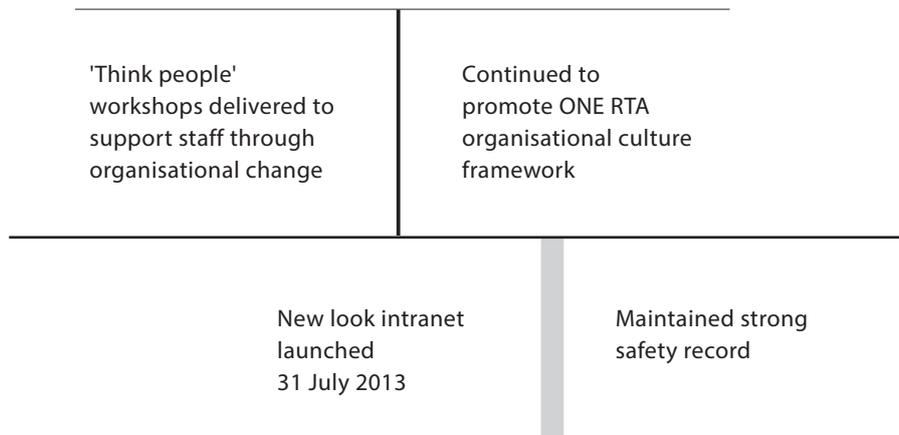
Grant funding to the Department of Housing and Public Works

Provided funding of \$21.0m to the Department of Housing and Public Works to support affordable and social housing initiatives.



Our organisation

Key results 2013–14



Future priorities 2014–15

- implement new business system
- build on the skills and capabilities of our staff
- ensure business excellence through continuous improvement, innovation and creativity
- strengthen our leadership by driving accountability
- continue to support staff through change

Our people

Our professional staff work hard to put clients first. A culture of reward and recognition exists alongside strong performance management and leadership programs ensuring a high staff retention rate.

The Workforce Management Plan 2011–14, which supports our 2012–16 Strategic Plan, recognises the importance of developing and valuing staff by providing an environment that encourages job satisfaction and supports wellbeing.

Motivating and mentoring staff

Our Performance Development Scheme provides staff with regular feedback from team leaders, training and the identification of development needs. Clearly defined duties, responsibilities and performance standards help staff members achieve their performance goals.

The Contemporary Leadership Program helps managers, supervisors and team leaders manage and improve performance, influence and motivate team members, and coach and mentor staff.

We held 'Think people' workshops in October 2013 to motivate staff to improve their client service by being more positive, helpful and personal.

Staff recognition programs recognise employees who strive for excellence or who achieve outstanding results. In September 2013, three long-serving employees were recognised for their 15 and 20 years of service and in December 2013, 43 employees were recognised for their contributions.

Strong safety record

Our Health and Safety Committee ensures health and safety continues to be a priority with the incident rate remaining low. An average frequency rate of 0.14 occurred for every 10,000 hours worked.

An external company conducted a review of our workplace health and safety policies, procedures and practices according to the Australian Standard/New Zealand Standard 4801 occupational health and safety management systems. We will continue to review our system's effectiveness and ensure compliance.

Equity at work

We promote a discrimination-free workplace by educating staff about anti-discrimination laws and providing relevant information on the intranet. Staff are also encouraged to participate in equal employment opportunity events such as Mental Health Week and Disability Action Week.

Taking care of our staff

We engaged Davidson Trahaire Corpsych to deliver our Employee Assistance Program, which provides confidential counselling services, including online help, free of charge to staff.

Staff are provided with opportunities to maintain or improve their knowledge of health issues and wellbeing through a range of programs including annual health assessments and the flu vaccination program.

Our commitment to helping staff balance work, family and lifestyle was maintained this year, with 18.1% of our workforce (34 staff) engaged in part-time work.

We support the Carers' Charter and staff can apply for part-time work to accommodate caring responsibilities for children, elderly relatives or other family members. Employees can use their sick leave to care for ill or injured immediate family members who are dependent on their care and support.

Communicating with our staff

The intranet is a key in-house communication channel. In July 2013 we completed an intranet revamp to make the site a more engaging and interactive communication tool for staff.

Raising money for the homeless

Our corporate culture encourages interactions between divisions through social gatherings and other activities. The social club, which is supported by the RTA, manages a number of events such as the Biggest Morning Tea, a trivia night and the Christmas function. Staff also raised more than \$5465 in 2013–14 for the Ecumenical Coffee Brigade and Brisbane Youth Service through the Casual Friday initiative. These services provide assistance to the homeless. In December 2013, our season's greetings message was sent by e-flyer and the money saved on print and postage costs (\$500) was donated to the ECB.

Environmental awareness

In 2013–14 we continued to support environmental initiatives. Staff were provided with information to raise awareness and increase understanding of waste and other energy reduction strategies.

Workforce profile

Almost three quarters of staff fill client service positions. All other staff members are in support and business management roles.

Full-time equivalent staff (FTE) increased from 183.4 in 2012–13 to 200.95. Most of the staffing increase was in the areas of direct client service in response to increase in client demand due to continuing growth in the rental market and improvements to service.

Employees (FTE) by division*

as at 30 June 2014

Office of the CEO	2.0
Client Services	86.1
Corporate Services	20.5
Information Management Services	17.8
Policy and Education Services	23.7
Rental Bond Services	47.9
Total	198.0

*Note: This table does not include contract staff

Employees by occupation and gender*

as at 30 June 2014

Occupation	Female	Male
Managers and administrators	3	3
Professionals	19	14
Clerical and administrative workers	106	42
Total	128	59

*Note: This table does not include contract and temporary agency staff

High staff retention continued in 2013–14 and, as at 30 June 2014, 42 employees recorded more than 10 years service with our organisation representing 22.7% of our workforce. Of these, 32 employees (17.3% of the workforce) completed 15 or more years of service, and 13 employees (17.0% of the workforce) completed 20 or more years of service.

The annual separation rate for 2013–14 was 10.9% of the workforce. This rate includes staff who resigned to take up roles elsewhere in the public service.

RTA staff are currently employed under the *Residential Tenancies Authority Employees' Award – State 2002* and are party to the current negotiations over the *State Government Departments' Certified Agreement*. Management and unions continue to use our internal Consultative Committee (CC) to identify and discuss emerging employment issues.

One redundancy payment was paid during 2013–14.

Our business operations

Our blueprint for the future is being implemented: improving client experience, extending our online capabilities in cost-effective ways and improving the way we collect, store, provide and use information.

The new integrated business system will improve functionality, processes and service delivery channels. The system will include a secure, self-service portal for clients on our website. The design phase has been completed and it is anticipated the new system will be rolled out in 2015.

A key component of the business system, corporate finance and accounting, will soon start delivering significant improvements to our financial management capacity.

Our Program Management Office (PMO) continues to help improve the development and implementation of our projects. The PMO:

- manages and coordinates programs, projects and major activities across RTA
- develops and manages the RTA's Portfolio Management Framework
- provides assurance of project deliverables to the Information and Portfolio Management Steering Committee (IPMSC) through the Program Governance Framework
- reports monthly to the IPMSC

Quality management

We continued to regularly review our processes and procedures throughout 2013–14, as opportunities for improvement continue to be explored. The Quality Review process is a key business driver that underpins our Quality Management System. The reviews are an ongoing program, with all processes and procedures reviewed on a cyclical basis.

We retained our Quality Assurance Standard ISO 9001:2008, following a quality audit by SGS Australia Limited. The auditor's comments confirmed strong internal review processes that reinforce us as a quality organisation.

RTA Executive team

David Eades Grad Dip UEM, MBA, LFAPI, MAICD

Chief Executive Officer

Mr Eades joined the RTA on 6 February 2014 having held senior positions with the Departments of State Development Infrastructure and Planning and Housing and Public Works and the Public Sector Renewal Board.

He has worked in public and private sector roles in all east coast Australia mainland states and recently rejoined government after 15 years in the private sector as a National Director of Knight Frank Australia and a Director with PricewaterhouseCoopers.

Mr Eades is a former National President and Life Fellow of the Australian Property Institute, the immediate-past Chair of the Queensland Heritage Council, an adjunct professor at the University of the Sunshine Coast and a member of the Australian Institute of Company Directors.

Melanie Banner

Executive Manager, Client Services

Ms Banner joined the RTA in 2008 as a team leader and was appointed Executive Manager in August 2011 after acting in the position since November 2010. Ms Banner's division informs clients about their rights and responsibilities under Queensland tenancy laws and helps them make informed decisions when resolving tenancy disputes.

She brings 15 years public sector management experience to the RTA, at state and federal government levels.

Tracey Bennett BCom (Acc), CPA

Executive Manager, Corporate Services

Ms Bennett joined the RTA as Manager, Finance in 2010. Her division provides internal support through human resources, legal, financial management, corporate governance and business planning, and recordkeeping.

She has extensive senior management experience in government, commercial and the not-for-profit sectors in financial management, corporate services and information technology.

Ray Rapinette BCom, GAICD, MIPA

Executive Manager, Information Management Services

Mr Rapinette joined the RTA in 2007 as Executive Manager, Corporate Services. His division is responsible for investigating, sourcing and facilitating the implementation of our new business capabilities. The program will enable the RTA to deliver rapid, flexible and more integrated services to clients.

He brings more than 20 years local government and 18 years banking experience to the RTA. He has previously held executive positions in local government in corporate governance, policy and organisational performance, strategic and operational planning, financial management, organisational development, information technology and telecommunications, and risk and facilities management.

David Breen BA (Hons), Grad Dip Soc Sci (Housing Mgt and Policy)

Executive Manager, Policy and Education Services

Mr Breen has managed Policy and Education Services since joining the RTA in 1999. His division undertakes research, policy development, communication, community education and investigations to maintain integrity and balance within Queensland's rental sector.

He has a strong knowledge of Queensland's housing sector, having worked in program and operational areas of the Department of Housing. Mr Breen also worked in disability services in several states for 17 years.

Kylie Lewis BBus (Mgt)

Executive Manager, Rental Bond Services

Ms Lewis joined the RTA in 1995 as Research Officer (Statistics) and was appointed Executive Manager, Rental Bond Services in May 2009. Her division manages the processing of all bond lodgements, refunds and related transactions.

She brings extensive public service experience to her role, having worked for the Lands Department, the Queensland Government Statistician's Office, the Department of Education, and Corrective Services.



Our finances

Key results 2013–14

5.79%

return on investment achieved
(page 48)

(\$1.975m)

operating result
(page 48)

\$731.103m

in bonds held (includes
unclaimed bonds)
(page 48)

Future priorities 2014–15

- ensure continuing financial stability based on prudent investment management
- maintain commitment to high standard of financial governance
- build on financial planning and reporting framework to further enhance monitoring and accountability
- develop capacity through implementation of business process and supporting system enhancements

Financial overview

Sound investment returns

The 2013–14 financial year provided steady growth in investments driven by an overall increase in bond lodgements of \$24.355m to \$721.469m, compared to \$697.114m in 2012–13 (excluding unclaimed bonds).

The average rate of return on investments of rental bonds was 5.79% against a budgeted return of 4.50%. Investment returns were \$40.291m in 2013–14, reflecting improving global financial markets.

A grant of \$21.000m was provided to the Department of Housing and Public Works to support affordable and social housing initiatives.

The result has been an operating income of \$46.685m, up \$0.964m on the result achieved in 2012–13. There was a deficit from continuing operations of (\$1.975m).

Net financial instruments held at the RTA as at 30 June 2014 were \$59.309m compared to \$57.360m the previous year. This includes financial assets of \$792.204m (cash and investments) less \$732.894m in financial liabilities (payables, rental bonds and unclaimed monies held on behalf of clients). At 30 June 2014, the RTA held \$731.103m in rental bonds and unclaimed monies.

Sound financial position

We have a healthy balance sheet, with no debt and a high level of liquid assets. Although total equity decreased by 3.1% from 2012–13, the sound performance in the past year has provided a solid financial position with total net assets of \$62.595m.

To address the issue of market volatility, three basic principles are used to manage investments:

- set a realistic annual target return based on conservative estimates of market returns and rental bond growth
- ensure the investment strategy is actively managed, monitored and applied proactively to address fluctuations in investment revenue
- maintain separate operational funds to ensure business sustainability during difficult economic times.

Positive financial outlook

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 fund manager Queensland Investment Corporation (QIC) to ensure investment risks are carefully managed.

Despite falling market yields and the need to meet increased service demands, the RTA anticipates a nil operating result for the 2014–15 financial year, reflecting a forecast return on investment of 4.90%.

We continue to monitor Queensland Audit Office reports and implement the general recommendations where appropriate. We received an unqualified audit report for our financial statements for the 2013–14 financial year.

Financial performance

2009–10 to 2014–15
(\$'m)

Financial year	Income	Expenditure	Surplus/deficit
2009–10	40.305	27.083	13.222
2010–11	45.971	35.086	10.885
2011–12	39.640	33.799	5.841
2012–13	45.721	41.064	4.657
2013–14	46.685	48.660	(1.975)

Our financial performance is shown above. The table highlights the relationship between the level of investment revenue, expenditure and the surplus or deficit achieved for the last five years.

We had a small operating deficit from continuing operations for 2013–14 of (\$1.975m), largely as a result of the timing of support for the Department of Housing and Public Works housing programs.

Our accumulated surplus, which is used to fund all RTA business operating expenses and grants, reduced to \$62.595m in 2013–14.

This reserve ensures that service delivery will continue at current or increased levels into the future without disruption.

The RTA sold its investment property at 33 Herschel Street, which it occupied until 2009.

Strategic investment management

We manage our investments in accordance with Part 3, Division 5 of the *Residential Tenancies and Rooming Accommodation Act 2008* and invest in accordance with the *Statutory Bodies Financial Arrangements Act 1982*.

The RTA aims for best practice investment management by establishing clear investment goals, an overall investment strategy and investment risk tolerances. Reporting and monitoring arrangements are in place to ensure effective corporate governance. Earnings from the investment of rental bonds are allocated between the Rental Bond Portfolio and the Business Operations Portfolio.

The Rental Bond Portfolio represents the investment of all rental bonds held. It is actively managed by fund manager QIC and funds are allocated across a range of asset classes according to the investment strategy adopted by the RTA Board.

The Business Operations Portfolio represents the earnings from investments and is used to fund all RTA business operating expenses and grants.

The Business Operations Portfolio is managed by the RTA with funds invested in Treasury-approved, short-term, liquid cash investments with financial institutions that meet the criteria of the investment strategy.

These funds are held in at-call accounts and short-term fixed deposits and managed in accordance with the *Statutory Bodies Financial Arrangements Act 1982*.

Allocation of investment funds managed through QIC

as at 30 June 2014

Fund type	Investment range	Amount invested (\$'m)	Proportional allocation
QIC Bond Plus Fund	0–45%	138.410	18.85%
QIC Cash Enhanced Fund	0–100%	172.269	23.47%
QIC Global Credit Fund	0–45%	298.089	40.61%
QIC Global Credit Opportunities Fund	0–20%	14.280	1.95%
QIC Property Fund	0–20%	103.041	14.04%
Overlay		8.006	1.08%
Total		734.095	100.00%

Selected financial and operating data

The RTA has compiled the financial information for the year ending 30 June 2014 from audited financial statements and related notes prepared in accordance with Australian Equivalents to International Financial Reporting Standards (where appropriate), the *Financial Accountability Act 2009*, the *Financial and Performance Management Standard 2009* and Australian Accounting Standards (including the Australian Accounting Interpretations).

These consolidated financial statements have been audited by the Queensland Audit Office.

Operating expenditure

This year, expenditure increased by \$7.596m (18.5%) to \$48.660m due to the payment of additional grant funding to the Department of Housing and Public Works.

Employee expenses

Staff levels have increased slightly to ensure delivery of the increased client service initiatives to meet the demands of a growing residential rental market. However, employee expenses increased by \$1.101m (7.5%) from \$14.754m in 2012–13 to \$15.855m in 2013–14 due to increase in service volumes and additional resources associated with the development of new systems.

Total expenditure by type

Expenditure	2012–13	2013–14
Salaries and related expenses	35.9%	32.6%
Investment fees	4.1%	3.4%
Grants and subsidies	34.2%	43.2%
Agency fees	1.7%	0.6%
Other expenses	24.1%	20.2%

Grants and subsidies

Grants increased by 49% from \$14.035m in 2012–13 to \$21.000m in 2013–14 (see below).

RTA grants

(\$'m)

Grant	2012–13	2013–14
Department of Housing and Public Works to support affordable and social housing initiatives	14.035	21.000
Total	14.035	21.000

Supplies and services

Supplies and services increased by \$0.913m (9.2%) from \$9.897m in 2012–13 to \$10.810m in 2013–14 due to service delivery changes and the increase in costs associated with the development of new systems.

Improved efficiency reduces costs

The RTA continues to reduce transaction costs through the increasing use of electronic transactions such as direct deposit of bond refunds into clients' bank accounts.

The website remains a core strategy to reduce costs and improve efficiency, with clients using it to download forms and tenancy information. This reduces production, warehousing and distribution costs to the RTA.

Cost per client activity

The RTA calculates the average cost to service a client to help analyse the financial effectiveness of service delivery. This analysis assists managers to maximise value and improve performance.

The table below outlines the average cost per client activity for four key services in 2012–13 and 2013–14:

- client enquiries to the Client Contact Centre
- bond forms processed (including lodgements, refunds and change of details)
- dispute resolution requests received
- investigations commenced

Activity	2012–13 (\$)	2013–14 (\$)
Client Contact Centre	12.34	13.43
Bond administration	9.21	9.27
Dispute resolution	204	223.69
Investigations	1,673	1,716.61

All overhead costs, including corporate support, governance and administration, are included in the activity costs and have been allocated using appropriate cost drivers.

For 2013–14, the cost to respond to a client enquiry was \$13.43, increased from \$12.34 the previous financial year. The average cost to process a bond form increased by \$0.06 to \$9.27. To lodge a dispute and manage the resolution process, the cost increased to \$223.69 in 2013–14.

Investigations have the highest activity cost of all RTA services at \$1716.61 per investigation, as criminal law prosecutions may be involved and standards relating to the collection of evidence must be followed.

The complete 2013–14 RTA Financial report is available at rta.qld.gov.au/annualreport.

Financial statements

Statement of Comprehensive Income

for the year ended 30 June 2014

	Notes	Group		Parent	
		2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Income					
Investment revenue	3	42,726	45,068	42,726	45,068
Other revenue	3	3,240	94	3,240	94
Rental income	3	245	559	245	559
Other income:					
Gains on sale of assets	4	474	-	474	-
Total income		46,685	45,721	46,685	45,721
Expenses					
Employee expenses	5	15,855	14,754	333	236
Supplies and services	6	10,810	9,897	26,328	24,418
Grants and subsidies	7	21,000	14,035	21,000	14,035
Depreciation and amortisation	8	729	801	729	801
Revaluation decrement	9	-	1,347	-	1,347
Other expenses	10	266	230	270	227
Total expenses		48,660	41,064	48,660	41,064
Operating result		(1,975)	4,657	(1,975)	4,657

The accompanying notes form part of these statements.

Statement of Financial Position

as at 30 June 2014

	Notes	Group		Parent	
		2014	2013	2014	2013
		\$'000	\$'000	\$'000	\$'000
Current assets					
Cash and cash equivalents	11	58,109	61,711	58,017	61,656
Other financial assets	12	734,095	702,783	734,095	702,783
Receivables	13	757	1,034	756	1,030
Assets classified as held for sale	15	-	6,553	-	6,553
Other assets	14	321	485	320	481
Total current assets		793,282	772,566	793,188	772,503
Non current assets					
Intangible assets	16	3,503	1,865	3,503	1,865
Property, plant and equipment	17	1,902	2,338	1,902	2,338
Other assets	14	125	1,281	125	1,281
Total non current assets		5,530	5,484	5,530	5,484
Total assets		798,812	778,050	798,718	777,987
Current liabilities					
Payables	18a	1,791	1,742	5,020	4,593
Rental bonds and unclaimed monies	18b	731,103	705,392	731,103	705,392
Accrued employee benefits	19	2,228	2,092	-	59
Other liabilities	20	-	494	-	494
Total current liabilities		735,122	709,720	736,123	710,538
Non current liabilities					
Accrued employee benefits	19	1,095	881	-	-
Other liabilities	20	-	2,879	-	2,879
Total non current liabilities		1,095	3,760	-	2,879
Total liabilities		736,217	713,480	736,123	713,417
Net assets		62,595	64,570	62,595	64,570
Equity					
Accumulated surplus		62,595	64,570	62,595	64,570
Total equity		62,595	64,570	62,595	64,570

The accompanying notes form part of these statements.

Statement of Changes in Equity

for the year ended 30 June 2014

	Accumulated Surplus	Total Equity
	\$'000	\$'000
Group		
2014		
Balance at beginning of reporting period	64,570	64,570
Operating result	(1,975)	(1,975)
Balance at the end of the reporting period	62,595	62,595
2013		
Balance at beginning of reporting period	59,913	59,913
Operating result	4,657	4,657
Balance at the end of the reporting period	64,570	64,570
Parent		
2014		
Balance at beginning of the reporting period	64,570	64,570
Operating result	(1,975)	(1,975)
Balance at the end of the reporting period	62,595	62,595
2013		
Balance at beginning of the reporting period	59,913	59,913
Operating result	4,657	4,657
Balance at the end of the reporting period	64,570	64,570

The accompanying notes form part of these statements.

Statement of Cash Flows

for the 12 months ended 30 June 2014

	Notes	Group		Parent	
		2014	2013	2014	2013
		\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities					
<i>Inflows</i>					
Interest income		2,590	3,059	2,590	3,059
Bond lodgements		378,194	374,580	378,194	374,580
Other operating receipts		215	653	215	653
GST collected on sales		131	68	131	68
GST refunds received		1,108	2,533	1,108	2,533
<i>Outflows</i>					
Bond claims		(352,482)	(328,794)	(352,482)	(328,794)
Employee benefits and on-costs		(15,508)	(14,452)	(392)	(245)
Supplies and services		(9,450)	(10,353)	(24,596)	(24,589)
Grants and subsidies		(21,000)	(14,035)	(21,000)	(14,035)
Other expenses		(220)	(256)	(227)	(251)
GST paid on purchases		(1,229)	(2,447)	(1,229)	(2,447)
Net cash provided by operating activities	21	(17,651)	10,556	(17,688)	10,532
Cash flows from investing activities					
<i>Inflows</i>					
Sales of property, plant & equipment		7,107	11	7,107	11
Sales of investment securities		41,985	56,830	41,985	56,830
<i>Outflows</i>					
Payments for property, plant and equipment		(60)	(164)	(60)	(164)
Payments for intangible assets		(1,978)	(1,528)	(1,978)	(1,528)
Payments for investment securities		(33,006)	(54,050)	(33,006)	(54,050)
Net cash used in investing activities		14,048	1,099	14,048	1,099
Net increase/(decrease) in cash and cash equivalents		(3,603)	11,656	(3,640)	11,632
Cash and cash equivalents as at beginning of financial year		61,711	50,055	61,656	50,024
Cash and cash equivalents at end of financial year		58,108	61,711	58,016	61,656

The accompanying notes form part of these statements.

Notes to and forming part of the financial statements

for the the year ended 30 June 2014

Objectives and principal activities of the RTA

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

In terms of Section 468 of the Act, the RTA's functions are:

- (a) to ensure the proper administration and enforcement of this Act;
- (b) to receive, hold and pay rental bonds under this Act;
- (c) to give advice to the Minister about –
 - i. residential tenancy issues and rooming accommodation issues generally; and
 - ii. the operation of this Act in particular;
- (d) without limiting paragraph (c), to give advice to the Minister about –
 - i. the application of this Act to residential tenancy agreements, premises or entities; and
 - ii. the application of this Act to rooming accommodation agreements, rental premises or entities;
- (e) to provide information, educational and advisory services about the operation of this Act;
- (f) to collect and analyse information about residential tenancy issues and rooming accommodation agreements;
- (g) to provide a conciliation service to parties to disputes about residential tenancy agreements and rooming accommodation agreements;
- (h) to intervene in, or support, proceedings about the application of this Act to residential tenancy agreements and rooming accommodation agreements;
- (i) to perform other functions given to the authority under this Act or another Act; and
- (j) to perform functions incidental to its other functions.

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 Act establishes the Residential Tenancies Employing Office (RTEO) as a statutory body for the purposes of the *Financial Accountability Act 2009* (Qld).

The trading of the RTEO commenced on 1 July 2008. In accordance with *AASB 127 Consolidated and Separate Financial Statements, Interpretation 112 Consolidation – Special Purpose Entities* and Part 1 of *Queensland Treasury's Guidance Paper: Financial Reporting Requirements for Queensland Government Agencies*, the RTEO is controlled by the RTA and the RTA is required to prepare consolidated General Purpose Financial Report for the 2013–14 financial year. Thus, this financial report covers the RTA and its controlled entity.

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 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.

Information in relation to the RTA's principal activities and other information including financial statements are available on our website: www.rta.qld.gov.au

1. Summary of significant accounting policies

(a) Statement of compliance

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 in accordance with Australian Accounting Standards and Interpretations. In addition, the financial statements comply with the Queensland Treasury and Trade's Minimum Reporting Requirement for the year ended 30 June 2014, other authoritative pronouncements and the requirements prescribed by:

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

With respect to compliance with Australian Accounting Standards and Interpretations, the RTA has applied those requirements applicable to not-for-profit entities, as the RTA is a not-for-profit authority. Except where stated, the historical cost convention is used.

The statements are presented in Australian currency.

(b) Principles of consolidation

A controlled entity is any entity over which the RTA has the power to govern the financial and operating policies so as to obtain benefits from its activities. The RTA controls only the RTEO and does not control any other entity.

(c) The reporting entity

This financial report includes the consolidated financial statements and notes of the RTA and its controlled entity ('Group'), and the separate financial statements and notes of the RTA as an individual parent entity ('Parent').

The financial statements include the value of all revenues, expenses, assets, liabilities and equity of the RTA and the entity it controls.

All inter-group balances and transactions between entities in the consolidated group have been eliminated on consolidation. Accounting policies of the RTEO reflect those adopted by the RTA (parent entity).

(d) Revenue recognition

The RTA invests cash in accordance with Part 3 of the *Residential Tenancies and Rooming Accommodation Act 2008* (Qld), the *Statutory Bodies Financial Arrangements Act 1982* (Qld) and Regulations thereto. A majority of the cash is placed into investments that are managed by fund manager Queensland Investment Corporation Limited (QIC) and allocated across a range of investment funds in a unique portfolio as required by the Investment Strategy adopted by the RTA Board. 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 the QIC Managed Funds. Any interest derived on funds invested with other financial institutions is brought to account when earned.

(e) 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 as well as 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 and subject to a low risk of changes in value.

(f) 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 (see note 12).

The RTA manages its exposure to interest rate risk on investments through compliance with the SBFA Act, Queensland Treasury Guidelines and a formal investment strategy approved by the RTA Board. The Treasurer must approve through Section 61A of the SBFA Act the strategic asset allocation parameters. The Treasurer approved the RTA to appoint QIC as its fund manager under section 59 of the SBFA Act on 23 November 2004.

The RTA does not engage in any transactions for speculative purposes.

(g) Receivables

The collectability of receivables is assessed periodically with full determination of the relevance for an allowance for impairment. All known impaired debts have been written off during the year.

All receivables are non-interest bearing and no security has been obtained.

(h) Acquisitions of assets

Actual cost is used for the initial recording of all non-current physical and intangible asset acquisitions. Cost is determined as the value given as consideration plus costs incidental to the acquisition, including all other costs incurred in getting the assets ready for use, including architects' fees and engineering design fees. However, any training costs are expensed as incurred.

(i) Property, plant and equipment

Items of property, plant and equipment with a cost or other value equal to or in excess of the following thresholds are recognised for financial reporting purposes in the year of acquisition:

Plant and Equipment	\$5,000
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Items with a lesser value are expensed in the year of acquisition.

(j) Revaluations of non-current physical and intangible Assets

Where intangible assets have an active market, they are measured at fair value; otherwise they are measured at cost.

Plant and equipment is measured at cost. The carrying amounts for plant and equipment at cost should not materially differ from their fair value.

(k) 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 estimates 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 being valued. The RTA and its controlled entity'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.

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 investment portfolio funds manager which is categorised as level 2 in the fair value hierarchy. As 2013–14 is the first year of application of AASB 13 by the RTA and its controlled entity, there were no transfers of assets between fair value hierarchy levels during the period.

As at 30 June 14 the RTA and its controlled entity held no other assets or liabilities measured at fair value.

(l) Intangibles

Intangible assets with a cost or other value greater than \$100,000 are recognised in the financial statements. Items with a lesser value are expensed. Each intangible asset, less any anticipated residual value, is amortised over its estimated useful life to the RTA. The residual value is zero for all the RTA's intangible assets.

It has been determined that there is not an active market for any of the RTA's intangible assets.

As such, the assets are recognised and carried at cost less accumulated amortisation and accumulated impairment losses (where applicable).

Purchased Software

The purchase cost of software has been capitalised and is amortised on a straight-line basis over the period of the expected benefit to the RTA, generally 3 years.

Internally Generated Software

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

(m) Amortisation and depreciation of intangibles and property, plant and equipment

Costs associated with the development of computer software have been capitalised and are amortised on a straight-line basis over the period of expected benefit to the RTA, generally 3 to 5 years.

The RTA is currently engaged in a major undertaking to develop in-house an improved and integrated Customer Relationship Management (CRM) system. The design phase has been finalised and the build phase is commencing; the RTA expects to implement the new CRM system by the end of 2015.

These development costs are currently accumulating as Work in Progress Capital until the work is complete, at which time the asset will be formally recognised as an intangible asset and will begin to be amortised over the asset's estimated useful life to the RTA.

The existing Bond Management System will be written down sooner than the general timeframe of 3 to 5 years if the new CRM System is implemented in the next year.

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 its estimated residual value, progressively over its estimated useful life to the RTA.

Any assets under construction (work-in-progress) are not depreciated until they reach service delivery. Where assets have separate identifiable components that are subject to regular replacement, these components are assigned useful lives distinct from the asset to which they relate and are depreciated accordingly.

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.

Major additions purchased specifically for particular assets are capitalised and depreciated on the same basis as the asset to which they relate.

The depreciable amount of improvements to or on leasehold property is allocated progressively over the estimated useful life of the improvements or the unexpired period of the lease, whichever is the shorter. The unexpired period of the lease includes any option period where exercise of the option is probable.

For each class of depreciable asset, the depreciation and amortisation is determined on the straight line method based on the estimated useful life of the asset:

Class	Useful Life (years)	Rate %
Plant and equipment	3 to 20	5 – 33.3
Computer hardware	3	33.3
Leasehold improvements	10	10
Intangible assets:		
Software purchased	3	33.3
Software internally generated	3 to 5	20 – 33.3

(n) Impairment of non-current assets

All non-current physical and 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.

The asset's recoverable amount is determined as the higher of the asset's fair value, less costs to sell and depreciated replacement cost.

An impairment loss is recognised immediately in the Statement of Comprehensive Income, unless the asset is carried at a revalued amount. When the asset is measured at a revalued amount, the impairment loss is offset against the asset revaluation reserve of the relevant class to the extent available.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a valuation increase. Refer also note 1(j).

(o) Operating leases

An operating lease is where the lessor retains substantially all risks and benefits associated with the ownership of the asset. Operating lease payments are

representative of the pattern of benefits derived from the leased assets and are expensed on a straight line basis over the term of the lease.

The RTA has no finance leases.

Incentives received on entering into operating leases were recognised as liabilities and have been finalised. Lease payments are allocated against rental expense.

(p) Payables

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

(q) Rental bonds and unclaimed monies

In accordance with Section 116 of the *Residential Tenancies and Rooming Accommodation Act 2008* (Qld) 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 cheques issued and returned or still un-presented. Such refunds of bonds are regarded as unclaimed 15 months following issue. 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 at face value and are not discounted.

(r) Financial instruments

Recognition

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.

Classification

Financial instruments are classified and measured as follows:

- Cash and cash equivalents – held at fair value through profit and loss
- Other financial assets – held at fair value through profit and loss
- Receivables – held at amortised cost
- Payables – held at amortised cost

The RTA does not enter into transactions for speculative purposes, nor for hedging. Apart from cash and cash equivalents and managed funds, the RTA holds no other financial assets classified at fair value through profit and loss.

All other disclosures relating to the measurement basis and financial risk management of other financial instruments held by the RTA are included in Note 24.

(s) Employee benefits

Wages, Salaries, Annual Leave, Long Service Leave, Time-off-in-lieu (TOIL) 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).

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 paid within 12 months, the liabilities are recognised at their undiscounted values. For those entitlements not expected to be paid within 12 months, the liabilities are classified as non-current liabilities and 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.

Prior history indicates that on average, sick leave taken each reporting period is less than the entitlement accrued. This is expected to continue in future periods. Accordingly, it is unlikely that existing accumulated entitlements will be used by employees and no liability for unused sick leave entitlements is recognised.

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

Within the Statement of Comprehensive Income, on-costs such as payroll tax and workers' compensation insurance are a consequence of employing employees and are not included in an employee's total remuneration package. Hence they are recognised separately as employee related expenses rather than employee benefits. Employer superannuation contributions, annual leave liabilities and long service leave liabilities are regarded as employee benefits (refer Note 5).

Superannuation

All employer superannuation contributions are paid to QSuper at rates determined by the Treasurer on the advice of the State Actuary. The QSuper superannuation scheme is for Queensland Government employees. All superannuation contributions are

expensed in the period in which they are paid or payable. The RTA and its controlled entity's obligations are limited to their contribution to QSuper and there is no responsibility by the RTA or its controlled entity to cover any shortfall in the funds' obligation to provide benefits to employees on retirement.

Therefore, no liability is recognised for accruing superannuation benefits in these financial statements, the liability being held on a whole-of-Government basis and reported in the financial report prepared pursuant to AASB 1049 *Whole of Government and General Government Sector Financial Reporting*.

Key Executive Management Personnel and Remuneration

Key executive management personnel and remuneration disclosures are made in accordance with the section 5 of the *Financial Reporting Requirements for Queensland Government Agencies* issued by Queensland Treasury. Refer to note 26 for the disclosures on key executive management personnel and remuneration.

(t) Insurance

The RTA's non-current physical assets and other risks are insured through various insurance companies managed by broker 'Willis Australia Pty Ltd'; all premiums being on a risk assessment basis.

The RTA and its controlled entity pay premiums to WorkCover Queensland in respect of their obligations for employee compensation.

(u) 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. They are also exempt from the State imposed Land Tax [(section 13(1) (a) *Land Tax Act 1915* (Qld)]. However, they are not exempt from other taxes such as Fringe Benefits Tax (Cth), Goods and Services Tax (GST) (Cth) or Payroll Tax (Qld). In addition, they must comply with Pay-As-You-Go (PAYG) withholding requirements (Cth).

GST

Both the RTEO and the RTA satisfy section 149–25(e) of the *A New Tax System (Goods and Services) Act 1999* (Cth) (the GST Act) and were able to form a "group" for GST purposes under Division 149 of the GST Act. This means that any transactions between the RTA and the RTEO do not attract GST. However, both entities are responsible for the payment or receipt of any GST for their own transactions. As such, GST credits receivable from/payable to the Australian Taxation Office (ATO) are recognised and accrued.

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.

Fringe Benefits Tax (FBT)

FBT is accounted for by both entities for any benefits provided to employees.

Payroll Tax

Both entities are liable for payroll tax pursuant to *Payroll Tax Act 1971* (Qld). In addition, the legislation provides for the compulsory "grouping" of related or associated businesses so that when their wages are aggregated they are not below the exemption threshold. The RTA would have fallen below the threshold. Both entities are responsible for the payment of payroll-tax on their own wages.

PAYG Withholding

PAYG withholding applies to both entities even if they are members of a consolidated group. Generally, each entity is obliged to withhold an amount from such payments at rates specified by the schedules issued under the *Taxation Administration Act 1953* (Cth) and then pay that amount to the Commissioner for Taxation within the timeframe imposed by that Act.

(v) Issuance of Financial Statements

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

(w) Accounting estimates and judgments

The preparation of financial statements necessarily requires the determination and use of certain critical accounting estimates, assumptions and management judgements that have the potential to cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Such estimates, judgements and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in future periods as relevant.

Estimates and assumptions that have a potential significant effect on the financial statements are outlined in the following financial statement notes:

- Employee benefits – note 1(s)
- Intangibles – note 1(l)
- Amortisation and depreciation of intangibles and property, plant and equipment – note 1(m)
- Impairment of non-current assets – note 1(n)

(x) Rounding and comparatives

Amounts included in the financial statements are in Australian dollars and have been 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.

Comparative information has been restated where necessary to be consistent with disclosures in the current reporting period.

(y) New and revised accounting standards

The RTA and its controlled entity did not voluntarily change any of their accounting policies during 2013–14. The only Australian Accounting Standard changes applicable for the first time as from 2013–14 that have had a significant impact on the RTA's financial statements are those arising from AASB 13 *Fair Value Measurement*, as explained below.

AASB 13 *Fair Value Measurement* became effective from reporting periods beginning on or after 1 January 2013. AASB 13 sets out a new definition of 'fair value' as well as new principles to be applied when determining the fair value of assets and liabilities. The new requirements apply to all of the RTA's and its controlled entity's assets and liabilities (excluding leases) that are measured and/or disclosed at fair value or another measurement based on fair value. The impacts of AASB 13 relate to the fair value measurement methodologies used and financial statement disclosures made in respect of such assets and liabilities.

The RTA and its controlled entity has reviewed its valuation methodologies and does not have any non-financial assets or liabilities that are applicable to the fair value methodologies under AASB 13.

AASB 13 has required an increased amount of information to be disclosed in relation to fair value measurements for financial assets. There were no fair value measurements of assets that are substantially based on data that is not observable and that may require a significant amount of information to be disclosed.

A revised version of AASB 119 *Employee Benefits* became effective for reporting periods beginning on or after 1 January 2013. The revised AASB 119 includes changed criteria for accounting for employee benefits as 'short-term employee benefits'. The RTA and its controlled entity is not a member of the Queensland Government central scheme for annual leave and long service leave, however reviewing the change to this criteria there will be minimal impact on the RTA and its controlled entity's financial statements. The only implications for the RTA and its controlled entity were the revised concept of 'termination benefits' and the revised recognition criteria for termination benefit liabilities. If termination benefits meet the AASB 119 timeframe criterion for 'short-term employee benefits', they will be measured according to the AASB 119 requirements for 'short-term employee benefits'. Otherwise, termination benefits need to be measured according to AASB 119 requirements for 'other

long-term employee benefits'. Under the revised standard, the recognition and measurement of 'other long-term employee benefits' are accounted for according to most of the requirements for defined benefit plans.

The revised AASB 119 also includes changed requirements for the measurement of employer liabilities/assets arising from defined benefit plans, and the measurement and presentation of changes in such liabilities/assets. The RTA and its controlled entity makes employer superannuation contributions only to the QSuper defined benefits plan, and the corresponding QSuper employer benefit obligation is held by the State. Therefore, those changes to AASB 119 will have no impact on the RTA and its controlled entity.

AASB 1053 *Application of Tiers of Australian Accounting Standards* became effective for reporting periods beginning on or after 1 July 2013. AASB 1053 establishes a differential reporting framework for those entities that prepare general purpose financial statements, consisting of two Tiers of reporting requirements – Australian Accounting Standards (commonly referred to as 'Tier 1'), and Australian Accounting Standards – reduced Disclosure Requirements (commonly referred to as 'Tier 2'). Tier 1 requirements comprise the full range of AASB recognition, measurement, presentation and disclosure requirements that are currently applicable to reporting entities in Australia. The only difference between the Tier 1 and Tier 2 requirements is that Tier 2 requires fewer disclosures than Tier 1.

Pursuant to AASB 1053, public sector entities like the RTA and its controlled entity may adopt Tier 2 requirements for their general purpose financial statements. However, AASB 1053 acknowledges the power of a regulator to require application of the Tier 1 requirements. In the case of the RTA and its controlled entity, Queensland Treasury and Trade is the regulator. Queensland Treasury and Trade has advised that its policy decision is to require adoption of Tier 1 reporting by all Queensland Government department and statutory bodies (including the RTA and its controlled entity) that are consolidated into the whole-of-Government financial statements. Therefore, the release of AASB 1053 and associated amending standards has had no impact on the RTA and its controlled entity.

The RTA and its controlled entity is not permitted to early adopt a new or amended accounting standard ahead of the specified commencement date unless approval is obtained from Queensland Treasury and Trade. Consequently, the RTA and its controlled entity has not applied any Australian Accounting Standards and Interpretations that have been issued but are not yet effective. The RTA and its controlled entity applies standards and interpretations in accordance with their respective commencement dates.

At the date of authorisation of the financial report, the expected impacts of new or amended Australian Accounting Standards with future commencement dates are as set out below.

AASB 1055 Budgetary Reporting applies from reporting periods beginning on or after 1 July 2014. The RTA and its controlled entity will need to include in its 2014–15 financial statements the original budgeted figures from the Income Statement, Balance Sheet, Statement of Changes to Equity, and Cash Flow Statement as published in the 2014–15 Queensland Government's Service Delivery Statements. The budgeted figures will need to be presented consistently with the corresponding (actual) financial statements, and will be accompanied by explanations of major variances between the actual amounts and the corresponding original budgeted figures.

The following new and revised standards apply as from reporting periods beginning on or after 1 January 2014 –

- AASB 10 *Consolidated Financial Statements*;
- AASB 11 *Joint Arrangements*;
- AASB 12 *Disclosure of Interests in Other Entities*;
- AASB 127 (revised) *Separate Financial Statements*;
- AASB 128 (revised) *Investments in Associates and Joint Ventures*;
- AASB 2011–7 *Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards [AASB 1, 2, 3, 5, 7, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16 & 17]*; and
- AASB 2013–8 *Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities – Control and Structured Entities*.

AASB 10 redefines and clarifies the concept of control of another entity, and is the basis for determining which entities should be consolidated into an entity's financial statements. AASB 2013–8 applies the various principles in AASB 10 for determining whether a not-for-profit entity controls another entity. On the basis of those accounting standards the RTA has reviewed the nature of its relationship with RTEO and other entities that the RTA is connected with, including entities that are not currently consolidated, to determine the impact of AASB 2013–8. The RTA's conclusion is that it will continue to have control over the RTEO and, based on existing circumstances, will not have any control over any additional entities.

AASB 11 deals with the concept of joint control and sets out new principles for determining the type of joint arrangements that exists, which in turn dictates

the accounting treatment. The new categories of joint arrangements under AASB 11 are more aligned to the actual rights and obligations of the parties to the arrangement. The RTA and its controlled entity has assessed its arrangements with other entities to determine whether a joint arrangement exists in terms of AASB 11. Based on present arrangements, no joint arrangements exist. However, if a joint arrangement does arise in future, the RTA and its controlled entity will need to follow the relevant accounting treatment specified in either AASB 11 or the revised AASB 128, depending on the nature of the joint arrangement.

AASB 9 *Financial Instruments* and AASB 2010–7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)* [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127] will become effective for reporting periods beginning on or after 1 January 2017. The main impacts of these standards on the RTA and its controlled entity are that they will change the requirements for the classification, measurement and disclosures associated with the RTA and its controlled entity's financial assets. Under the new requirements, financial assets will be more simply classified according to whether they are measured at amortised cost or fair value. Pursuant to AASB 9, financial assets can only be measured at amortised cost if two conditions are met. One of these conditions is that the asset must be held within a business model whose objective is to hold assets in order to collect contractual cash flows. The other condition is that the contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The RTA and its controlled entity has commenced reviewing the measurement of its financial assets against the new AASB 9 classification and measurement requirements. However, as the classification of financial assets at the date of initial application of AASB 9 will depend on the facts and circumstances existing at that date, the RTA and its controlled entity's conclusions will not be confirmed until closer to the time. At this stage, and assuming no change in the types of transactions the RTA and its controlled entity enters into, it is not expected that any of the RTA and its controlled entity's financial assets will meet the criteria in AASB 9 to be measured at amortised cost. Therefore, as from the 2017–18 financial statements, all of the RTA and its controlled entity's financial assets are expected to be required to be measured at fair value, and classified accordingly (instead of the measurement classifications presently used in note 1(r) Financial Instruments). The same classification will be used for net gains/losses recognised in the Statement of Comprehensive Income in respect of those financial assets. In the case of the RTA and its controlled entity's current

receivables, as they are short-term in nature, the carrying amount is expected to be a reasonable approximation of fair value.

The RTA and its controlled entity do not expect any significant impact of the new measurement requirements.

The RTA and its controlled entity will not need to restate comparative figures for financial instruments on adopting AASB 9 as from 2017–18. However, changed disclosure requirements will apply from that time. A number of one-off disclosures will be required in the 2017–18 financial statements to explain the impact of adopting AASB 9.

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

2. 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 *Residential Tenancies and Rooming Accommodation Act 2008* (Qld).

The RTA manages cash in accordance with Part 3, Division 5 of the *Residential Tenancies and Rooming Accommodation Act 2008* (Qld) and invests that cash in accordance with provisions of the *Statutory Bodies Financial Arrangements Act 1982*.

The RTA has continued to distinguish RTA earnings from the main investment portfolio, via two portfolios, namely the Rental Bond Portfolio and the Business Operations Portfolio.

The Rental Bond Portfolio represents the investment of all rental bonds held. This portfolio is actively managed by fund manager QIC in accordance with the RTA Investment Policy.

The Business Operations Portfolio represents the earnings from investments and is used to fund all RTA business operating expenses and grants as provided in the *Residential Tenancies and Rooming Accommodation Act 2008* (Qld). The Business Operations Portfolio is managed by the RTA. Funds are held in at-call accounts and short-term fixed deposits and managed in accordance with the *Statutory Bodies Financial Arrangements Act 1982* (Qld) and the RTA Investment Policy.

Notes to and forming part of the financial statements (cont'd)

for the year ended 30 June 2014

	Group		Parent	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
3. INCOME				
Investment revenue				
Interest on cash assets and investments				
Return on investments	40,291	42,037	40,291	42,037
Bank interest	2,435	3,031	2,435	3,031
Total Investment revenue	42,726	45,068	42,726	45,068
Other revenue				
Sundry income	30	91	30	91
Release of lease incentive obligation	3,208	-	3,208	-
Bad debts recovered	2	3	2	3
Total Other revenue	3,240	94	3,240	94
Rental income				
Property rental (refer note 15-2)	245	559	245	559
Total lease income	245	559	245	559
Total income	46,211	45,721	46,211	45,721

	Group		Parent	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
4. GAINS ON SALE OF ASSETS				
Gain on sale of assets held for sale	474	-	474	-
Total gains on sale of assets	474	-	474	-

Refer also note 15 Non-current assets held for sale

Notes to and forming part of the financial statements (cont'd)

for the year ended 30 June 2014

	Group		Parent	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
5. EMPLOYEE EXPENSES				
Employee benefits				
Salaries and wages	12,728	11,968	277	186
Allowances	100	127	-	-
Annual leave expense	41	12	(21)	(3)
Long service leave expense	461	167	4	(1)
Employer superannuation contributions	1,541	1,467	14	21
Total Employee benefits	14,871	13,741	274	203
Employee related expenses				
Fringe benefits tax	17	26	15	20
Workers' compensation insurance*	82	86	1	1
Payroll tax*	699	651	31	12
Other employee related expenses	186	250	12	-
Total Employee related expenses	984	1,013	59	33
Total Employee expenses	15,855	14,754	333	236

* Refer to note 1(s) Employee benefits

	Group		Parent	
	2014	2013	2014	2013
	No.	No.	No.	No.
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:	201	202	47	51

Note: includes contract and agency staff which are engaged by the RTA (parent entity).

Notes to and forming part of the financial statements (cont'd)

for the year ended 30 June 2014

	Group		Parent	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
6. SUPPLIES AND SERVICES				
Advertising	60	51	29	34
Outsourced services				
– Display stands	-	39	-	39
– Incoming mail	99	50	99	50
– Lodgements	-	41	-	41
– Mailout/EDI	145	148	145	148
– Refunds	-	350	-	350
– Mailing house	59	67	59	67
Archival fees and charges	50	47	50	47
Bank charges	74	63	74	63
Board fees	127	40	127	40
Board expenses	4	8	4	8
Cleaning	42	60	42	60
Contractors and consultants	5,229	4,202	5,195	4,202
Council rates	27	105	27	105
Electricity	74	48	74	48
Equipment expensed	77	410	77	410
Investment fees	1,662	1,679	1,662	1,679
Legal expenses	232	160	232	160
Operating lease rental	2,217	1,397	2,217	1,397
Postage	473	440	473	440
Printing and stationery	176	316	176	316
Repairs and maintenance	70	204	70	204
RTEO service fees	-	-	15,595	14,551
Software maintenance	330	260	330	260
Telephone	197	191	197	191
Travel expenses	36	60	35	60
Other supplies and services	1,247	969	1,236	956
Less: Capitalised costs	(1,897)	(1,508)	(1,897)	(1,508)
Total Supplies and services	10,810	9,897	26,328	24,418

Notes to and forming part of the financial statements (cont'd)

for the year ended 30 June 2014

	Group		Parent	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
7. GRANTS				
Department of Housing and Public Works	21,000	14,035	21,000	14,035
Total Grants	21,000	14,035	21,000	14,035

The RTA paid a grant of \$21,000,000 (2013: \$14,035,000) to the Department of Housing and Public Works for the Affordable Residential Accommodation Scheme, to support the provision of affordable residential accommodation in high needs areas.

	Group		Parent	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
8. DEPRECIATION AND AMORTISATION				
Depreciation and amortisation were incurred in respect of:				
Plant and equipment	69	38	69	38
Computer equipment	123	119	123	119
Leasehold improvements	276	275	276	275
Intangible assets				
Internally generated software	141	255	141	255
Purchased software	120	114	120	114
Total Depreciation and amortisation	729	801	729	801

	Group		Parent	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
9. REVALUATION DECREMENT				
Land	-	1,207	-	1,207
Buildings	-	140	-	140
Total Asset impairment	-	1,347	-	1,347

In 2012–2013, the decrement, not being a reversal of a previous revaluation increment in respect of the same class of assets, was recognised as an expense in the Statement of Comprehensive Income.

Notes to and forming part of the financial statements (cont'd)

for the year ended 30 June 2014

	Group		Parent	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
10. OTHER EXPENSES				
External audit fees*	32	26	36	23
Internal audit fees	92	101	92	101
Bad and impaired debts	31	37	31	37
Insurance premiums**	83	63	83	63
Loss from disposal of property, plant and equipment	28	3	28	3
Total Other Expenses	266	230	270	227

* Total external audit fees paid to Queensland Audit Office relating to the 2013–14 financial year are estimated to be \$32,300 for the Group (2013: \$29,300 for the Group and \$26,000 for the Parent). There are no non-audit services included in this amount.

** Refer to note 1(t) Insurance

	Group		Parent	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
11. CASH AND CASH EQUIVALENTS				
Petty cash	1	1	1	1
Cash at bank	5,108	3,210	5,016	3,155
Term deposits	53,000	58,500	53,000	58,500
Total Cash and cash equivalents	58,109	61,711	58,017	61,656

Interest earned on cash held with the Commonwealth Bank of Australia ranged between 1.75% and 2.70% (2013: 2.70% to 3.45%). The term deposits earned interest between 3.59% and 4.57% (2013: 4.12% to 4.57%).

Notes to and forming part of the financial statements (cont'd)

for the year ended 30 June 2014

	Group		Parent	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
12. OTHER FINANCIAL ASSETS				
Managed Funds – QIC	734,095	702,783	734,095	702,783
Total Other Financial Assets	734,095	702,783	734,095	702,783

Represented by:

	Group			
	Annual average return on investments	Treasurer approved strategic asset allocation parameter	Actual Allocation	Amount \$'000
QIC Investment Products as at 30 June 2014				
QIC Bond Plus Fund	5.01%	0 – 45%	18.85%	138,410
QIC Cash Enhanced Fund	3.25%	0 – 100%	23.47%	172,269
QIC Global Credit Fund	6.15%	0 – 45%	40.61%	298,089
QIC Global Credit Opportunities Fund	11.48%	0 – 20%	1.95%	14,280
QIC Property Fund	8.92%	0 – 20%	14.04%	103,041
Duration Overlay**			1.08%	8,006
Total Portfolio	5.79%		100.00%	734,095
QIC Investment Products as at 30 June 2013				
QIC Bond Plus Fund*	0.00%	0 – 45%	11.58%	81,386
QIC Cash Enhanced Fund	4.25%	0 – 100%	30.43%	213,823
QIC Global Credit Fund	6.22%	0 – 45%	39.96%	280,826
QIC Global Credit Opportunities Fund	17.39%	0 – 20%	4.28%	30,060
QIC Property Fund	8.73%	0 – 20%	12.60%	88,520
Duration Overlay**			1.15%	8,168
Total Portfolio	6.32%		100.00%	702,783

Notes to and forming part of the financial statements (cont'd)

for the year ended 30 June 2014

12. OTHER FINANCIAL ASSETS (cont'd)

Represented by:

	Parent			Amount \$'000
	Annual average return on investments	Treasurer approved strategic asset allocation parameter	Actual Allocation	
QIC Investment Products as at 30 June 2014				
QIC Bond Plus Fund	5.01%	0 – 45%	18.85%	138,410
QIC Cash Enhanced Fund	3.25%	0 – 100%	23.47%	172,269
QIC Global Credit Fund	6.15%	0 – 45%	40.61%	298,089
QIC Global Credit Opportunities Fund	11.48%	0 – 20%	1.95%	14,280
QIC Property Fund	8.92%	0 – 20%	14.04%	103,041
Duration Overlay**			1.08%	8,006
Total Portfolio	5.79%		100.00%	734,095
QIC Investment Products as at 30 June 2013				
QIC Bond Plus Fund*	0.00%	0 – 45%	11.58%	81,386
QIC Cash Enhanced Fund	4.25%	0 – 100%	30.43%	213,823
QIC Global Credit Fund	6.22%	0 – 45%	39.96%	280,826
QIC Global Credit Opportunities Fund	17.39%	0 – 20%	4.28%	30,060
QIC Property Fund	8.73%	0 – 20%	12.60%	88,520
Duration Overlay**			1.15%	8,168
Total Portfolio	6.32%		100.00%	702,783

* Figures not available. The RTA received approval to invest in the QIC Bond Plus Fund in May 2013.

** The Duration Overlay is used by QIC to manage interest rate risk.

The investments are traded in an active market and therefore fair value can be reliably measured. See notes 1(f) and 24

Notes to and forming part of the financial statements (cont'd)

for the year ended 30 June 2014

	Group		Parent	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
13. RECEIVABLES				
Debtors	73	157	72	153
Other	-	1	-	1
Accrued interest revenue	515	670	515	670
	588	828	587	824
GST receivable	170	206	170	206
Less GST Payable	(1)	-	(1)	-
	169	206	169	206
Total Receivables	757	1,034	756	1,030

Amounts due have been calculated in accordance with the terms and conditions of the respective debtors and do not bear interest. Refer to note 24(c) Financial Instruments (Credit Risk Exposure) for an analysis of movements in the allowance for impairment loss.

Notes to and forming part of the financial statements (cont'd)

for the year ended 30 June 2014

	Group		Parent	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
14. OTHER ASSETS				
CURRENT				
Prepayments	321	271	320	267
Operating lease rights	-	214	-	214
Total Current	321	485	320	481
NON-CURRENT				
Operating lease rights	-	1,245	-	1,245
Prepayments	125	36	125	36
Total Non-current	125	1,281	125	1,281
Total Other assets	446	1,766	445	1,762

In 2009–2010 the RTA entered into an operating lease agreement for their current office accommodation, part of this agreement was an operating lease right which included lessor's contributions towards rent.

The operating lease right had been progressively amortised against the rent payable over the life of the lease as per UIG interpretation 115 paragraph 5.

In October 2013 there was a change of ownership of the office accommodation and as part of the Deed of Release both the lessor and the RTA were released and discharged from all obligations and liabilities arising out of the original lease arrangements. The RTA was compensated for any outstanding rental contributions.

There are no lease incentives provided by the new Lessor and no transfer of rights or obligations relating to the original lease incentive transferred to the new lessor.

Notes to and forming part of the financial statements (cont'd)

for the year ended 30 June 2014

	Group		Parent	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
15. ASSETS HELD FOR SALE				
(previously 'investment property')				
LAND				
At 'Fair Value' less costs to sell*	-	5,686	-	5,686
	-	5,686	-	5,686
BUILDINGS				
At 'Fair Value' less costs to sell*	-	867	-	867
	-	867	-	867
Total Assets held for sale	-	6,553	-	6,553

*** Reclassification and valuation of the asset – Note 15-1**

The RTA's investment property at 33 Herschel Street, Brisbane CBD, was reclassified as 'held for sale' in June 2013, following ministerial approval to sell the property according to management's asset disposal plan.

At this time the RTA commissioned an independent valuation of the land and buildings at 33 Herschel Street in order to determine the 'fair value' of Land and Buildings at the time this property was reclassified from 'Investment Property' to 'Non-current Asset Held for Sale'.

The RTA accepted the valuation of \$6.650M, received from professional commercial valuers Herron Todd White, for this purpose.

Subsequent to 30 June 2013, the RTA entered into a sales and marketing programme to divest itself of this asset. The commercial agents Jones Lang LaSalle was appointed to sell the property on the RTA's behalf.

The valuation shown above for 2013 'Non-current Assets Held for Sale' was the fair value of the asset less costs to sell, in line with Australian Accounting Standards. 'Costs to sell' of \$97,100 have been estimated from the selling agent's marketing budget and the selling agent's sales commission based on the expected sale price (fair value amount).

The 'Revaluation Decrement' of \$1.347M as shown in the Statement of Comprehensive Income is the total of the two amounts above: (i) loss on asset revaluation of \$1.250M; and (ii) 'costs to sell' of \$97,100.

The property was sold in October 2013 for \$7.200M, which after taking into account the cost of disposal, resulted in a gain on sale of \$0.474M (refer note 4 Gain on sale of assets).

Notes to and forming part of the financial statements (cont'd)

for the year ended 30 June 2014

15. ASSETS HELD FOR SALE (cont'd) (previously 'investment property')

	Land	Land*	Buildings	Buildings*	Total	Total*
Assets held for sale reconciliation	2014	2013*	2014	2013*	2014	2013*
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Group						
Carrying amount at 1 July 2013	5,686	6,850	867	1,050	6,553	7,900
Disposals	(5,686)	-	(867)	-	(6,553)	-
Revaluation increments /(decrements)	-	(1,164)	-	(183)	-	(1,347)
Carrying amount at 30 June 2014	-	5,686	-	867	-	6,553
Parent						
Carrying amount at 1 July 2013	5,686	6,850	867	1,050	6,553	7,900
Disposals	(5,686)	-	(867)	-	(6,553)	-
Revaluation increments /(decrements)	-	(1,164)	-	(183)	-	(1,347)
Carrying amount at 30 June 2014	-	5,686	-	867	-	6,553

Note 15-2

The investment property held by the RTA was reclassified as 'held for sale' in June 2013 and sold in October 2013. During the period the property was held by the RTA rental income recognised in the operating surplus was \$0.245M (2013: \$0.559M).

Direct operating expenses primarily for repairs and maintenance on the property that generated rental income for the period were \$0.034M (2013: \$0.122M).

There were no restrictions on the realisability of investment property or remittance of income and proceeds of disposal.

The RTA did not have any contractual obligations to purchase, construct or develop the investment property or for repairs, maintenance or enhancements.

Notes to and forming part of the financial statements (cont'd)

for the year ended 30 June 2014

	Group		Parent	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
16. INTANGIBLE ASSETS				
Software purchased: At cost				
Gross	526	524	526	524
Less: Accumulated amortisation	(461)	(341)	(461)	(341)
	65	183	65	183
Software internally purchased: At cost				
Gross	2,995	2,995	2,995	2,995
Less: Accumulated amortisation	(2,962)	(2,821)	(2,962)	(2,821)
	33	174	33	174
Work in progress: At cost				
Gross	3,405	1,508	3,405	1,508
Total intangible assets	3,503	1,865	3,503	1,865

Impairment loss refer note 1(n)

Notes to and forming part of the financial statements (cont'd)

for the year ended 30 June 2014

16. INTANGIBLE ASSETS (cont'd)

Intangible Assets Reconciliation

	Software Internally Generated	Software Purchased	Software Work In Progress	Total
	\$'000	\$'000	\$'000	\$'000
Group				
2014				
Carrying amount at 1 July 2013	174	183	1,508	1,865
Acquisitions	-	2	-	2
Acquisitions through internal development	-	-	1,897	1,897
Amortisation	(141)	(120)	-	(261)
Carrying amount at 30 June 2014	33	65	3,405	3,503
2013				
Carrying amount at 1 July 2012	430	277	-	707
Acquisitions	-	20	-	20
Acquisitions through internal development	-	-	1,508	1,508
Amortisation	(256)	(114)	-	(370)
Carrying amount at 30 June 2013	174	183	1,508	1,865
2014				
Carrying amount at 1 July 2013	174	183	1,508	1,865
Acquisitions	-	2	-	2
Acquisitions through internal development	-	-	1,897	1,897
Amortisation	(141)	(120)	-	(261)
Carrying amount at 30 June 2014	33	65	3,405	3,503
2013				
Carrying amount at 1 July 2012	430	277	-	707
Acquisitions	-	20	-	20
Acquisitions through internal development	-	-	1,508	1,508
Amortisation	(256)	(114)	-	(370)
Carrying amount at 30 June 2013	174	183	1,508	1,865

Amortisation of intangibles is included in the line item 'Depreciation and Amortisation' in the Statement of Comprehensive Income.

Research and development were expensed in 2012–2013.

Refer Intangibles note 1(m) for software work in progress project overview

Notes to and forming part of the financial statements (cont'd)

for the year ended 30 June 2014

	Group		Parent	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
17. PROPERTY, PLANT AND EQUIPMENT				
Leasehold improvements: At cost				
Gross	2,799	2,799	2,799	2,799
Less: Accumulated depreciation	(1,193)	(917)	(1,193)	(917)
	1,606	1,882	1,606	1,882
Plant and equipment: At cost				
Gross	268	279	268	279
Less: Accumulated depreciation	(158)	(127)	(158)	(127)
	110	152	110	152
Computer hardware: At cost				
Gross	1,174	1,195	1,174	1,195
Less: Accumulated depreciation	(988)	(891)	(988)	(891)
	186	304	186	304
Total property, plant and equipment	1,902	2,338	1,902	2,338

Plant and equipment

The RTA has plant and equipment with an original cost of \$10,709 and a written down value of zero still being used in the provision of services. 100 percent of these assets with a gross cost of \$10,709 are expected to be replaced in 2014–2015.

Computer hardware

The RTA has computer hardware with an original cost of \$698,900 and a written down value of zero still being used in the provision of services. 25 percent of these assets with a gross cost of \$174,725 are expected to be replaced in 2015–2016 with the remaining 75% to be replaced in the future financial years.

Notes to and forming part of the financial statements (cont'd)

for the year ended 30 June 2014

17. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Property, Plant and Equipment Reconciliation

	Leasehold Improvements	Plant and Equipment	Computer Hardware	Total
	\$'000	\$'000	\$'000	\$'000
Group				
2014				
Carrying amount at 1 July 2013	1,882	152	304	2,338
Acquisitions	-	53	7	60
Disposals	-	(26)	(2)	(28)
Depreciation	(276)	(69)	(123)	(468)
Carrying amount at 30 June 2014	1,606	110	186	1,902
2013				
Carrying amount at 1 July 2012	2,157	129	333	2,619
Acquisitions	-	73	91	164
Disposals	-	(12)	(2)	(14)
Depreciation	(275)	(38)	(118)	(431)
Carrying amount at 30 June 2013	1,882	152	304	2,338
Parent				
2014				
Carrying amount at 1 July 2013	1,882	152	304	2,338
Acquisitions	-	53	7	60
Disposals	-	(26)	(2)	(28)
Depreciation	(276)	(69)	(123)	(468)
Carrying amount at 30 June 2014	1,606	110	186	1,902
2013				
Carrying amount at 1 July 2012	2,157	129	333	2,619
Acquisitions	-	73	91	164
Disposals	-	(12)	(2)	(14)
Depreciation	(275)	(38)	(118)	(431)
Carrying amount at 30 June 2013	1,882	152	304	2,338

Notes to and forming part of the financial statements (cont'd)

for the year ended 30 June 2014

	Group		Parent	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
18. PAYABLES				
a. Payables				
Trade creditors	1,788	1,674	1,531	1,429
GST payable	-	6	-	6
Payables to RTEO	-	-	3,489	3,096
Payments received in advance	3	62	-	62
	1,791	1,742	5,020	4,593
b. Rental bonds and unclaimed monies				
Rental bonds	721,469	697,114	721,469	697,114
Unclaimed bond monies	9,630	8,274	9,630	8,274
Unclaimed other monies	4	4	4	4
	731,103	705,392	731,103	705,392
Total Payables	732,894	707,134	736,123	709,985

	Group		Parent	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
19. ACCRUED EMPLOYEE BENEFITS				
CURRENT				
Annual leave	1,040	995	-	21
Long service leave*	1,127	1,093	-	38
Wages Outstanding	51	-	-	-
Time off in lieu	10	4	-	-
Total Current	2,228	2,092	-	59
NON-CURRENT				
Long service leave*	1,095	881	-	-
Total Non-current	1,095	881	-	-
Total Accrued employee benefits	3,323	2,973	-	59

The discount rate used to calculate the present value of non-current employee benefits is 3.24%(2013: 3.20%). All provisions include associated on-costs.

* In 2013–2014 the RTA changed the accounting treatment for calculating the current and non-current allocation of long service leave provisions. This revised treatment has also been applied to the 2012–2013 comparative figures.

Notes to and forming part of the financial statements (cont'd)

for the year ended 30 June 2014

	Group		Parent	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
20. OTHER LIABILITIES				
CURRENT				
Lease incentive	-	494	-	494
Total Current	-	494	-	494
NON-CURRENT				
Lease incentive	-	2,879	-	2,879
Total Non-Current	-	2,879	-	2,879
Total Other liabilities	-	3,373	-	3,373

In 2009–2010 the RTA entered into an operating lease for office accommodation and was provided with lease incentives as part of the lease agreement.

Lease incentives are effectively secured as the rights to the leased assets revert to the lessor in the event of default. The lease incentive liability has been progressively amortised against the rent payable over the life of the lease as per UIG Interpretation 115 paragraph 5.

In October 2013 there was a change in ownership of the office accommodation and as part of the Deed of Release between the RTA and the original lessor both the Lessor and the RTA were released and discharged from all obligations and liabilities arising from the original lease incentive agreement.

There are no lease incentives provided by the new Lessor and no transfer of rights or obligations relating to the original lease incentive transferred to the new lessor.

Therefore the RTA was cleared any future liabilities in regard to the lease incentive.

Notes to and forming part of the financial statements (cont'd)

for the year ended 30 June 2014

Group		Parent	
2014	2013	2014	2013
\$'000	\$'000	\$'000	\$'000

21. RECONCILIATION OF OPERATING SURPLUS 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:

Total Cash & cash equivalents	58,109	61,711	58,017	61,656
Balance per Statement of Cash Flows	58,109	61,711	58,017	61,656
Operating surplus	(1,975)	4,657	(1,975)	4,657
Add: Depreciation and amortisation	729	801	729	801
Loss on Sale of assets	28	3	28	3
Revaluation decrement	-	1,347	-	1,347
Increase in Accrued employee benefits	349	17	(60)	(10)
Decrease in Other assets (Operating lease rights)	1,459	214	1,459	214
Decrease in Receivables	277	80	274	81
Increase in trade creditors	49	(368)	427	(370)
Increase in Unclaimed bonds	1,356	925	1,356	925
Increase in Rental bonds	24,355	45,520	24,355	45,520
Increase in other payables				
	26,627	53,196	26,593	53,168
Less:				
Decrease in Other liabilities	3,374	493	3,374	493
Increase in Prepayments	139	110	142	106
Unrealised increase in investments	40,291	42,037	40,291	42,037
Gain on Sale of Property Plant and Equipment	474	-	474	-
Net Cash from operating activities	(17,651)	10,556	(17,688)	10,532

22. FINANCING ARRANGEMENTS

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

Corporate credit cards	200	200	200	200
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Notes to and forming part of the financial statements (cont'd)

for the year ended 30 June 2014

Group		Parent	
2014	2013	2014	2013
\$'000	\$'000	\$'000	\$'000

23. COMMITMENTS FOR EXPENDITURE

(a) Capital commitments

The RTA and its controlled entity has 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:

Insight Enterprises	655	-	655	-
Oakton Limited	-	980	-	980
Telecommunications	2	219	2	219
Information technology and Web	120	163	120	163
Temp Staffing - operational	247	433	247	433
Temp Staffing - Projects	1,939	484	1,939	484
Other Outsourced Services and Consultants	104	282	104	282
	3,067	2,561	3,067	2,561
These expenditures are payable:				
Not later than one year	2,655	2,527	2,655	2,527
Later than one year and not later than 5 years	412	34	412	34
	3,067	2,561	3,067	2,561

The RTA has commitments for temporary staff and consultants to assist with the development of the CCSP project. Depending on the tasks undertaken some of these cost may be capitalised, however this will be determined as specific project workplans are developed and assessed against the capitalisation requirements of AASB 138 Intangible Assets.

(c) Finance lease commitments

The RTA and its controlled entity has 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	14,315	16,384	14,315	16,384
<u>Total Future Minimum Lease Payments</u>				
Not later than one year	2,228	2,136	2,228	2,136
Later than one year and not later than 5 years	9,840	9,421	9,840	9,421
Later than 5 years	2,247	4,827	2,247	4,827
	14,315	16,384	14,315	16,384

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. 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.

Notes to and forming part of the financial statements (cont'd)

for the year ended 30 June 2014

	Group		Parent	
	2014	2013	2014	2013
Notes	\$'000	\$'000	\$'000	\$'000

24. 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	11	58,109	61,711	58,017	61,656
Other financial assets	12	734,095	702,783	734,095	702,783
Financial assets measured at amortised cost:					
Receivables	13	757	1,034	756	1,030
Total Financial assets		792,961	765,528	792,868	765,469
Financial liabilities					
Financial liabilities measured at amortised cost:					
Payables	18	1,791	1,742	5,020	4,593
Rental bonds and unclaimed monies	18	731,103	705,392	731,103	705,392
Total Financial Liabilities		732,894	707,134	736,123	709,985

(b) Financial Risk Management

The RTA's activities expose it to a variety of financial risks - interest rate risk, credit risk, liquidity risk and market risk.

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

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

The RTA measures risk exposure using a variety of methods as follows –

Risk Exposure	Measurement Method
Credit Risk	Aging analysis, earnings at risk
Liquidity Risk	Sensitivity analysis
Market Risk	Interest rate sensitivity analysis

Notes to and forming part of the financial statements (cont'd)

for the year ended 30 June 2014

24. FINANCIAL INSTRUMENTS (cont'd)

(c) Credit risk exposure

Credit risk exposure refers to the situation where the RTA or its controlled entity may incur financial loss as a result of another party to a financial instrument failing to discharge their obligation.

The maximum exposure to credit risk at balance date in relation to each class of recognised financial asset is the gross carrying amount of those assets inclusive of any provisions for impairment.

The following table represents the RTA and its controlled entity's maximum exposure to credit risk based on contractual amounts net of any allowances:

Maximum exposure to credit risk	Notes	Group		Parent	
		2014	2013	2014	2013
		\$'000	\$'000	\$'000	\$'000
Financial assets					
Cash and cash equivalents	11	58,109	61,711	58,017	61,656
Other financial assets	12	734,095	702,783	734,095	702,783
Receivables	13	757	1,034	756	1,030
Total Financial assets		792,961	765,528	792,868	765,469

The carrying amount of receivables represents the maximum exposure to credit risk.

No collateral is held as security and no credit enhancements relate to financial assets held by the RTA or its controlled entity.

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 basis. Exposure to credit risk is monitored on a timely basis. Exposure to credit risk is monitored on an ongoing basis.

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

The method for calculating any provisional impairment for risk is based on past experience, current and expected changes in economic conditions and changes in client credit ratings. The main factors affecting the current calculation for provisions are disclosed below as loss events. These economic and geographic changes form part of the RTA and its controlled entity's documented risk analysis assessment in conjunction with historic experience and associated industry data.

If no loss events have arisen in respect of a particular debtor or group of debtors, no allowance for impairment is made in respect of that debt/group of debtors. If the RTA and its controlled entity determines that an amount owing by such a debtor does become uncollectible (after appropriate range of debt recovery actions), that amount is recognised as a Bad Debt expense and written-off directly against Receivables. In other cases where a debt becomes uncollectible but the uncollectible amount exceeds the amount already allowed for impairment of that debt, the excess is recognised directly as a Bad Debt expense and written-off directly against Receivables.

There is no recognised impairment loss for the current year (2013: nil).

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.

Notes to and forming part of the financial statements (cont'd)

for the year ended 30 June 2014

24. FINANCIAL INSTRUMENTS (cont'd)

(c) Credit risk exposure (Cont'd)

Aging of past due but not impaired are disclosed in the following tables:

	Due	Overdue				Total	Total Financial Assets
	Not Overdue	Less than 30 days	30 to 60 days	60 to 90 days	Greater than 90 days		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Group							
2014							
Financial assets							
Receivables	236	3	1	2	-	242	242
Accrued interest	515	-	-	-	-	515	515
Total	751	3	1	2	-	757	757
2013							
Financial assets							
Receivables	363	1	-	-	-	364	364
Accrued interest	670	-	-	-	-	670	670
Total	1,033	1	-	-	-	1,034	1,034
Parent							
2014							
Financial assets							
Receivables	235	3	1	2	-	241	241
Accrued interest	515	-	-	-	-	515	515
Total	750	3	1	2	-	756	756
2013							
Financial Assets							
Receivables	359	1	-	-	-	360	360
Accrued interest	670	-	-	-	-	670	670
Total	1,029	1	-	-	-	1,030	1,030

Notes to and forming part of the financial statements (cont'd)

for the year ended 30 June 2014

24. FINANCIAL INSTRUMENTS (cont'd)

(d) Liquidity Risk

Liquidity risk refers to the situation where the RTA and its controlled entity may encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The RTA and its controlled entity are exposed to liquidity risk only in respect of payables and rental bonds and unclaimed monies. Presently, the RTA or its controlled entity have no borrowings.

The RTA and its controlled entity manage liquidity risk on the basis of the Funds Management Strategy and the Investment Policy. These policies aim 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.

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.

	Notes	Payable in			Total \$'000
		≤ 1 year \$'000	> 1 year ≤ 5 years \$'000	> 5 years \$'000	
Group					
2014					
Financial liabilities					
Payables	18	1,791	-	-	1,791
Rental bonds and unclaimed monies	18	731,103	-	-	731,103
Total Financial liabilities		732,894	-	-	732,894
2013					
Financial liabilities					
Payables	18	1,742	-	-	1,742
Rental bonds and unclaimed monies	18	705,392	-	-	705,392
Total Financial liabilities		707,134	-	-	707,134
Parent					
2014					
Financial liabilities					
Payables	18	5,020	-	-	5,020
Rental bonds and unclaimed monies	18	731,103	-	-	731,103
Total Financial liabilities		736,123	-	-	736,123
2013					
Financial liabilities					
Payables	18	4,593	-	-	4,593
Rental bonds and unclaimed monies	18	705,392	-	-	705,392
Total Financial liabilities		709,985	-	-	709,985

Notes to and forming part of the financial statements (cont'd)

for the year ended 30 June 2014

24. FINANCIAL INSTRUMENTS (cont'd)

(e) Market risk

The RTA and its controlled entity do not trade in foreign currency and are not exposed to material commodity price changes. The RTA is exposed to interest rate risk 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. A derivative overlay account exists to protect the portfolio from interest rate risk.

(f) Interest rate sensitivity risk

The RTA and its controlled entity continually assess interest rate exposure and the impact of market volatilities throughout the year. Generally, the analysis is based on forecasts with shifts in returns both positive and negative through applying volatility estimates. To reflect a similar analysis 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 2013–14 year, the outcome for the RTA and its controlled entity is summarised in the table below:

	Return on earnings basis points				
	Carrying Amount	Operating Surplus/ (Deficit)	Equity	Operating Surplus/ (Deficit)	Equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Group					
2014 Interest rate risk		50 pts less than actual		20 pts greater than actual	
Investment earning variation	734,095	(3,670)	(3,670)	1,468	1,468
Actual result		(1,975)	62,595	(1,975)	62,595
Changed result		(5,645)	58,925	(507)	64,063
2013 Interest rate risk		50 pts less than actual		50 pts greater than actual	
Investment earning variation	702,783	(3,514)	(3,514)	1,406	1,406
Actual result		4,657	64,570	4,657	64,570
Changed result		1,143	61,056	6,063	65,976
Parent					
2014 Interest rate risk		50 pts less than actual		20 pts greater than actual	
Investment earning variation	734,095	(3,670)	(3,670)	1,468	1,468
Actual result		(1,975)	62,595	(1,975)	62,595
Changed result		(5,645)	58,925	(507)	64,063
2013 Interest rate risk		50 pts less than actual		50 pts greater than actual	
Investment earning variation	702,783	(3,514)	(3,514)	1,406	1,406
Actual result		4,657	64,570	4,657	64,570
Changed result		1,143	61,056	6,063	65,976

Notes to and forming part of the financial statements (cont'd)

for the year ended 30 June 2014

24. FINANCIAL INSTRUMENTS (cont'd)

(g) Fair value

	Group			
	Classification of financial instrument (including fair value levels – refer to note 1(k))			Total carrying amount
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	2014 \$'000
2014				
Financial assets				
Cash and cash equivalents	-	58,109	-	58,109
Other financial assets	-	734,095	-	734,095
Total	-	792,204	-	792,204
2013				
Financial assets				
Cash and cash equivalents	-	61,711	-	61,711
Other financial assets	-	702,783	-	702,783
Total	-	764,494	-	764,494
	Parent			
	Classification of financial instrument (including fair value levels – refer to note 1(k))			Total carrying amount
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	2014 \$'000
2014				
Financial assets				
Cash and cash equivalents	-	58,017	-	58,017
Other financial assets	-	734,095	-	734,095
Total	-	792,112	-	792,112
2013				
Financial assets				
Cash and cash equivalents	-	61,656	-	61,656
Other financial assets	-	702,783	-	702,783
Total	-	764,439	-	764,439

There were no transfers between levels during the reporting period.

The RTA and its controlled entity recognises cash and cash equivalents and other financial assets at fair value.

The fair value of trade receivables and payables is assumed to approximate the value of the original transaction, less any allowance for impairment.

Notes to and forming part of the financial statements (cont'd)

for the year ended 30 June 2014

25. 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 Department of Justice and Attorney-General procedures: "Remuneration of part-time Chairs and Members of Government Boards, Committees and Statutory Authorities issued on 26 April 2006".

(a) The RTA's Board is made up of the following members:

Member Date of Appointment

The following members completed their terms in November 2013

Mr Damian Eckersley	April 2013
Ms Susan Rix	April 2013

Current Board

Ms Catherine Sinclair (Chair)	April 2013	November 2013
Ms Deborah Duffy	April 2010	April 2013, November 2013
Ms Jane Seawright	November 2012	April 2013, November 2013
Ms Helen Roslyn Wallace	April 2004	April 2007, April 2010, April 2013, November 2013
Mr Darryl Mutzelburg	April 2013	November 2013
Ms Penny Gillespie	November 2013	
Ms Jan Williams	November 2013	

Board Members Remuneration

The number of Board Members who received or were due to receive total remuneration on balance date:

Remuneration Band:

	Group		Parent	
	2014	2013	2014	2013
	No.	No.	No.	No.
\$0 to \$999	-	1	-	1
\$1,000 to \$9,999	-	10	-	10
\$10,000 to \$19,999	6	-	6	-
\$30,000 to \$39,999	1	-	1	-
Total	7	11	7	11

Notes to and forming part of the financial statements (cont'd)

for the year ended 30 June 2014

25. BOARD DISCLOSURES (cont'd)

Board Members Remuneration (Cont'd)

	Group		Parent	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
The total remuneration paid to Board Members:				
Mr John Charles Battams (Chair)	-	4	-	4
Ms Catherine Sinclair (Chair)	37	3	37	3
Ms Deirdre Coghlan	-	2	-	2
Mr Bradley Currie	-	2	-	2
Ms Deborah Duffy	15	8	15	8
Ms Helen Roslyn Wallace	15	4	15	4
Mr Roy Charles Ware	-	6	-	6
Mr Darryl Mutzelburg	15	1	15	1
Mr Damian Eckersley	2	1	2	1
Ms Jane Seawright	15	2	15	2
Ms Susan Rix	-	-	-	-
Ms Penny Gillespie	13	-	13	-
Ms Jan Williams	13	-	13	-
Total Board Member Payments	125	33	125	33

During 2013–14 board fees include fees of \$114,155 and superannuation of \$9,933. The 2012–13 board fees include fees of \$31,732 and superannuation of \$2,069.

(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 and forming part of the financial statements (cont'd)

for the year ended 30 June 2014

(c) Board Members appointments and memberships

The following list comprises both current Board members and those who were Board members at any time during the year.

Board Members hold appointments and/or memberships as follows:

Ms Catherine Sinclair (Chair)	Chair, Residential Tenancies Authority Ex-officio, Audit & Risk Committee, Residential Tenancies Authority Director, Army and Airforce Canteen Services Director, The Consultancy Bureau Director, National Board of Committee for Economic Development of Australia Councillor, Royal National Agricultural and Industrial Association of Queensland
Ms Deborah Duffy	Board Member, Residential Tenancies Authority Director, REIQ Director, KAM3 Pty Ltd
Mr Darryl Mutzelburg	Board Member, Residential Tenancies Authority Member, Audit & Risk Committee, Residential Tenancies Authority
Ms Susan Rix <i>(Term completed November 2013)</i>	Board Member, Residential Tenancies Authority Chair, Audit and Risk Committee, Residential Tenancies Authority Director, BDO (Qld) Pty Ltd Director, BDO Administration (QLD) Pty Ltd Director, BDO Audit Goodwill Co (QLD) Pty Ltd Director, BDO Group Holdings (QLO) Pty Ltd Director, BDO Private Wealth Advisers Pty Ltd Director, BDO Kendalls Group Finance Pty Ltd Director, Cerebral Palsy League of Queensland Director, RME Holdings Pty Ltd Director, Queensland Private Enterprise Committee Director, Archdiocesan Budget Recommendations Committee Director, Archdiocese of Brisbane Catholic Foundation Director, Brisbane Archdiocesan Catholic Education Council Finance Committee Director, Chartered Accountants Advisory Group Director, ICAA – Public Practice Advisory Committee Director, ATO Lodgement Working Group Director, Rix Savings Pty Ltd Director, Rixcourt Pty Ltd Director, Rix Superannuation Pty Ltd Director, Rix Practice Pty Ltd
Mr Damian Eckersley <i>(Term completed November 2013)</i>	Board Member, Residential Tenancies Authority Convenor, Tenants' Union of Queensland
Ms Jane Seawright	Board Member, Residential Tenancies Authority Member, Audit & Risk Committee, Residential Tenancies Authority Chair, Fisher Adams Kelly Pty Ltd Patent Attorneys Director, Energising Communities Limited President, Brisbane North Branch, Netball Queensland Company Secretary, CMTE Development Limited Trading as CRC Mining and subsidiaries EdanSafe Pty Ltd, CBM Innovations Pty Ltd, GeoMole Pty Ltd, Unidig Pty Ltd, Unidig 2 Pty Ltd, Odyssey Technology Pty Ltd, EzyMine Pty Ltd, MineWare Pty Ltd, CMTE Share Plan Pty Ltd, UDDTek Pty Ltd, Dig Technologies Pty Ltd, Intellidril Pty Ltd External Compliance Committee Member, 1Group Securities Limited. Fellow, Australian Institute of Company Directors Member, Queensland Law Society.

Notes to and forming part of the financial statements (cont'd)

for the year ended 30 June 2014

Ms Helen Roslyn Wallace	Board Member, Residential Tenancies Authority Member, Audit and Risk Committee, Residential Tenancies Authority Secretary, The Property Owners' Association of Queensland Member, The Unit Owners Association of Queensland
Ms Penny Gillespie	Board Member, Residential Tenancies Authority Nil
Ms Jan Williams	Board Member, Residential Tenancies Authority Director, Defense Housing Australia

Notes to and forming part of the financial statements (cont'd)

for the year ended 30 June 2014

26. KEY EXECUTIVE MANAGEMENT PERSONNEL AND REMUNERATION

(a) Key Executive Management personnel

The following details for key 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 2013–14. Further information on these positions can be found in the body of the Annual Report under the section relating to Executive management.

Position	Responsibilities	Current Incumbents	
		Contract classification and appointment Authority	Date appointed to position
Chief Executive Officer / General Manager	The Chief Executive Officer is responsible for the ensuring the authority is managed as required by the policies of the board.	<i>CEO /s487 Residential Tenancies and Rooming Accommodation Act 2008</i>	Appointed 08 February 2014
Executive Manager – Corporate Services	Responsible for the management of the Corporate Services team, providing internal support to the RTA through Human Resources, legal, financial management, records management and project assistance.	<i>SO-3; s497 Residential Tenancies and Rooming Accommodation Act 2008</i>	Appointed 11 November 2013
Executive Manager – Rental Bonds Services	Oversees the RTA's provision of a rental bond custodial service including the processing of all bond lodgements and refunds.	<i>AO8; s497 Residential Tenancies and Rooming Accommodation Act 2008</i>	Appointed 11 May 2009
Executive Manager – Information Management Services	Temporary position, responsible for the Core Client Services Program team, information technology and business improvement with the primary objective to ensure better systems and business processes for the RTA.	<i>SES 2; s497 Residential Tenancies and Rooming Accommodation Act 2008</i>	Appointed 11 November 2013
Executive Manager – Policy and Education	Heads the Policy and Education Services team, undertaking research, policy development, community engagement and investigations to maintain integrity and balance with Queensland's rental sector while supporting RTA clients through external communication channels.	<i>SO-2; s497 Residential Tenancies and Rooming Accommodation Act 2008</i>	Appointed 25 October 1999
Executive Manager – Client Services	Heads the RTA's Client Services team which personalised tenancy information to clients via telephone, email and face-to-face. The division also manages a dispute resolution service where they provide impartial assistance to help resolve tenancy disagreements.	<i>AO8; s497 Residential Tenancies and Rooming Accommodation Act 2008</i>	"Appointed 29 August 2011"

Notes to and forming part of the financial statements (cont'd)

for the year ended 30 June 2014

(b) Remuneration

Remuneration policy for the RTA and its controlled entity is provided for under *the Act*. Pursuant to this the executive officer 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 Governor in Council and not under the Act.

The remuneration of the other terms of employment for the Chief Executive Officer position are specified in the employment contract. The current Chief Executive Officer is on secondment from the Department of Housing and Public Works and is paid by the Department and the RTA reimburses the Department for these costs.

For the 2013–14 year, the remuneration of key executive management personnel increased by 2.2% for Senior Officers and for Administrative Officers, in accordance with government policy.

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 vehicle 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.

Notes to and forming part of the financial statements (cont'd)

for the year ended 30 June 2014

(b) Remuneration (Cont'd)

1 July 2013 – 30 June 2014

Position (date resigned if applicable)	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	101	-	2	11	-	114
General Manager (until 1 March 2014)	198	7	-	14	123	342
Executive Manager – Corporate Services / Acting Executive Manager Information Management Services	157	1	3	17	-	178
Executive Manager – Rental Bonds Services	113	-	3	14	-	130
Executive Manager – Client Contact Services (until 3/01/2014)	64	-	-	7	-	71
Acting Executive Manager – Core Client Services Program / Acting Executive Manager – Corporate Services	126	-	3	15	-	144
Executive Manager – Policy and Education	127	2	3	16	-	148
Executive Manager – Client Services	117	-	3	14	-	134

Notes to and forming part of the financial statements (cont'd)

for the year ended 30 June 2014

(b) Remuneration (Cont'd)

1 July 2012 – 30 June 2013

Position (date resigned if applicable)	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
General Manager	190	13	5	20	-	228
Executive Manager - Corporate Services	140	1	3	16	-	160
Executive Manager - Rental Bonds Services	118	-	3	14	-	135
Executive Manager - Dispute Resolution Services	114	-	3	14	-	131
Executive Manager - Core Client Services Program - (until 14/09/2012)	21	-	1	3	-	25
Executive Manager - Core Client Services Program - (from 17/09/2012)	99	-	2	11	-	112
Executive Manager - Policy and Education	132	3	3	15	-	153
Executive Manager - Client Contact Services	106	-	3	12	-	121

27. RELATED PARTY DISCLOSURES

During the year, the RTA paid service fee income to its controlled entity, the RTEO, of \$15,884,000 (2013: \$14,836,000).

28. CONTINGENT ASSETS AND LIABILITIES

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.

29. 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.

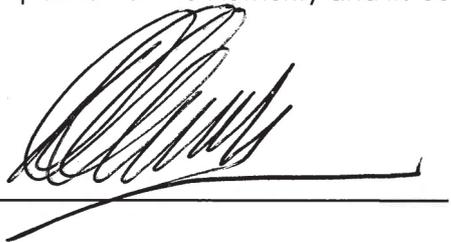
Management certificate

RESIDENTIAL TENANCIES AUTHORITY AND CONTROLLED ENTITY

MANAGEMENT CERTIFICATE for the year ended 30 June 2014

This consolidated general purpose financial report has been prepared pursuant to section 62(1) of the *Financial Accountability Act 2009* (Qld) (the Act), relevant sections 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 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 2014 and of the financial position of the Authority and its controlled entity at the end of that year.



David Eades
Chief Executive Officer



Catherine Sinclair
Chairperson, RTA Board

20 August 2014

Independent auditor's report

INDEPENDENT AUDITOR'S REPORT

To the Board of Residential Tenancies Authority

Report on the Financial Report

I have audited the accompanying financial report of Residential Tenancies Authority, which comprises the statement of financial position as at 30 June 2014, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and certificates given by the Chief Executive Officer and the Chair of the Board of the entity and the consolidated entity.

The Board's Responsibility 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 prescribed accounting requirements identified in the *Financial Accountability Act 2009* and the *Financial and Performance Management Standard 2009*, including compliance with Australian Accounting Standards. The Board's responsibility also includes such internal control as the Board determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on the audit. The audit was conducted in accordance with the *Auditor-General of Queensland Auditing Standards*, which incorporate the Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit is planned and performed to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control, other than in expressing an opinion on compliance with prescribed requirements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board, as well as evaluating the overall presentation of the financial report including any mandatory financial reporting requirements approved by the Treasurer for application in Queensland.

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

Independence

The *Auditor-General Act 2009* promotes the independence of the Auditor-General and all authorised auditors. The Auditor-General is the auditor of all Queensland public sector entities and can be removed only by Parliament.

The Auditor-General may conduct an audit in any way considered appropriate and is not subject to direction by any person about the way in which audit powers are to be exercised. The Auditor-General has for the purposes of conducting an audit, access to all documents and property and can report to Parliament matters which in the Auditor-General's opinion are significant.

Opinion

In accordance with s.40 of the *Auditor-General Act 2009* –

- (a) I have received all the information and explanations which I have required; and
- (b) in my opinion –
 - (i) the prescribed requirements in relation to the establishment and keeping of accounts have been complied with in all material respects; and
 - (ii) the financial report presents a true and fair view, in accordance with the prescribed accounting standards, of the transactions of Residential Tenancies Authority and the consolidated entity for the financial year 1 July 2013 to 30 June 2014 and of the financial position as at the end of that year.

Other Matters - Electronic Presentation of the Audited Financial Report

Those viewing an electronic presentation of these financial statements should note that audit does not provide assurance on the integrity of the information presented electronically and does not provide an opinion on any information which may be hyperlinked to or from the financial statements. If users of the financial statements are concerned with the inherent risks arising from electronic presentation of information, they are advised to refer to the printed copy of the audited financial statements to confirm the accuracy of this electronically presented information.



M J KEANE CA
as Delegate of the Auditor-General of Queensland



Queensland Audit Office
Brisbane

Glossary of terms

Acronyms and abbreviations

ABS	Australian Bureau of Statistics
Act, the	<i>Residential Tenancies and Rooming Accommodation Act 2008</i>
ARAMA	Australian Resident Accommodation Managers' Association
ARC	Audit and Risk Committee
CPAQ	Caravan Parks Association of Queensland
CALD	Culturally and linguistically diverse
CC	Consultative Committee
CCSP	Core Client Services Program
CSBA	Customer Service Benchmarking Australia
EAP	Employee Assistance Program
FMT	Full Management Team
FTE	Full-time equivalent (staff)
IDF	Industry Development Forum
IPMSC	Information and Portfolio Management Steering Committee
IP Act	<i>Information Privacy Act 2009</i>
NRAS	National Rental Affordability Scheme
OCM	Organisational Change Management
PaCSIA	Peace and Conflict Studies Institute Australia
PDS	Performance Development Scheme
PID Act	<i>Public Interest Disclosure Act 2010</i>
PMO	Program Management Office
POAQ	Property Owners' Association of Queensland
QCAT	Queensland Civil and Administrative Tribunal
QIC	Queensland Investment Corporation
QShelter	Queensland Shelter
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>
TIS	Translating and Interpreting Service
TQ	Tenants Queensland

List of charts and graphs

Allocation of investment funds managed through QIC	50
Board meetings	17
Bond forms processed	29
Bonds held (at 30 June 2014)	7
Bond refund transactions by refund option	30
Business planning overview	22
Calls answered by Client Contact Centre	26
Client contact calls by client type	27
Cost per client activity	51
Demand for rental housing	6
Dispute resolution requests received	31
Employees by occupation and gender	43
Employees (FTE) by division	43
Financial performance	49
Financial summary	5
Five-year performance summary	13
Grounds for investigations of complaints regarding breaches of offence provisions	33
Household types in rental sector	8
Investigations into non-compliance with the Act	33
Location of rental properties	7
Managing rental properties	7
Median length of a tenancy	7
Online enquiries answered by Client Contact Centre	27
Organisational structure	18
Percentage of bonds held by area	8
Performance overview	14
Performance review framework	21
Reasons for disputes	32
Rents – centres throughout Queensland	9
Rents – capital cities	9
Rents – whole of Queensland	9
Results of dispute resolution after participation in the conciliation process	31
RTA grants	51
Total expenditure by type	50
Website visits	28

Letter of compliance

20 September 2014

The Honourable Tim Mander MP
Minister for Housing and Public Works

GPO Box 2457
Brisbane Qld 4001

Dear Minister

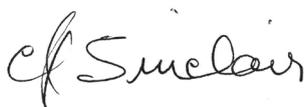
I am pleased to present the Annual report 2013–14 and financial statements for the Residential Tenancies Authority.

I certify that this annual report complies with:

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

A checklist outlining the annual reporting requirements can be found at page 103 of this annual report.

Yours sincerely



Catherine Sinclair
RTA Board Chair

Compliance checklist

Summary of requirement		Basis for requirement	Annual report page reference
Letter of compliance	A letter of compliance from the accountable officer or statutory body to the relevant Minister	ARRs – section 8	102
Accessibility	Table of contents	ARRs – section 10.1	3
	Glossary		100
	Public availability	ARRs – section 10.2	2
	Interpreter service statement	<i>Queensland Government Language Services Policy</i> ARRs – section 10.3	2
	Copyright notice	<i>Copyright Act 1968</i> ARRs – section 10.4	2
	Information Licensing	<i>QGEA – Information Licensing</i> ARRs – section 10.5	2
General information	Introductory Information	ARRs – section 11.1	5
	Agency role and main functions	ARRs – section 11.2	5
	Operating environment	ARRs – section 11.3	5
	Machinery of government changes	ARRs – section 11.4	N/A
Non-financial performance	Government's objectives for the community	ARRs – section 12.1	5, 10, 11, 16
	Other whole-of-government plans/specific initiatives	ARRs – section 12.2	19, 23
	Agency objectives and performance indicators	ARRs – section 12.3	14
	Agency service areas and service standards	ARRs – section 12.4	25
Financial performance	Summary of financial performance	ARRs – section 13.1	5, 48
Governance – management and structure	Organisational structure	ARRs – section 14.1	18
	Executive management	ARRs – section 14.2	16, 19, 45
	Related entities	ARRs – section 14.3	N/A
	Government bodies	ARRs – section 14.4	N/A
	<i>Public Sector Ethics Act 1994</i>	<i>Public Sector Ethics Act 1994</i> (section 23 and Schedule) ARRs – section 14.5	19

Governance – risk management and accountability	Risk management	ARRs – section 15.1	19, 20
	External scrutiny	ARRs – section 15.2	17, 19
	Audit committee	ARRs – section 15.3	17
	Internal audit	ARRs – section 15.4	20
	Public Sector Renewal	ARRs – section 15.5	11
	Information systems and recordkeeping	ARRs – section 15.6	23
Governance – human resources	Workforce planning, attraction and retention, and performance	ARRs – section 16.1	42, 43
	Early retirement, redundancy and retrenchment	Directive no.11/12 <i>Early Retirement, Redundancy and Retrenchment</i> ARRs – section 16.2	43
Open Data	Open Data	ARRs – section 17	15
Financial statements	Certification of financial statements	FAA – section 62 FPMS – sections 42, 43 and 50 ARRs – section 18.1	97
	Independent Auditors Report	FAA – section 62 FPMS – section 50 ARRs – section 18.2	99
	Remuneration disclosures	<i>Financial Reporting Requirements for Queensland Government Agencies</i> ARRs – section 18.3	93

FAA *Financial Accountability Act 2009*

FPMS *Financial and Performance Management Standard 2009*

ARRs Annual report requirements for Queensland Government agencies

Index

A

access	23, 28
accountability and risk management	16
Act, the	5, 16, 33, 35, 36, 37, 38, 39
ARAMA	37
audit	18, 19, 20, 21, 44, 48, 50
• reviews	20
Audit and Risk Committee	17, 18
auditor's report	98

B

benchmarking	15, 25, 27
Board, RTA	5, 12, 16, 17, 18, 21
	22, 35, 36, 37, 49, 57
• meetings	17
• profiles	12
• role	16
bonds	
• forms processed	5, 28, 29, 51
• direct deposit bond refunds	30
• held	5, 7, 8, 13, 47, 49
• lodgements	5, 6, 13, 15, 28, 29
• online services	5, 14, 25, 28
• percentage held by area	8
• refunds	14, 15, 25, 27, 28, 29, 30, 51
business and financial planning	22
business continuity	14
business operations	44, 49
business planning overview	22

C

calls answered	14, 15, 26
• calls by client type	27
caravan park managers	35, 38, 39
CEO's message	11
Chair's message	10
charts and graphs, list	101
Client Contact Centre	26
clients, our	14, 25
client satisfaction	5, 13, 14, 15, 21, 25, 26
Client Support	18, 31
code of conduct	19
community education	38, 45
complaints	19, 20, 33
compliance, letter of	102
compliance register	
<i>see Legislative Compliance Register</i>	
conciliation	14, 15, 18, 25, 31, 32
Consultative Committee	19, 43
Core Client Services Program	18
corporate governance	12, 16, 18, 45, 49
corporate support plans	22
cost per client activity	51
CPAQ	37
Culturally and linguistically diverse clients	2, 26, 39
culture, RTA	41, 42, 43
Customer Service Benchmarking Australia	27

D

data, residential rental sector	6, 38
demand for rental housing	6
disaster recovery	15
disclosure, public interest	19
disputes	5, 14, 15, 31, 32, 45
• reasons for disputes	32
• resolution requests	5, 31, 38, 51
• resolution rates	31

E

Employee Assistance Program	42
employee expenses	50
employees by occupation and gender	43
employees (FTE) by division	43
Equal Employment Opportunity	42
equity	42, 48
eServices	28
ethical standards	19
executive team	16, 19, 39, 45

F

finances, our	47
• cost per client activity	51
• employee expenses	50
• expenditure by type	50
• financial outlook	48
• financial overview	48
• financial performance	49
• financial position	16, 21, 48
• financial summary	5
• grants and subsidies	50, 51
• investment management	47, 49
• investment returns	48
• management certificate	97
• operating expenditure	50
• supplies and services	51
• total expenditure by type	50
five-year performance summary	14
forms	5, 27, 28, 29, 51
future priorities	25, 35, 41, 47

G

glossary of terms	100
government agencies	
• working with	36, 38
government reviews	36
grants	51

H

health and safety	22, 42
<i>Helping our clients save time and money</i>	5
household types in rental sector	8

I	
IDF	12, 15, 37
independent auditor's report	98
information privacy	23
information, right to	23
Information and Portfolio Management Steering Committee	19, 44
internal accountability	19
internal audit	17, 18, 19, 20, 21
investigations and prosecutions	18, 33
investment management	47, 49
investment returns	48
J	
K	
key results	25, 35, 41, 47
L	
leadership program	42
Legislative Compliance Register	18, 19
letter of compliance	102
list of charts and graphs	101
location of rental properties	7
M	
management certificate	97
management standards	19
managing rental properties	7
median length of a tenancy	7
N	
new appointments	16
O	
online enquiries	27
online publications	27
online services	5, 14, 25
open data	15, 23
<i>Open house</i>	27, 39
operating expenditure	50
organisation, our	13, 14, 22, 36, 39, 41
organisational structure	18
organisational change management	14
outreach program	38
overview, performance	14
P	
people, our	42
performance development scheme	19, 42
performance overview	14
performance review framework	21
performance summary, five-year	13
planning	
• business and financial	22
• risk management	20
POAQ	12, 37
privacy, information	23
property managers	5, 18, 26, 28, 35, 38, 39
property owners	7, 35, 37, 38, 39
public interest disclosure	19
Q	
quality management	44
quality review process	44
Queensland Civil and Administrative Tribunal	5, 25, 31
Queensland Shelter	12, 37
R	
<i>Raising money for the homeless</i>	43
reasons for disputes	32
recordkeeping	18, 23
REIQ	12, 37
rental bonds, managing	28
rents	
• capital cities	9
• whole of Queensland	9
• centres throughout Queensland	9
residential rental sector	37
<i>Residential Tenancies and Rooming Accommodation Act 2008</i> see Act, the	
reviews, audit	20
right to information	23
risk management	12, 16, 17, 18, 19, 20
rooming accommodation	7, 13, 38, 39
RTA Board see Board, RTA	
S	
safety record	42
sector, our	13, 14, 22, 35
service delivery	14, 21, 22, 23, 25, 36, 44, 49, 50, 51
supplies and services	51
staff	
• employee assistance program	42
• performance development scheme	42
T	
telephone conciliation	31
tenancy information	5, 14, 15, 18, 26, 28, 38, 39, 51
TQ	37
training	13, 14, 15, 19, 25, 27, 29, 32, 39, 42
transaction costs	51
Translating and Interpreting Service	39
U	
V	
W	
webinars	27, 35, 38
website visits	13, 15, 28
weekly rents, median	9
workforce profile	43
workforce management plan	42
X	
Y	
Z	

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The Residential Tenancies Authority (RTA) is the Queensland Government statutory body that administers the *Residential Tenancies and Rooming Accommodation Act 2008*.

The RTA makes a positive difference to the residential rental sector by providing tenancy information, bond management, dispute resolution, investigation, policy and education services.

Contact the RTA

Level 23, 179 Turbot Street
Brisbane Q 4000

GPO Box 390
Brisbane Q 4001

1300 366 311
rta.qld.gov.au