



Our ref: A23/173

Level 9
State Administration Centre
200 Victoria Square
Adelaide SA 5000
Tel +618 8226 9640
ABN 53 327 061 410
audgensa@audit.sa.gov.au
www.audit.sa.gov.au

Mr D Soulio
Commissioner for Consumer Affairs
Consumer and Business Services
4-6 Chesser Street
ADELAIDE SA 5000
email: dini.soulio@sa.gov.au

Dear Mr Soulio

Audit of the Residential Tenancies Fund for the year to 30 June 2023

We have completed the audit of your accounts for the year ended 30 June 2023. Two key outcomes from the audit are the:

- 1 Independent Auditor's Report on your agency's financial report
- 2 audit management letters.

1 Independent Auditor's Report

We are returning the financial report for the Residential Tenancies Fund, with the Independent Auditor's Report. This report is unmodified. The *Public Finance and Audit Act 1987* allows me to publish documents on the Auditor-General's Department website. The enclosed Independent Auditor's Report and accompanying financial report will be published on that website on Tuesday 14 November 2023.

2 Audit management letters

During the year, we sent you an audit management letter detailing the weaknesses we noted and improvements we considered you need to make.

We have received responses to our letter and will follow these up in the 2023-24 audit.

What the audit covered

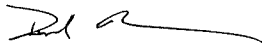
Our audits meet statutory audit responsibilities under the *Public Finance and Audit Act 1987* and the Australian Auditing Standards.

Our audit covered the principal areas of the agency's financial operations and included test reviews of systems, processes, internal controls and financial transactions. Some notable areas were:

- (LOGIC) incorrect application of fees
- outstanding unclaimed bonds

I would like to thank the staff and management of your agency for their assistance during this year's audit.

Yours sincerely



Daniel O'Donohue
Acting Deputy Auditor-General

01 November 2023

enc



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To the Commissioner for Consumer Affairs Consumer and Business Services, Attorney-General's Department

Opinion

I have audited the financial report of the Residential Tenancies Fund for the financial year ended 30 June 2023.

In my opinion, the accompanying financial report gives a true and fair view of the financial position of the Residential Tenancies Fund as at 30 June 2023, its financial performance and its cash flows for the year then ended in accordance with relevant Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2023
- a Statement of Financial Position as at 30 June 2023
- a Statement of Changes in Equity for the year ended 30 June 2023
- a Statement of Cash Flows for the year ended 30 June 2023
- notes, comprising material accounting policy information and other explanatory information
- a Certificate from the Commissioner for Consumer Affairs, the Executive Director Finance, People and Performance and the General Manager, Corporate Services.

Basis for opinion

I conducted the audit in accordance with the *Public Finance and Audit Act 1987* and Australian Auditing Standards. My responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial report' section of my report. I am independent of the Residential Tenancies Fund. The *Public Finance and Audit Act 1987* establishes the independence of the Auditor-General. In conducting the audit, the relevant ethical requirements of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* have been met.

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

Responsibilities of the Commissioner for Consumer Affairs for the financial report

The Commissioner for Consumer Affairs is responsible for the preparation of the financial report that gives a true and fair view in accordance with relevant Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and the Australian Accounting Standards, and for such internal control as management 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.

In preparing the financial report, the Commissioner for Consumer Affairs is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the assessment indicates that it is not appropriate.

Auditor's responsibilities for the audit of the financial report

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987*, I have audited the financial report of the Residential Tenancies Fund for the financial year ended 30 June 2023.

My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

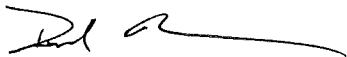
As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Residential Tenancies Fund's internal control

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Commissioner for Consumer Affairs
- conclude on the appropriateness of the Commissioner for Consumer Affairs' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify the opinion. My conclusion is based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

My report refers only to the financial report described above and does not provide assurance over the integrity of electronic publication by the entity on any website nor does it provide an opinion on other information which may have been hyperlinked to/from the report.

I communicate with the Commissioner for Consumer Affairs and about, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during the audit.



Daniel O'Donohue
Acting Deputy Auditor-General

01 November 2023

Residential Tenancies Fund

Financial Statements

For the year ended 30 June 2023

Residential Tenancies Fund
Certification of the Financial Statements
for the year ended 30 June 2023

We certify that the:

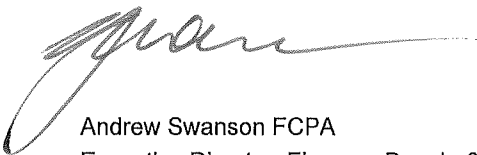
- financial statements of the Residential Tenancies Fund :
 - are in accordance with the accounts and records of the department;
 - comply with relevant Treasurer's Instructions;
 - comply with relevant accounting standards; and
 - present a true and fair view of the financial position of the department at the end of the financial year and the result of its operation and cash flows for the financial year.
- internal controls employed by the Residential Tenancies Fund for the financial year over its financial reporting and its preparation of financial statements have been effective.



Dini Soulio
Commissioner
Consumer and Business Services
21 October 2023



Eleni Labadas
General Manager, Corporate Services
Consumer and Business Services
31 October 2023



Andrew Swanson FCPA
Executive Director, Finance, People & Performance
Attorney-General's Department
31 October 2023

Residential Tenancies Fund
Statement of Comprehensive Income
for the year ended 30 June 2023

		2023	2022
	Note	\$'000	\$'000
Income			
Interest and investment revenue	2.1	8 546	4 291
Other income	2.2	940	670
Total income		9 486	4 961
Expenses			
Compliance and administration	4.1	5 727	6 592
Net loss on revaluation of investments	4.2	4 236	4 441
Amortisation	4.3	73	58
Other expenses	4.4	34	40
Total expenses		10 070	11 131
Net result		(584)	(6 170)
Total comprehensive result		(584)	(6 170)

The accompanying notes form part of these financial statements. The net result and total comprehensive result are attributable to the SA Government as owner.

Residential Tenancies Fund
Statement of Financial Position
as at 30 June 2023

	Note	2023 \$'000	2022 \$'000
Current assets			
Investments	6.2	174 291	145 424
Cash and cash equivalents	6.1	3 242	12 541
Receivables	6.3	3 281	3 499
Total current assets		180 814	161 464
Non-current assets			
Investments	6.2	144 331	141 679
Intangible assets	5.1	128	201
Total non-current assets		144 459	141 880
Total assets		325 273	303 344
Current liabilities			
Security bonds lodged	7.1	102 884	95 787
Payables	7.2	310	348
Total current liabilities		103 194	96 135
Non-current liabilities			
Security bonds lodged	7.1	165 912	151 916
Other liabilities	7.3	15 715	14 257
Total non-current liabilities		181 627	166 173
Total liabilities		284 821	262 308
Net assets		40 452	41 036
Equity			
Retained earnings		40 452	41 036
Total equity		40 452	41 036

The accompanying notes form part of these financial statements. The total equity is attributable to the SA Government as owner.

Residential Tenancies Fund
Statement of Changes in Equity
for the year ended 30 June 2023

	Retained earnings	Total equity
	\$'000	\$'000
Balance at 1 July 2021	47 206	47 206
Net result for 2021-22	(6 170)	(6 170)
Total comprehensive result for 2021-22	(6 170)	(6 170)
Balance at 30 June 2022	41 036	41 036
Net result for 2022-23	(584)	(584)
Total comprehensive result for 2022-23	(584)	(584)
Balance at 30 June 2023	40 452	40 452

The accompanying notes form part of these financial statements. All changes in equity are attributable to the SA Government as owner.

Residential Tenancies Fund
Statement of Cash Flows
for the year ended 30 June 2023

		2023	2022
	Note	\$'000	\$'000
Cash flows from operating activities			
Cash inflows			
Bond lodgements		123 867	114 410
Bond guarantee receipts		5 527	4 648
Interest receipts		1 948	141
Other receipts		1	2
Cash generated from operating activities		131 343	119 201
Cash outflows			
Bond refunds		(103 155)	(95 804)
Compliance and administration		(5 759)	(6 840)
Bond guarantee payments		(3 688)	(4 138)
Other payments		(40)	(42)
Cash used in operating activities		(112 642)	(106 824)
Net cash provided by / (used in) operating activities	8.1	18 701	12 377
Cash flows from investing activities			
Cash outflows			
Purchases for investments		(28 000)	(9 000)
Purchase of intangible assets		-	(79)
Cash used in investing activities		(28 000)	(9 079)
Net cash provided by / (used in) investing activities		(28 000)	(9 079)
Net increase / (decrease) in cash and cash equivalents		(9 299)	3 298
Cash and cash equivalents at the beginning of the reporting period		12 541	9 243
Cash and cash equivalents at the end of the reporting period	6.1	3 242	12 541

The accompanying notes form part of these financial statements. All changes in equity are attributable to the SA Government as owner

Residential Tenancies Fund

Notes to and forming part of the financial statements

for the year ended 30 June 2023

1 About the Residential Tenancies Fund

The Residential Tenancies Fund (the RTF) is established under the *Residential Tenancies Act 1995* (the Act) and is a not-for-profit entity. The financial statements are required by section 102(1) of the Act and include income, expenses, assets and liabilities which the Commissioner for Consumer Affairs administers on behalf of the SA Government. The RTF does not control any other entity and has no interest in unconsolidated structured entities.

1.1. Basis of preparation

The financial statements are general purpose financial statements prepared in compliance with:

- section 23 of the *Public Finance and Audit Act 1987*;
- Treasurer's Instructions and Accounting Policy Statements issued by the Treasurer under the *Public Finance and Audit Act 1987*; and
- relevant Australian Accounting Standards.

No Australian Accounting Standards have been early adopted other than AASB 2021-2 which was adopted from 1 July 2021.

The financial statements are prepared based on a 12-month reporting period and presented in Australian currency. The historical cost convention is used unless a different measurement basis is specifically disclosed in the note associated with the item measured.

The Commissioner for Consumer Affairs is liable for goods and services tax (GST). GST collections and payments are carried out by the Attorney-General's Department (AGD) on behalf of the RTF. GST in relation to the RTF is reported in the AGD Controlled Financial Statements.

Income, expenses, receivables, payables and assets are recognised net of the amount of GST.

Assets and liabilities that are sold, consumed or realised as part of the normal operating cycle have been classified as current assets or current liabilities. All other assets and liabilities are classified as non-current.

Where asset and liability line items combine amounts expected to be realised within 12 months and more than 12 months, the RTF has separately disclosed the amounts expected to be recovered or settled after more than 12 months.

1.2. Objectives of the Residential Tenancies Fund

The RTF is kept and administered by the Commissioner for Consumer Affairs. The RTF consists of amounts received by the Commissioner by way of security bonds and other amounts paid into the RTF under the Act. The Commissioner will make repayments in respect of security bonds from the RTF. Income derived from investment of the RTF is applied towards the costs of administering the RTF and enforcing the Act, education of landlords and tenants about their statutory and contractual rights and obligations, and operations of the RTF.

The RTF's main source of income is from interest derived from the investment of RTF assets in accordance with section 100(4) of the Act. RTF assets mainly represent the investment of security bonds received in accordance with section 62 of the Act.

1.3. Significant transactions with government related entities

There was an additional purchase of investments with the Public Trustee in 2022-23 of \$28 million (2022: \$9 million).

Residential Tenancies Fund
Notes to and forming part of the financial statements
for the year ended 30 June 2023

2. Income

2.1. Interest and investment revenue

	2023	2022
	\$'000	\$'000
Distribution on Investments held with Public Trustee	3 553	4 244
Interest from Public Trustee investments	3 034	25
Interest on bond guarantees with Housing SA	1 222	22
Interest on deposits with the Treasurer	737	-
Total interest and investment revenues	8 546	4 291

Investment revenue includes income earned on the RTF's accounts held with the Public Trustee. Interest includes interest earned on the RTF's accounts held with the Public Trustee.

Housing SA pays interest at an agreed market determined rate to the RTF based on the daily balance of bond guarantees held.

2.2. Other income

	2023	2022
	\$'000	\$'000
Management fee recovery	939	668
Sundry recoveries	1	2
Total other income	940	670

3. Board, committees and employees

3.1. Key management personnel

Key management personnel of the RTF include the Minister and the Commissioner for Consumer Affairs. The compensation received by the Commissioner is included in the controlled financial statements of AGD.

The Minister's remuneration and allowances are set by the *Parliamentary Remuneration Act 1990* and the Remuneration Tribunal of SA respectively, and are payable from the Consolidated Account (via the Department of Treasury and Finance) under section 6 of the *Parliamentary Remuneration Act 1990*.

Transactions with key management personnel and other related parties

The RTF did not enter into any transactions with key management personnel or their close family during the reporting period.

Residential Tenancies Fund
Notes to and forming part of the financial statements
for the year ended 30 June 2023

4. Expense

4.1. Compliance and administration

	2023	2022
	\$'000	\$'000
South Australian Civil and Administrative Tribunal	3 322	3 241
Consumer and Business Services	2 405	3 351
Total compliance and administration	5 727	6 592

The South Australian Civil and Administrative Tribunal (SACAT) helps resolve residential tenancies tribunal matters relating to the landlord and tenant relationships. The RTF pays a portion of SACAT expenses which are disclosed above.

The RTF meets the costs incurred by Consumer and Business Services associated with managing residential tenancy bonds, including necessary ICT infrastructure, as well as costs related to providing tenancy advice to tenants and landlords.

4.2. Net loss on revaluation of investments

	2023	2022
	\$'000	\$'000
Net loss on revaluation of investments	4 236	4 441
Total Net loss on revaluation of investments	4 236	4 441

4.3. Amortisation

	2023	2022
	\$'000	\$'000
Intangible assets	73	58
Total amortisation	73	58

All non-current assets, having a limited useful life, are systematically amortised over their useful lives in a manner that reflects the consumption of their service potential.

Review of accounting estimates

Assets' residual values, useful lives and amortisation methods are reviewed and adjusted if appropriate, on an annual basis. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for prospectively by changing the time period or method, as appropriate.

Useful life

Amortisation is calculated on a straight line basis over the estimated useful life as follows:

Class of asset	Useful life (years)
Intangible Assets	3-5

4.4. Other expenses

	2023	2022
	\$'000	\$'000
Audit fees	34	40
Total other expenses	34	40

Audit fees paid/payable to the Auditor-General's Department related to work performed under the *Public Finance and Audit Act 1987* were \$34 000 (2022: \$40 000). No other services were provided by the Auditor-General's Department.

Residential Tenancies Fund
Notes to and forming part of the financial statements
for the year ended 30 June 2023

5. Non-financial assets

5.1. Intangible assets

	2023	2022
	\$'000	\$'000
Computer software		
Internally developed computer software	1 365	1 365
Accumulated amortisation	(1 237)	(1 164)
Total computer software	128	201
Total intangible assets	128	201

Intangible assets are initially measured at cost and are tested for indications of impairment at each reporting date. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The acquisition of or internal development of software is capitalised only when the expenditure meets the definition and recognition criteria and when the amount of expenditure is greater than or equal to \$10 000.

The internally developed computer software relates to the RTF's Bonds Management System with a remaining useful life of 11 months.

Reconciliation 2022-23

	Internally developed computer software	Total
	\$'000	\$'000
Carrying amount at the beginning of the period	201	201
Amortisation	(73)	(73)
Carrying amount at the end of the period	128	128
Gross carrying amount		
Gross carrying amount	1 365	1 365
Accumulated depreciation	(1 237)	(1 237)
Carrying amount at the end of the period	128	128

Reconciliation 2021-22

	Internally developed computer software	Total
	\$'000	\$'000
Carrying amount at the beginning of the period	180	180
Additions	79	79
Amortisation	(58)	(58)
Carrying amount at the end of the period	201	201

Residential Tenancies Fund
Notes to and forming part of the financial statements
for the year ended 30 June 2023

6. Financial assets

6.1. Cash and cash equivalents

	2023	2022
	\$'000	\$'000
Deposits with the Treasurer	3 242	12 541
Total cash and cash equivalents	3 242	12 541

Cash is measured at nominal value. Deposits at call with the Treasurer earn a floating interest rate, based on daily bank deposit rates. The carrying amount of cash and cash equivalents represents fair value.

6.2. Investments

	2023	2022
	\$'000	\$'000
Current		
Investments at Fair Value through Profit and Loss	174 291	145 424
Total current investments	174 291	145 424
Non-current		
Investments at Fair Value through Profit and Loss	144 331	141 679
Total non-current investments	144 331	141 679
Total investments	318 622	287 103

Investments represent funds deposited with the Public Trustee. These investments have been classified as financial assets held at fair value through profit and loss as they are held with the intention to dispose of the asset if required to ensure sufficient cash flow to meet bond repayments. Investments are made by way of notional unit holdings in a selection of common funds managed by the Public Trustee. The proportion of unit holdings is dependent upon the investment strategy adopted.

As at 30 June 2023 the RTF held investments in common funds in the following:

Capital Stable	18% (2022: 20%)
Balanced	27% (2022: 30%)
Cash	55% (2022: 50%)

Investments are measured at fair value in accordance with unit prices at balance date as advised by the Public Trustee.

Investments are classified as either current or non-current. The current investments are the Cash Investments Strategy and the non-current investments are the Balanced and Capital Stable Investments Strategy.

Revaluation increments and decrements are recognised at fair value through profit or loss. The fair value of assets traded in active markets are based on quoted market prices for identical assets at balance date.

For further information on risk management refer to note 10.2.

Residential Tenancies Fund
Notes to and forming part of the financial statements
for the year ended 30 June 2023

6.3. Receivables

	2023 \$'000	2022 \$'000
Accrued interest and distributions	3 281	3 441
Other	-	58
Total receivables	3 281	3 499

Receivables and accrued revenues are non-interest bearing. Receivables are held with the objective of collecting the contractual cash flows and they are measured at amortised cost.

Refer to note 10.2 for further information on risk management.

7. Liabilities

7.1. Security bonds lodged

	2023 \$'000	2022 \$'000
Current		
Bonds lodged	102 884	95 787
Total current security bonds lodged	102 884	95 787
Non-current		
Bonds lodged	165 912	151 916
Total non-current security bonds lodged	165 912	151 916
Total security bonds lodged	268 796	247 703

Security bonds are received to ensure a tenant on cessation of residential and parks leases comply with all statutory requirements under the Act. Bonds lodged are recognised as a liability on receipt.

7.2. Payables

	2023 \$'000	2022 \$'000
Current payables		
Creditors	276	308
Accrued expenses	34	40
Total current payables	310	348

Payables and accruals are recognised for all amounts owing but unpaid. Sundry payables are normally settled within 30 days from the date the invoice is first received. All payables are non-interest bearing. The carrying amount of payables represents fair value due to their short-term nature.

Residential Tenancies Fund
Notes to and forming part of the financial statements
for the year ended 30 June 2023

7.3. Other liabilities

	2023	2022
	\$'000	\$'000
Other liabilities	15 715	14 257
Total other liabilities	15 715	14 257

Other liabilities represent the balance of unclaimed monies related to security bond refunds that are more than 1 year old. The items remain in the Bonds Management System until a valid claim is lodged and the monies are refunded. Bonds are only considered unclaimed once there has been an unsuccessful attempt to refund the bond.

8. Other disclosures

8.1. Cash flow reconciliation

	2023	2022
	\$'000	\$'000
Reconciliation of cash at the end of the reporting period:		
Cash and cash equivalents disclosed in the Statement of Financial Position	3 242	12 541
Balance as per the Statement of Cash Flows	3 242	12 541
Reconciliation of net cash provided by operating activities to net result		
Net cash provided by operating activities	18 701	12 377
Add / (less) non-cash items		
Loss on revaluation of investments	(4 236)	(4 441)
Distributions from Public Trustee investments	3 553	4 244
Interest from Public Trustee investments	3 034	25
Management fee recovery	939	668
Depreciation and amortisation	(73)	(58)
Movement in assets and liabilities		
(Increase) in security bonds lodged	(21 093)	(17 324)
(Increase) in other liabilities	(1 458)	(1 792)
Decrease in payables	38	250
Increase/(decrease) in other receivables	11	(119)
Net result	(584)	(6 170)

Residential Tenancies Fund
Notes to and forming part of the financial statements
for the year ended 30 June 2023

9. Outlook

9.1. Contingent assets and liabilities

Contingent assets and contingent liabilities are not recognised in the Statement of Financial Position, but are disclosed by way of a note and, if quantifiable, are measured at nominal value.

Under the Bond Guarantee Scheme a guarantee for the bond is given to the landlord by Housing SA. In the event of a claim by a landlord, a payment is made by the RTF. Housing SA then reimburses the RTF. The value of bond guarantees lodged at 30 June 2023 is \$49.6 million (2022: \$52.3 million).

Under the *Residential Tenancies Act 1995*, bonds lodged prior to 9 May 2015 accrue interest which is paid to tenants when a bond is repaid to them. Interest is not paid when a bond is paid to landlords or third parties such as the SA Housing Trust. All bonds lodged after 9 May 2015 (inclusive) will not accrue interest. The interest payable to tenants has not been recorded as a liability as the RTF does not have a present obligation until the tenant lodges a claim for the repayment of the bond.

It is estimated that the contingent interest liability as at 30 June 2023 is \$84 400 (2022: \$87 700).

9.2. Impact of standards and statements not yet effective

The RTF has assessed the impact of new and changed Australian Accounting Standard Board Standards and Interpretations not yet effective and has determined there will be no financial impact arising from them.

9.3. Events after reporting period

There are no known events after balance date that affect these financial statements.

Residential Tenancies Fund
Notes to and forming part of the financial statements
for the year ended 30 June 2023

10. Measurement and risk

10.1. Fair value

AASB 13 Fair Value Measurement defines fair value as the price that would be received to sell an asset or be paid to transfer a liability in an orderly transaction between market participants, in the principal or most advantageous market, at the measurement date.

Fair value hierarchy

The Commissioner classifies fair value measurement using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements, based on the data and assumptions used in the most recent revaluation.

- Level 1: traded in active markets and is based on unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at measurement date.
- Level 2: not traded in an active market and are derived from inputs (inputs other than quoted prices included within level 1) that are observable for the asset, either directly or indirectly.
- Level 3: not traded in an active market and are derived from unobservable inputs.

Investments are held at level 2. There were no reclassifications during the year.

10.2. Financial instruments

Financial risk management

RTF risk management policies are in accordance with the *Risk Management Policy Statement* issued by the Premier and Treasurer and the principles established in the Australian Standard *Risk Management Principles and Guidelines*.

The RTF's exposure to financial risk (liquidity risk, credit risk and market risk) is low due to the nature of the financial instruments held.

Market and credit risk

All cash balances are available at call. Investments held with the Public Trustee are classified as 'fair value through profit and loss' financial assets. Net gains or losses resulting from movements in the fair value of investments are recognised through profit or loss.

Investments represent funds held by the Public Trustee. The Public Trustee has invested in collective investment vehicles for the purpose of gaining exposure to Australian and international equities. The managers of such vehicles have invested in a variety of financial instruments which expose the RTF to investment risks, including market, credit, interest and currency risk. At reporting date funds totalling \$319 million (2022: \$287 million) were invested with the Public Trustee. Pooled investment funds are not rated for credit risk. The Public Trustee considers the credit risk of individual fund managers prior to investing funds and reviews these assessments quarterly.

Other than pooled investments, the RTF has no significant concentration of credit risk.

The RTF is exposed to price risk. Price risk represents the risk that the fair value of investments held with the Public Trustee will fluctuate due to changes in the market price for the underlying asset.

Cash is also subject to interest rate risk.

There have been no changes in risk exposure since the last reporting period.

Impairment of financial assets

The RTF considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties and therefore the expected credit loss is nil.

The expected credit loss of government debtors is considered to be nil based on the external credit ratings and nature of the counterparties.

Residential Tenancies Fund
Notes to and forming part of the financial statements
for the year ended 30 June 2023

10.2. Financial instruments (continued)

Categorisation of financial instruments

Details of the significant accounting policies and methods adopted including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised with respect to each class of financial asset and financial liability are disclosed in the respective financial asset/financial liability note.

Maturity analysis of financial instruments

Category of financial asset and financial liability	Note	Carrying amount / fair value \$'000	2023 Contractual maturities*	
			Less than 1 year \$'000	1-5 years \$'000
Financial assets				
Cash and cash equivalents				
Cash and cash equivalents	6.1	3 242	3 242	-
Fair value through profit and loss				
Investments	6.2	318 622	174 291	144 331
Financial assets at amortised cost				
Receivables**	6.3	3 281	3 281	-
Total financial assets		325 145	180 814	144 331
Financial liabilities				
Financial liabilities at amortised cost				
Security bonds lodged	7.1	268 796	102 884	165 912
Payables**	7.2	276	276	-
Other liabilities	7.3	15 715	-	15 715
Total financial liabilities		284 787	103 160	181 627

Category of financial asset and financial liability	Note	Carrying amount / fair value \$'000	2022 Contractual maturities*	
			Less than 1 year \$'000	1-5 years \$'000
Financial assets				
Cash and cash equivalents				
Cash and cash equivalents	6.1	12 541	12 541	-
Fair value through profit and loss				
Investments	6.2	287 103	145 424	141 679
Financial assets at amortised cost				
Receivables**	6.3	3 499	3 499	-
Total financial assets		303 143	161 464	141 679
Financial liabilities				
Financial liabilities at amortised cost				
Security bonds lodged	7.1	247 703	95 787	151 916
Payables**	7.2	308	308	-
Other liabilities	7.3	14 257	-	14 257
Total financial liabilities		262 268	96 095	166 173

Residential Tenancies Fund
Statement of Cash Flows
for the year ended 30 June 2023

10.2. Financial instruments (continued)

*Maturities analysis is presented using the undiscounted cash flows and therefore may not total to equal the carrying amount/fair value of the financial instrument.

** Total amounts disclosed here exclude statutory amounts.

Statutory receivables and payables

The receivable and payable amounts disclosed here exclude amounts relating to statutory receivables and payables. This includes Commonwealth, State and Local Government taxes and equivalents, fees and charges and Auditor-General's Department audit fees. In government, certain rights to receive or pay cash may not be contractual but have their source in legislation and therefore, in these situations, the disclosure requirements of AASB 7 will not apply. The standard defines contract as enforceable by law. All amounts recorded are carried at cost.