

# ANNUAL 20 REPORT 21

*From success to significance*



AUSTRALIAN  
REFRIGERATION  
COUNCIL

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VISION AND MISSION

*From success to significance*

Since its establishment in 2004, the Australian Refrigeration Council (ARC) has worked to advance the refrigeration and air conditioning (RAC) sector by developing a network of regulated, highly-skilled professionals and delivering tangible outcomes that support growth and expansion.

In addition to administering the national licence scheme, the ARC provides leadership through advocacy and engagement with industry, governments, training institutions and the public.



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# From the Chair

Over the past year, COVID-19 has highlighted the essential service provided by the refrigeration and air conditioning sector in so many aspects of daily life.



As our network of skilled technicians continues to work to ensure security of vaccine storage, food transport and supply, medical procedures and IT services, community understanding of the important role played by RAC technicians grows.

Even today, our licence holders operate under challenging circumstances due to sporadic restrictions and the Australian Refrigeration Council remains steadfast in its support of the sector.

Our network continues to expand – now 110,000 strong – united by a competency-based licence scheme that sets the benchmark for RAC training and qualifications.

For the past 16 years, the ARC has administered a vital program that meets our country's commitment to the phasing out of ozone-depleting substances under the Montreal Protocol and other laws introduced to minimise further damage to the atmosphere by refrigerant gases.

The scheme ensures the development of a skilled workforce that can be proud of its professionalism and important role protecting the environment. Since its inception, the scheme has delivered over 25 mega tonnes of CO<sub>2</sub> equivalent direct emissions savings.

Despite current challenges, our field officers continue to connect with licence holders face-to-face or remotely, assisting with licensing requirements, technical enquiries and gathering feedback. Over the 2020/21 financial year, more than 5,600 permit condition checks were completed.

From head office in Melbourne, the ARC's licensing and customer service team has responded to over 60,000 calls and enquiries from licence holders and businesses. License processing continues with over 70 per cent of complete applications issued within 24 hours, helping our licence holders stay on the job.

And despite the challenges that come with working from home for significant stretches over the past year, our team has delivered through:

- ongoing cooperation with the Australian Skills Quality Authority to stop short courses in RAC training
- updating the UEE32220 Certificate III in Refrigeration and Air Conditioning
- communication campaigns that grow visibility of the sector
- industry education programs that improve awareness of procedures that ensure efficiency, safety and environmental compliance
- advocacy and engagement with government to secure benefits for our licence holders and the community
- continued promotion of the ARC Green Scheme accreditation for low GWP refrigerants.

For all of us at the ARC, from licence holders and dedicated staff through to the members of the board, it's this commitment to working together to strengthen the sector and deliver the best possible outcomes that will ensure continued growth in the years ahead.

I'd like to thank my fellow board members for their tireless work and continued enthusiasm and, on their behalf, extend sincere appreciation to the technicians, businesses, wholesalers and training organisations who make this sector what it is – one of Australia's most professional, skilled and environmentally responsible.

**Michael Bennett**  
Chair, Australian Refrigeration Council



# Refrigeration and Air Conditioning Industry Board

With a shared passion for the continued growth and success of the sector, our board members generously volunteer their time, providing valuable insights and direction to support the ARC's growing presence.

Glenn Evans, ARC's longstanding CEO, continues as executive director of the board.



- 1 *Michael Bennett* Chairperson, Refrigerant Reclaim Australia
- 2 *Brett Meads* Vehicle Air Conditioning Specialists of Australia
- 3 *John Khoury* Victorian Automobile Chamber of Commerce
- 4 *Larry Moore* National Electrical and Communications Association
- 5 *Scott Williams* Air Conditioning & Mechanical Contractors' Association
- 6 *Greg Picker* Refrigerants Australia
- 7 *Glenn Evans* CEO, Australian Refrigeration Council



# ARC members

As valued members of the ARC, these organisations represent diverse segments of the refrigeration, air conditioning and automotive sector.



## **AIA: Appliance Industry Association**

AIA is the association for ethical professionals engaged in the repair, parts supply, manufacture, import and retailing of household appliances.

W [www.appliance.asn.au](http://www.appliance.asn.au)  
E [admin@appliance.asn.au](mailto:admin@appliance.asn.au)



## **AIRAH: Australian Institute of Refrigeration, Air Conditioning & Heating**

AIRAH is Australia's leading specialist membership association for professionals working in the HVAC&R (heating, ventilation, air conditioning and refrigeration) and building services industries. Formed in 1920, AIRAH is celebrating its Centenary in 2020. It is recognised by government and industry bodies for its expertise across a wide range of issues in the area of engineering services for the built environment.

W [www.airah.org.au](http://www.airah.org.au)  
E [airah@airah.org.au](mailto:airah@airah.org.au)  
P (03) 8623 3000



## **AMCA: Air Conditioning & Mechanical Contractors' Association**

AMCA is a nationwide industry body that represents businesses operating in the commercial heating, ventilation, and air conditioning (HVAC) industry. AMCA members specialise in the design, fabrication, installation, repair and maintenance of HVAC systems that provide safe, healthy, and productive spaces for people to live, work, and play.

W [www.amca.com.au](http://www.amca.com.au)  
E [enquiries@amca.com.au](mailto:enquiries@amca.com.au)  
P (03) 8831 2800



## **AREMA: Air Conditioning & Refrigeration Equipment Manufacturers Association of Australia**

AREMA represents the 30 most significant companies either manufacturing or importing air conditioning and refrigeration equipment in Australia. AREMA works closely and proactively with Governments to improve the energy efficiency of our products, ensure the electricity grid remains stable and that buildings meet society's needs at reduced environmental costs.

W [www.arema.com.au](http://www.arema.com.au)  
E [secretariat@arema.com.au](mailto:secretariat@arema.com.au)  
P 1300 413 011



## **ARWA: Air Conditioning & Refrigeration Wholesalers Association**

ARWA exists to promote wholesalers and provide a forum for discussion amongst its members on issues of standards, legislation and compliance. ARWA also provides an interface on behalf of wholesalers with other entities and associations, and dissemination of information. Current items of interest for its members are the Australian Packaging Covenant and the increase of flammable components in reclaim refrigerant.

E [greg.brooker@actrol.com.au](mailto:greg.brooker@actrol.com.au)





### **IAME: Institute of Automotive Mechanical Engineers**

IAME is an Association for individuals and organisations in the automotive industry. The IAME aims are to further the interests of our members at all levels through knowledge, awareness and the sharing of expertise. IAME exists to provide relevant education and training opportunities on all facets of the Automotive Industry.

- W [www.iame.com.au](http://www.iame.com.au)
- E [inbox@iame.com.au](mailto:inbox@iame.com.au)
- P (02) 9782 1100



### **RACCA: Refrigeration and Air Conditioning Contractors Association**

RACCA serves its members with helpful and instructive material to elevate the standards of the refrigeration and air conditioning industry, and to co-operate with the relative authorities for the maintaining of industry standards.

- W [www.racca.asn.au](http://www.racca.asn.au)
- E [info@racca.asn.au](mailto:info@racca.asn.au)
- P 0405 224 779



### **MTAA: Motor Trades Association of Australia**

MTAA represents many, and is the voice of 69,365 retail motor trades businesses including retail, service, repair recycling and associated industries, which employ over 379,365 Australians. These automotive industries contributed \$37.1 billion to the Australian economy in 2017/2018, which equates to 2.2% of Australia's GDP.

- W [www.mtaa.com.au](http://www.mtaa.com.au)
- E [admin@mtaa.com.au](mailto:admin@mtaa.com.au)
- P (02) 5100 8239



### **RRA: Refrigerant Reclaim Australia**

RRA is a not-for-profit organisation based in Canberra that works nationally with the refrigeration industry to recover, reclaim and destroy ozone depleting and synthetic greenhouse gases.

- W [www.refrigerantreclaim.com.au](http://www.refrigerantreclaim.com.au)
- E [info@refrigerantreclaim.com.au](mailto:info@refrigerantreclaim.com.au)
- P (02) 6230 5244



### **NECA: National Electrical & Communications Association**

NECA is the peak industry body representing the interests of the electrical and communications contracting industry across Australia. They have close to 5,000 member organisations and their members employ around 100,000 people.

- W [www.neca.asn.au](http://www.neca.asn.au)
- E [marketing@neca.asn.au](mailto:marketing@neca.asn.au)
- P (02) 9439 8523



### **VACC: Victorian Automobile Chamber of Commerce**

VACC is an automotive industry employer association that protects and promotes the interests of its members through advocacy initiatives and the provision of automotive industry products and services.

- W [www.vacc.com.au](http://www.vacc.com.au)
- E [vacc@vacc.com.au](mailto:vacc@vacc.com.au)
- P (03) 9829 1111



### **RA: Refrigerants Australia**

RA is the peak organisation representing the Australian refrigerant supply chain including: importers, wholesalers, users and Refrigerant Reclaim Australia. It has been essential to the development of the refrigeration and air conditioning industries in Australia and to the significant reduction of the environmental footprint of these industries.

- W [www.refrigerantsaustralia.org](http://www.refrigerantsaustralia.org)
- E [info@refrigerantsaustralia.org](mailto:info@refrigerantsaustralia.org)



### **VASA: Driving Industry Excellence**

VASA is a non-profit organisation representing the technicians, professional service centres, suppliers and original equipment manufacturers of the automotive air conditioning, electrical and thermal management industry in Australia and New Zealand.

- W [www.vasa.org.au](http://www.vasa.org.au)
- E [admin@vasa.org.au](mailto:admin@vasa.org.au)
- P 1300 661 972



# Vision and Mission

## Vision

A safe, environmentally friendly and dynamic climate control industry

## Mission

Setting new standards

The Australian Refrigeration Council (ARC) delivers leadership, value and knowledge to the refrigeration and air conditioning sector.

We represent over 110,000 individuals and businesses, providing support in the areas of:

- issues leadership
- innovation
- licencing and regulatory services and assistance
- technical advice
- preparing technicians for future technologies
- actively promoting training quality
- customer and business support.



# Leadership and support

Over the past year, the ARC has continued its efforts to raise the profile of the sector through a range of information campaigns and collaboration with stakeholders in government and industry.

Following on initiatives like a smart card for licence holders, recent website updates and expanded distribution of industry newsletters have further contributed to increasing awareness of the essential work undertaken by ARC's growing network of technicians.

Subscribe to ARC's e-News:  
<https://www.arcltd.org.au/e-news-archive/>

## COVID-19

In these challenging times, ARC has continued to emphasise the critical work of refrigeration and air conditioning technicians in the maintenance of health care equipment, particularly refrigeration for vaccines and hospital services.

We've worked closely with industry associations, governments, health institutions and businesses, assisting with data and broader information about refrigeration and air conditioning's essential role in ensuring vaccine and food security.

The ARC's dedicated COVID-19 webpage featuring information on work restrictions that affect essential RAC workers all around the country has become a valued resource for those navigating this new, and sometimes confusing, industry landscape.

## Stakeholder engagement and advocacy

Through collaboration with government taskforces, advisory groups, technical committees, training forums and industry groups, ARC contributes to the ongoing improvement of standards within the RAC sector.

Over the past year, ARC has represented the sector's interests through its interactions with:

- Standards Australia
- federal and state government agencies and departments
- industry associations and organisations
- training providers and groups
- registered training organisations
- industry reference committees.

In addition to stationary and automotive RAC, the ARC continues to represent the interests of licence holders working with marine, aviation and end-of-life equipment or operations.

ARC also advocates for industry support from government, often acting as a primary contact on issues, regulatory standards and licencing. Promoting the benefits of reduced 'red tape', securing improvement and alignment of standards and continued promotion of the broader RAC sector remain core goals.

Over the past year, ARC has represented licence holders in the following forums:

- Queensland Department of Energy and Public Works
- Victorian Building Authority
- NSW Office of Fair Trading
- WA Department of Mines, Industry Regulation and Safety
- Tasmanian Consumer Building and Occupational Services
- Queensland Building and Construction Commission
- Australian Department of Agriculture, Water and the Environment
- Australian Department of Industry, Science, Energy and Resources
- Victorian Department of Jobs, Precincts and Regions
- Victorian Department of Environment, Land, Water and Planning

### **Promotion and community**

The critical role of the RAC industry is often misunderstood by consumers and even some key corporate and government sectors. Raising awareness of the excellent work of technicians in environmental management, security of food storage and protection of medical infrastructure remains an important focus of the organisation.

The ARC promotes the sector through a range of activities, ranging from information campaigns to partnerships with industry and educational organisations. The current critical skills shortage poses an important challenge to the entire sector that must be addressed.

The organisation's support of social enterprise WorldSkills Australia and the NextGen 20under25 campaign works toward improved recognition of the RAC sector, career opportunities and promotion of trade excellence.

### **Environment**

In Australia, refrigeration and air conditioning uses more than 25 per cent of electricity generated and produces 11.5 per cent of Australians national emissions.

Environmental protection remains at the centre of the ARC's operations as Australia's network of highly skilled professionals contribute to worldwide efforts to slow global warming and protect the ozone layer.

In addition to administering the Ozone Protection and Synthetic Greenhouse Gas Management Licence Scheme, ARC offers a Green Scheme accreditation program for technicians wishing to work with natural refrigerants and remains committed to emissions reduction, either directly or upstream.

While not possible in recent times, ARC looks forward to resuming visits from international delegations to learn more about Australia's first class and world-renowned licence scheme, through a continued association with the United Nations Environment Program.



# Green Scheme accreditation

Established in 2017, the ARC Green Scheme is Australia's only accreditation program for low global warming potential (GWP) refrigerants.

## About Green Scheme

By providing a comprehensive, future-looking and qualification-based program that provides technicians with competencies to work with low GWP refrigerants, ARC has created a valuable point of difference for the industry that responds to consumer expectations.

Low GWP refrigerants - hydrocarbons, CO<sub>2</sub> (R744), Ammonia and HFO 1234yf - are not captured under the ARCTick licence program and as such training and licensing for these gasses has not featured in mainstream RAC education. Whilst it remains distinct from ARCTick, ARC's Green Scheme is based on the same competencies and therefore meets the expectations of industry and consumers.

ARC's voluntary program fills a critical gap in the curriculum, provides competencies required by technicians to work with low GWP refrigerants and encourages training organisations to consider the introduction of courses for students who wish to work in this increasingly significant part of the industry.

## How Green Scheme accreditation benefits industry

- Provides a pathway for technicians to upskill.
- Facilitates the transition to new and emerging refrigerants and technologies.
- Enables technicians to demonstrate their professionalism and skills to employers.

- Enables employers to comply with work health and safety regulations.
- Provides a mobile phone app which includes:
  - a refrigeration and air conditioning wholesaler directory
  - technical resources: refrigerants, codes of practice/standards, training and safety information
  - an accreditation e-card.
- Facilitates development of training for industry.

## Success of the program

In recent years, large retailers and associated service providers have acknowledged the benefits of training employees in safe handling of A2/A2L refrigerants, recognising the risk to employee safety and their own employer OHS obligations.

ARC's Green Scheme accreditation represents a critical step in this process, providing a mechanism for employers and employees to show their skills and professionalism to customers and clients.

[www.arcltd.org.au/green-scheme-accreditation](http://www.arcltd.org.au/green-scheme-accreditation)



# Licence scheme

The ARC runs Australia's only national refrigeration and air conditioning (RAC) licence scheme on behalf of the Federal Government, which involves regulating the acquisition, possession, disposal and handling of ozone depleting substances and synthetic greenhouse gases in the RAC industry.

## Processing

### The network continues to grow

Over the 2020/21 financial year, ARC's customer service team received:

**43,314**

applications, of which

**27,367**

were approved.

As of 30 June 2021, there were **113,491** permit holders registered with the ARC, an increase of **8,785** from the previous year.

This figure comprises

**90,667**

Refrigerant handling licences (RHLs), and

**22,824**

Refrigerant trading authorisations (RTAs)

### Going online for applications

Paper applications continue to decrease, with almost **99 per cent** of applications now online.

Over the past year, ARC's customer service team processed

**42,774**

online applications and renewals, and responded to just over

**61,000**

customer service telephone enquiries.

Just **540** applications and renewals were received by post or fax.

### Short processing times remain part of the service

- Licences – generally within 3–5 business days
- Authorisations – generally within 5 business days

Through its agreement with the Department of Agriculture, Water and the Environment, ARC is required to process applications within 30 days.

## Industry engagement

Part of ARC's role as administrator of the licence scheme is to provide education, engagement and monitoring services to holders of refrigerant handling licences and refrigerant trading authorisations.

### Over 5,600 audits completed

As a condition of their refrigerant trading authorisation (RTA), businesses agree to co-operate with ARC's state-based field officers when approached regarding audits.

Each year, ARC field officers focus on key areas within the sector that have been assessed at most risk of noncompliance. Visiting field officers assess records relating to refrigerant, equipment maintenance, leak testing, licensed staff and risk management. Advertising and stationery is sighted to confirm the operator's RTA number is clearly displayed.

The audits offer field officers an opportunity to develop relationships, assist businesses with records and equipment management and identify areas that may present an issue.

### COVID-19 restrictions presented challenges

In collaboration with licence holders, ARC introduced online permit checks as restrictions were enforced, a system which worked well. Field officers continued to engage with businesses to emphasise the importance of their role in reducing harmful refrigerant gas emissions.

### 500 education visits conducted during the year

ARC's education responsibilities are delivered in partnership with industry. In response to feedback from industry members, field officers undertake education visits to assist businesses who may not comply with the licencing scheme's Code of Practice.

This ongoing engagement with ARC's industry members helps field officers identify and respond to unlicensed or noncompliant activities and provide support where needed.

### Each year, 100-200 investigations are completed

ARC's state-based field officers investigate suspected noncompliant activity by licence holders, conducting enquiries which may result in a fine being issued, or suspension and even cancellation of a licence.

In some circumstances, the Department of Water, Environment and Water (DAWE) may pursue legal action on behalf of the Federal Government.

### Licence cancellations

Each year, the cancellation of about 70 licenses due to noncompliance demonstrates ARC's commitment to maintaining the highest standards and sets the organisation apart from state government administered licence schemes, which rarely issue sanctions.

Nevertheless, considering the scheme is now over 110,000-strong, the relatively low number of licence terminations reflects a healthy, high quality RAC sector.

# Training and assurance

## **Working with educators**

To ensure high quality and modern training is maintained, ARC regularly engages with training institutions, training industry regulator Australian Skills Quality Authority (ASQA), committees and other groups who influence training in Australia.

## **Engaging with TAFE and registered training organisations (RTOs)**

Members of the ARC team regularly attend TAFEs and RTOs to offer support and assistance to trainers and students.

RAC apprentices are provided with a range of materials to support their studies. In the first year of their apprenticeship, trainee licence holders receive digital temperature thermometers and code of practice booklets, along with various work-related items and communications materials.

## **ARC's collaboration with industry representatives results in world class training**

As an active member of various committees and groups, ARC represents the interests of the refrigeration and air conditioning industry to improve training development, standards and quality.

It's this close relationship with industry reference groups (IRCs) and organisations like Australian Standards that facilitates regular consideration of the industry's skill requirements in the development and review of training packages.

The ARC currently sits on the Australian Industry and Skills Committee IRCs for Electrotechnology and Automotive (light vehicles) which are responsible for the UEE11 Electrotechnology and the AUR Automotive Retail Training Packages. As a result, ARC has contributed to the development of new training packages that contribute to a dynamic, safe and environmentally-friendly industry.

## **Working with ASQA and industry to protect training quality**

Close collaboration between the ARC, training industry regulator ASQA and industry has led to the closure of a number of sub-standard 'short' training courses.

ARC has shown that, by partnering with ASQA and acting promptly to address complaints, it's possible to rid the sector of training courses that simply don't meet expectations.





# Communications and engagement

Fulfilling its responsibility as an information source for the national licencing scheme, the ARC produces communications, marketing and educational materials that help licence holders grow their business and raise community awareness. Consumers and other end users are targeted to promote the benefits of engaging licensed technicians and businesses.

## Communications materials that inform, explain and promote services

- Provision of marketing materials for licensed businesses
- Cool Change quarterly newsletter with distribution to approximately 100,000 people remains industry's most widely read publication
- Fact sheets
- Information packs for technicians on issues important to industry - R32 refrigerant, HVACR equipment maintenance/servicing, MAC mining and safety
- Code of Practice booklets for technicians

## Engaging with industry to promote the sector

- Continued delivery of advocacy campaigns promoting the 'climate control' sector to secondary schools
- Liaison with state licensing and consumer protection authorities to ensure appropriately licensed technicians are being represented
- Production and delivery of complimentary digital temperature sensors for first year refrigeration and air conditioning apprentices – supporting their training and development
- The ARC customer service team attends to over 1,200 phone calls per week assisting the RAC industry.

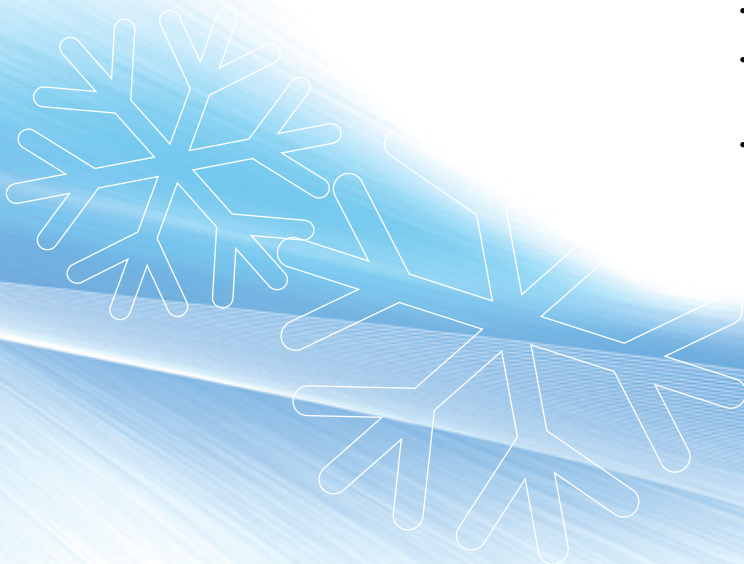
## Promotion of the sector to consumers

- ARC's Summer social media campaign remains successful – driving almost 100,000 consumers to connect with local licensed businesses through the RTA business directory website over the critical warmer months.

## Industry participation

ARC sits on various committees and stakeholder groups including:

- Refrigeration and Air Conditioning Training Alliance
- Australian Industry and Skills' Electrotechnology & Automotive industry reference committees
- Various Standards Australia sub-committees
- Government Air Conditioning and Commercial Refrigerants Advisory Committee
- Box Hill Refrigeration Climate Control Committee
- VETASSESS and Victorian Government Skills Committee
- Heads of Workplace Safety Authorities
- Department of Agriculture, Water and the Environment's Refrigeration and Air Conditioning
- Refrigerants Australia Flammable Refrigerants Working Group Industry Advisory Body.



# Financial Report





## Lead Auditor's Independence Declaration under Subdivision 60-C section 60-40 of the Australian Charities and Not-for-profits Commission Act 2012

To the Directors of the Australian Refrigeration Council Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of the Australian Refrigeration Council Limited for the financial year ended 30 June 2021 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG  
KPMG

A handwritten signature in black ink that reads 'Phillip Sands'.

Phillip Sands  
Partner

Canberra  
28 September 2021

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# STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*For the year ended 30 June 2021*

	<b>2021</b> \$	<b>2020</b> \$
Revenue from continuing operations	<b>6,424,792</b>	6,290,708
<b>EXPENSES</b>		
Administrative	<b>(560,974)</b>	(542,853)
Compliance	<b>(41,034)</b>	(31,359)
Depreciation	<b>(417,466)</b>	(398,570)
Employee benefits	<b>(3,196,007)</b>	(3,160,087)
Financial management	<b>(251,004)</b>	(227,641)
Information technology	<b>(387,137)</b>	(385,775)
Publicity	<b>(627,290)</b>	(555,518)
Rent and outgoings	<b>(95,767)</b>	(178,433)
Travel	<b>(38,050)</b>	(69,989)
Directors'	-	(14,818)
Other	<b>(11,948)</b>	(7,073)
Finance costs	<b>(16,776)</b>	(21,447)
<b>Profit before income tax</b>	<b>781,339</b>	697,145
Income tax expense	-	-
<b>Profit for the year</b>	<b>781,339</b>	697,145
<b>Other comprehensive income</b>	-	-
<b>Total comprehensive income for the year</b>	<b>781,339</b>	697,145

# STATEMENT OF FINANCIAL POSITION

For the year ended 30 June 2021

	2021 \$	2020 \$
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	3,581,253	2,337,441
Trade and other receivables	358,110	320,814
Other financial assets	493,500	943,500
Other current assets	22,117	5,477
Total current assets	4,454,980	3,607,232
<b>Non-current assets</b>		
Property, plant and equipment	119,265	94,786
Other financial assets	2,956,455	2,006,456
Right-of-use assets	709,552	1,032,584
Total non-current assets	3,785,272	3,133,826
<b>TOTAL ASSETS</b>	<b>8,240,252</b>	<b>6,741,058</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Trade and other payables	1,632,244	607,370
Lease liabilities	311,406	354,066
Provisions	414,985	472,083
Total current liabilities	2,358,635	1,433,519
<b>Non-current liabilities</b>		
Lease liabilities	395,718	646,423
Provisions	120,444	77,000
Total non-current liabilities	516,162	723,423
<b>TOTAL LIABILITIES</b>	<b>2,874,797</b>	<b>2,156,942</b>
<b>Net assets</b>	<b>5,365,455</b>	<b>4,584,116</b>
<b>EQUITY</b>		
Reserves	4,456,213	3,987,193
Retained earnings	909,242	596,923
<b>TOTAL EQUITY</b>	<b>5,365,455</b>	<b>4,584,116</b>

# STATEMENT OF CHANGES IN EQUITY

*For the year ended 30 June 2021*

	Reserves \$	Retained earnings \$	Total equity \$
<b>Balance at 1 July 2019</b>	3,518,173	371,315	3,889,488
Change in accounting policy	-	(2,517)	(2,517)
Total comprehensive income for the year	-	697,145	697,145
Transfer to reserves	469,020	(469,020)	-
<b>Balance at 30 June 2020</b>	3,987,193	596,923	4,584,116
<b>Balance at 1 July 2020</b>	3,987,193	596,923	3,889,488
Total comprehensive income	-	781,339	781,339
Transfer to reserves	469,020	(469,020)	-
<b>Balance at 30 June 2021</b>	<b>4,456,213</b>	<b>909,242</b>	<b>5,365,455</b>

# STATEMENT OF CASH FLOWS

*For the year ended 30 June 2021*

	2021 \$	2020 \$
<b>Cash flows from operating activities</b>		
Receipts from customers (inclusive of GST)	<b>6,900,512</b>	6,858,894
Payments to suppliers and employees (inclusive of GST)	<b>(5,839,431)</b>	(5,688,748)
Interest received	<b>63,599</b>	-
Government grants received	<b>50,000</b>	50,000
Interest paid	-	(21,447)
<b>Net cash inflow (outflow) from operating activities</b>	<b>1,174,680</b>	1,198,699
<b>Cash flows from investing activities</b>		
Payments for property, plant and equipment	<b>(93,099)</b>	(79,792)
Interest received	-	54,946
<b>Net cash (outflow) inflow from investing activities</b>	<b>(93,099)</b>	(24,846)
<b>Cash flows from financing activities</b>		
Payments of term deposits	<b>(499,999)</b>	(469,020)
Lease payments	<b>(316,757)</b>	(299,558)
<b>Net cash (outflow) inflow from financing activities</b>	<b>(816,756)</b>	(768,578)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>264,825</b>	405,275
Cash and cash equivalents at the beginning of the financial year	<b>1,942,266</b>	1,536,991
<b>Cash and cash equivalents at end of year</b>	<b>2,207,091</b>	1,942,266

# 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements relate to the Australian Refrigeration Council Ltd (the Company) and are as at and for the year ended 30 June 2021. The Company is a not-for-profit entity.

The principal accounting policies adopted in the preparation of these financial statements are set out below.

These policies have been consistently applied to all the years presented, unless otherwise stated.

## (a) Basis of preparation

### i. Compliance with Australian Accounting Standards - Reduced Disclosure Requirements

In the opinion of the directors the Company is not publicly accountable. These special purpose financial statements have been prepared in accordance with Tier 2: Australian Accounting Standards - Reduced Disclosure Requirements, other authoritative pronouncements of the Australian Accounting Standards Board, Interpretations and the *Australian Charities and Not-for-profits Commission Act 2012*.

### ii. New and amended standards adopted by the Company

- AASB 2018-7 *Amendments to Australian Accounting Standards - Definition of Material*.
- Conceptual Framework for Financial Reporting and AASB 2019-1 *Amendments to Australian Accounting Standards - References to the Conceptual Framework*.

The adoption of these amendments did not have any impact on the amounts recognised in prior years and will also not affect the current or future years.

### iii. New and amended standards not yet adopted by the Company

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2021 reporting periods and have not been early adopted by the Company.

### iv. Historical cost convention

These financial statements have been prepared under the historical cost convention.

### v. Critical accounting estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 2.

## (b) Income tax

Income tax is not brought to account as the Company has exempt status under Division 50 Sub-division 5 of the *Income Tax Assessment Act 1997*.

Australian Refrigeration Council Limited has met the requirements for payroll and Company tax exemption for the financial year ending 30 June 2021.

## (c) Revenue recognition

Revenue is recognised for the major business activities as follows:

### i. Department of Agriculture, Water and the Environment Consultancy Funding

Revenues are based on the consultancy services contract with the Department. Revenues are recognised as earned on a monthly basis.

### ii. Rendering of Services

Revenues are recognised as earned as fee for service activities undertaken on a monthly basis.

### iii. Interest Revenue

Revenue is recognised when interest is earned on cash at bank deposits.

## (d) Leases

The Company has applied AASB 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under AASB 117 and AASB Interpretation 4. The details of accounting policies under AASB 17 and AASB Interpretation 4 are disclosed separately.

The Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Trust uses the definition of a lease in AASB 17.

At commencement or on modification of a contract that contains a lease component, the Company allocated the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Company has elected to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any incentives received.



The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-to-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amount expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Trust is reasonable certain to exercise, lease payments in an optional renewal period of the Trust is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Trust changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

#### *Short-term leases and leases of low-value assets*

The Company has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

At inception or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

In the comparative period, as a lessee the Company classified leases that transferred substantially all of the risks and rewards of ownership as finance leases. When this was the case, the leased assets were measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Minimum lease payments were the payments over the lease terms that the lessee was required to make, excluding any contingent rent. Subsequent to initial recognition, the assets were accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases were classified as operating leases and were not recognised in the Company's statement of financial position. Payments made under operating leases were recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received were recognised as an integral part of the total lease expense, over the term of the lease.

#### **(e) Cash and cash equivalents**

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

## **(f) Trade receivables**

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. See Note 6 for further information about the Company's accounting for trade receivables.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 120 days overdue) are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

## **(g) Investments and other financial assets**

### *Classification*

The Company classifies its financial assets as loans and receivables.

The classification of financial assets depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition.

## **(i) Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting period which are classified as non-current assets. Loans and receivables are included in trade and other receivables (Note 6) in the statement of financial position.

### *Subsequent measurement*

Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.

### *Impairment*

The Company assesses at each balance date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

### *Recognition and derecognition*

Regular purchases and sales of financial assets are recognised on trade-date – the date on which the Company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through surplus or deficit. Financial assets carried at fair value through surplus or deficit are initially recognised at fair value and transaction costs are expensed in surplus or deficit. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

## **(h) Property, plant and equipment**

All property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to surplus or deficit during the reporting period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate cost or revalued amounts, net of residual values, over their estimated useful lives or, in the case of leasehold improvements and certain leased plant and equipment, the shorter lease term as follows:

Plant and equipment	3 years
Fixtures and fittings	3 years
Victoria fit-out	3 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting year.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

### **(i) Trade and other payables**

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

### **(j) Employee benefits**

#### **i. Short-term obligations**

Liabilities for wages and salaries, including non-monetary benefits and annual leave are recognised in respect of employee's services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

#### **ii. Other long-term employee benefit obligations**

The liabilities for long service leave and annual leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of corporate bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

### **(k) Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

### **(l) Special Reserve**

The special reserve are accumulated funds set aside for possible wind up costs which would be incurred at the end of the consultancy service contract with the Department. The Company currently includes a monthly wind-up cost amount as part of the invoice issued to the Department and the total of these amounts is credited to the reserve at the end of each financial year.

## **2 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

### **(a) Key sources of estimation uncertainty**

There are no significant key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

### **(b) Critical judgements in applying the entity's accounting policies**

There are no critical judgements in the process of applying the Company's accounting policies.

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