

ANNUAL REPORT 2022/2023

From success to significance



AUSTRALIAN
REFRIGERATION
COUNCIL

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The Australian Refrigeration Council (ARC) provides both leadership for and service to the climate control industry through engagement and advocacy with technicians, companies, governments, training institutions and the public.

Entering its 19th year as the national licensing body for Australia's climate control industry, ARC maintains a network of regulated, highly-skilled professionals in both the mobile and stationary sectors.

This annual report has a great personal significance for me, as I am retiring from the climate control industry, and this is my last as Chair of the Australian Refrigeration Council, a fine organisation which I helped to establish early this century.

From The Chair

The last 20 years have seen our industry evolve at a frenetic pace. Refrigerants, technologies and their support mechanisms have been changing constantly – and so it has been with ARC. From its conception in my mind's eye, I find myself retiring from chairing a modern, contemporary organisation dedicated to both good environmental outcomes and servicing the RAC industry.

From success to significance is more than a tag line – it is a mantra which is about ARC continuing to improve its leadership and service delivery to the industry.

There are many challenges that await – how the profile of the industry can be improved, and how we can encourage students to select RAC as the vocation of first choice, thereby attracting the highest quality apprentices.

Underlying this is the evolving market – how we position RAC and Australia's technicians to respond to the challenges of a net zero or low emissions future with clean energy technologies and renewables.

This is a great industry that enables our modern society. All of us at ARC – licence holders, staff, and board members – are committed to strengthening our industry and delivering the best possible outcomes. I thank my fellow board members for their tireless work and continued enthusiasm, and the outstanding people who make ARC successful everyday. On their behalf I extend my thanks to the technicians, businesses, wholesalers and training organisations who are part of this professional, skilled and environmentally responsible industry.

As I step back from my various industry roles, including the Chair of ARC, I know our future is bright.

Michael Bennett
Chair, Australian Refrigeration Council



Our board members share a passion for the continued growth and success of our industry. They give generously and voluntarily of their time, providing valuable insights and direction to support ARC's growing significance in the sector.

Refrigeration and Air Conditioning Industry Board

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 Automotive 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



As valued members of the ARC, these organisations represent the diverse segments of the climate control (refrigeration and air conditioning) sectors.

ARC Members



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 celebrated 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
- E 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
- E 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.arena.com.au
- E secretariat@arena.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



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
- E) inbox@iame.com.au
- P) (02) 9782 1100



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
- E) admin@mtaa.com.au
- P) (02) 5100 8239



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
- E) marketing@neca.asn.au
- P) (02) 9439 8523



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
- E) info@refrigerantsaustralia.org



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
- E) info@racca.asn.au
- P) 0405 224 779



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
- E) info@refrigerantreclaim.com.au
- P) (02) 6230 5244



VACC: Victorian Automotive 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
- E) vacc@vacc.com.au
- P) (03) 9829 1111



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
- E) 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 for and service to the climate control sector. We represent more than 135,000 licensed 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
- connecting customers to ARC-licensed businesses
- business support for licence holders.

ARC provides leadership and support to the climate control industry through its work to raise the profile of the sector and a general understanding of its importance to modern life. In addition to information and promotional campaigns, it collaborates widely with government and industry stakeholders.

Leadership and Support

Initiatives include information-rich industry newsletters, websites, media releases on industry issues and campaigns to build consumer awareness and promote careers in climate control. All of these contribute to a growing awareness of the essential work undertaken by ARCTick licensed technicians and businesses. Beyond that, with the Green Scheme Accreditation program we are looking to the needs of a low-carbon future.

Stakeholder engagement and advocacy

ARC contributes to continuing improvement of standards within the RAC sector through collaboration with government taskforces, advisory groups, technical committees, training forums and industry groups. It has represented the sector's interests through its interactions with many organisations which impact our industry:

- Federal and state government agencies and departments
- Industry reference committees.
- Standards Australia
- Industry associations and organisations
- Training providers and groups
- Registered training organisations
- School careers advisers.

Beyond the stationary and automotive sectors, ARC also represents the interests of licence holders in the marine, aviation, mining, transport and end-of-life equipment sectors.

ARC also advocates for industry support from government, serving as a primary contact on issues such as regulatory standards and licencing. It promotes the benefits of reduced 'red tape', secures improvement and alignment of Standards and promotes the broader RAC sector and its significance.

As always, ARC has represented the interests of the RAC industry in many influential forums:

- Australian Department of Climate Change, Energy, the Environment and Water
- Australian Department of Industry, Science and Resources
- NSW Fair Trading
- Queensland Department of Energy and Public Works
- Queensland Building and Construction Commission
- Tasmanian Consumer, Building and Occupational Services
- Victorian Building Authority
- Victorian Department of Jobs, Skills, Industry and Regions
- Victorian Department of Energy, Environment and Climate Action
- WA Department of Mines, Industry Regulation and Safety.

Promotion and community

The critical role of the climate control industry is not always recognised by consumers, or by the corporate and government sectors. ARC works through many channels and media to promote the role of technicians as the hands-on environmental heroes of climate control, secure food storage and protection of medical infrastructure.

ARC promotes the sector through information campaigns directed at customers of all types, collaborations with industry and educational organisations, and close contact with leading media. A key focus is addressing the skills shortage and the need to recruit ever-more high quality people to the sector. ARC's initiatives in this area include supporting the WorldSkills Australia social enterprise and the NextGen 'Top 20 under 25' campaign, and presenting climate control as a career of first choice through engaging career promotion material and participation in careers expos.

Environment

Environmental protection is the very heart of ARC's purpose, and that includes keeping up with evolving technology and with the need for skilled technicians. Our primary focus is to maintain and grow Australia's network of highly skilled and licensed professionals who help to protect the ozone layer and slow global warming by eliminating preventable emissions of environmentally harmful refrigerants.

RAC is well positioned to enhance the knowledge and skills of industry participants that will be essential in the new, low-energy future.

In addition to direct emissions, energy efficiency is an increasingly important factor because the climate control sector uses more than 25% of Australia's electricity and produces 11.5% of Australia's national emissions. This calls for the most efficient equipment and the most skilled people to work on it.

These skills are essential even where the gases involved are natural refrigerants with low global warming potential (GWP), and there are further skills required to handle the unregulated refrigerants. ARC's Green Scheme Accreditation program addresses this need, providing trusted accreditation for technicians working with the new, low-GWP refrigerants, and ultimately reducing emissions both directly and through energy generation.

ARC also shares its world-renowned licensing and technical expertise through its connections with the United Nations Environment Program, particularly in assisting its Pacific neighbours with training and licensing activities.



The ARC Green Scheme Accreditation program is Australia's only national accreditation program for climate control technicians to demonstrate they are qualified to work with natural, low global warming potential (GWP) refrigerants.

Green Scheme Accreditation

Established in 2017, Green Scheme provides a pathway for refrigeration and air conditioning technicians to upskill, and it facilitates the integration of new and emerging refrigerants and technologies into the industry. It is a comprehensive, future-looking and qualifications-based program that provides technicians with competencies to work with low-GWP refrigerants. In this unique scheme, ARC offers technicians and businesses a valuable point of difference in how they respond to consumer expectations.

Low-GWP refrigerants, including hydrocarbons, CO₂ (R744), ammonia and HFO 1234yf, are the way of the future, but they are not regulated gases and therefore are not covered by the ARCTick licence program. Green Scheme fills the need for training and accreditation for these refrigerants. Whilst it remains separate from ARCTick licensing, Green Scheme is based on the same competencies (plus those specific to the low-GWP refrigerants) and therefore meets the expectations of industry and consumers.

The voluntary Green Scheme fills a critical gap in the curriculum. It provides competencies required by technicians to work with low-GWP refrigerants and encourages training organisations to offer courses for students who wish to work in this increasingly significant part of the industry.

How Green Scheme benefits industry

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

- Facilitates development of training for industry.
- Enables employers to comply with work health and safety regulations.
- Creates a point of difference in what technicians can offer their customers.
- Equips technicians to give their customers peace of mind.

Success of the Green Scheme

Large retailers, facility managers and service providers are leading the way in recognising the benefits of training employees in the safe handling of low-GWP refrigerants. Green Scheme Accreditation gives them peace of mind when they have equipment that does not use regulated refrigerants, and it can underpin employee safety and address employer OHS obligations.

In addition, government work safety departments in three states have adopted Green Scheme as proof of demonstrating employee OHS competence. New South Wales, Victoria and Western Australia have embraced it, and other states are likely to follow.

Green Scheme Accreditation provides a unique opportunity for employers and employees to show their skills and professionalism to customers and clients. For individual technicians it establishes a point of difference that will become increasingly important as these refrigerants become dominant in the marketplace.



www.arcltd.org.au/green-scheme-accreditation

ARC administers Australia's national refrigeration and air conditioning (RAC) licence scheme on behalf of the Australian Department of Climate Change, Energy, the Environment and Water (DCCEEW). The scheme is internationally admired for its success in regulating the acquisition, possession, disposal and handling of ozone depleting substances and synthetic greenhouse gases, and the equipment containing them, in the RAC industry.

Licence scheme

Processing

The network continues to grow

Over the 2022/23 financial year, ARC's customer service team approved:

46,173
applications.

As of 30 June 2023, there were **132,845** permit holders registered with the ARC, an increase of **10,798** from the previous year.

This figure comprises

106,928

Refrigerant handling licences (RHLs), and

25,917

Refrigerant trading authorisations (RTAs)

Online applications dominate

More than 99% of applications are now online, with paper and fax now at negligible levels. The fully online system has created efficiencies in uploading photos and qualifications and through people making enquiries by email rather than phone, leading to a reduction in telephone calls.

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

49,168

online applications and renewals, and responded to just over

53,305

customer service telephone enquiries.

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 Climate Change, Energy, the Environment and Water, 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.

More than 5,000 audits completed

As a condition of their refrigerant trading authorisation (RTA), businesses agree to cooperate 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 as being at most risk of non-compliance. Visiting field officers assess records relating to refrigerants, equipment maintenance, leak testing, licensed staff and risk management. The rate of compliance at audit was 70%, with 97% becoming compliant within the month of the initial audit.

Audits provide field officers with an opportunity to develop relationships, assist businesses with records and equipment management and identify areas that may present an issue. Stationery and advertising materials are sighted to confirm the operator's RTA number is clearly displayed – a key identifier for consumer confidence.

In addition to audits, during 2022/23 ARC surveyed split system licence holders, of whom more than 60% are not linked to an RTA and therefore not subject to permit condition checks. In total, 253 licence holders across Queensland were asked 30 questions relating to equipment and installation procedures and questions relating to industry standards and codes of practice. The risks identified in this project relate to: leaks from poor installation, discharge at decommission, Cert II holders working out of scope and non-licensed work.

74 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, including industry Codes 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 in suspension or even cancellation of a licence.

In some circumstances, the Department of Climate Change, Energy, the Environment and Water (DCCEEW) may pursue legal action on behalf of the Australian Government. For this financial year, 153 suspected offences were reported to ARC and 60 referrals were forwarded to the department.

Licence cancellations

Each year, the cancellation of about 70 licenses due to ongoing 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.

Considering the scheme is now over 135,000-strong, the relatively low number of licence terminations reflects a healthy, high quality climate control sector.



Training and assurance

Working with educators

To ensure high quality and modern training is maintained, ARC engages regularly with training institutions, the training industry regulator Australian Skills Quality Authority (ASQA), various 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 code of practice booklets along with various work-related items and communications materials.

ARC's industry collaboration produces world class training

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

Through its close relationship with Jobs and Skills Councils (JSCs) and organisations like Australian Standards, ARC facilitates regular consideration of the industry's skill requirements in the development and review of training packages. ARC identifies changes in the vocational education and training sector to keep the department informed and engaged with the regulated community on proposed changes to training affecting the Permit Scheme.

ARC contributes to the development of new training packages that support a dynamic, safe and environmentally friendly industry and sits on several JSCs. These were introduced on 1 January 2023 to replace Skills Service Organisations (SSOs) and Industry Reference Committees (IRCs), prior to which ARC sat on the Australian Industry and Skills Councils for Electrotechnology and Automotive (light vehicles).

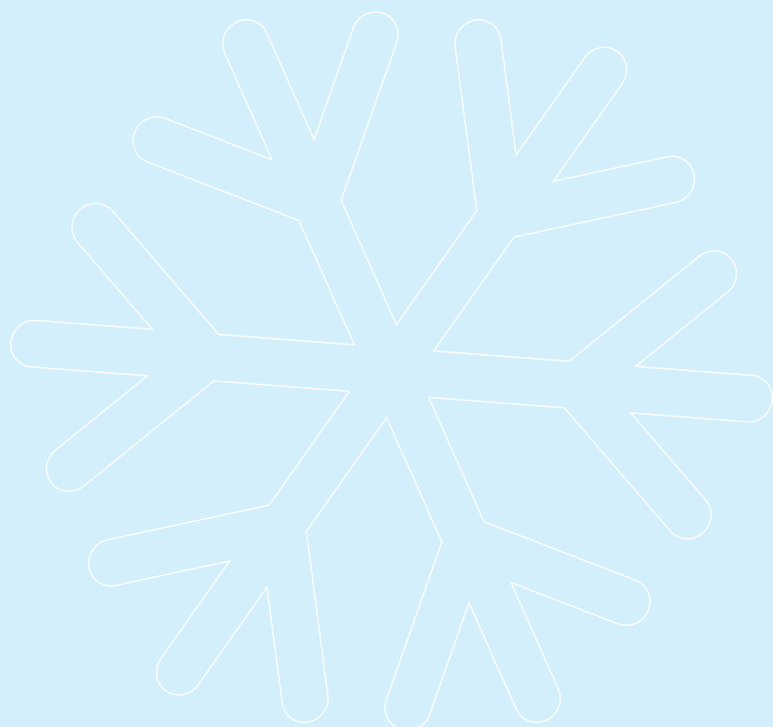
It is now actively engaged with 4 of the 10 new Jobs and Skills Councils:

- Mining and Automotive Skills Alliance (AUSMASA) which is the JSC for the Mining and Automotive industry, replacing the Automotive Light Vehicle Industry Reference Committee.
- BuildSkills Australia which is the JSC for the Building, Construction and Property industry, replacing the Construction, Plumbing and Services Industry Reference Committee.
- Powering Skills Organisation which is the JSC for the Energy, Gas and Renewables industry, replacing the Electrotechnology Industry Reference Committee.
- Manufacturing Industry Skills Alliance (Manufacturing Alliance) which is the JSC for the manufacturing industry, replacing the Manufacturing and Engineering Industry Reference Committee.

Working with ASQA and industry protects training quality

Close collaboration between ARC and the industry and training industry regulator ASQA 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 is possible to rid the sector of training courses that simply don't meet industry expectations.



Communications and engagement

ARC produces a wide range of communications, marketing and educational materials that raise community awareness and help licence holders grow their businesses. Consumers and other end users are targeted to promote the benefits of engaging licensed technicians and businesses. School students are also encouraged to consider climate control as a career of first choice.

Wide engagement to promote the sector

- Continued delivery of advocacy campaigns promoting the climate control sector to secondary students as a career of choice
- Liaison with state licensing and consumer protection authorities to ensure appropriately licensed technicians are being represented
- Supporting the training and development of first year refrigeration and air conditioning apprentices by the production and delivery of complimentary digital temperature sensors
- The ARC customer service team attends to more than 1,000 phone calls per week assisting the RAC industry – all calls are answered personally by customer service specialists, not machines.
- ARC exhibits at key industry events including ARBS and AAA Expo to deliver key licensing messages to industry participants.

Communications materials that inform, explain and promote services

- Provision of marketing materials for licensed businesses
- CoolChange quarterly newsletter with distribution to more than 100,000 recipients remains the industry's most widely read publication
- Fact sheets provide technical information in readily accessible form
- Information packs for technicians keep them up to date on important industry issues, such as R32 refrigerant, HVACR equipment maintenance/ servicing, MAC mining and safety
- Code of Practice booklets for technicians

Promotion of the sector to consumers

- ARC's summer social media campaign ran from October to February, promoting the 'Look for the Tick' message through static advertising and new animated videos, which drove almost 200,000 consumers to connect with local licensed businesses through the RTA business search website over the critical warmer months.
- ARC also presents the licensing message to bodies representing large-scale customers, including the Refrigerated Warehouse and Transport Association (RWTA) and Facility Management Association (FMA).

Industry participation

ARC sits on various committees and liaises with stakeholder groups including:

- Refrigeration and Air Conditioning Training Alliance
- Australian Industry and Skills Committee's industry reference committees for Electrotechnology and Automotive
- Various Standards Australia sub-committees
- Government Air-conditioner and Commercial Refrigeration Advisory Committee (ACRAC)
- Box Hill Institute Refrigeration Climate Control Committee
- VETASSESS and Victorian Government Skills Committee
- Heads of Workplace Safety Authorities
- Department of Climate Change, Energy, the Environment and Water's Refrigeration and Air Conditioning Industry Advisory Body
- Refrigerants Australia Flammable Refrigerants Working Group
- All ARC member associations.



Financial Report



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AUDITOR'S INDEPENDENCE DECLARATION UNDER S60-40 OF THE AUSTRALIAN CHARITIES AND NOT-FOR-PROFITS COMMISSION ACT 2012 TO THE DIRECTORS OF THE AUSTRALIAN REFRIGERATION COUNCIL LIMITED

As lead auditor of the Australian Refrigeration Council Limited, I declare that, to the best of my knowledge and belief, during the year ended 30 June 2023 there have been no contraventions of:

- i. 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. any applicable code of professional conduct in relation to the audit.

A handwritten signature in black ink that reads 'Jamie Glenn'.

Jamie Glenn
Registered Company Auditor
BellchambersBarrett

Canberra, ACT
Dated this 20th day of September 2023

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2023

	2023 \$	2022 \$
Revenue	6,557,687	6,498,625
EXPENSES		
Administrative	775,620	596,774
Compliance	19,539	29,004
Depreciation	424,676	428,352
Employee benefits	2,965,385	2,917,283
Financial management	182,510	243,676
Information technology	468,831	404,970
Publicity	698,005	628,569
Rent and outgoings	132,415	100,449
Travel	122,638	53,851
Directors'	25,989	28,784
Finance costs	5,829	12,209
Other	120	11,372
Profit before income tax	736,130	1,043,332
Income tax expense	-	-
Profit for the year	736,130	1,043,332
Other comprehensive income	-	-
Total comprehensive income for the year	736,130	1,043,322

STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

	2023 \$	2022 \$
ASSETS		
Current assets		
Cash and cash equivalents	3,259,060	3,239,309
Trade and other receivables	399,268	369,949
Other financial assets	4,824,455	511,672
Other current assets	31,115	38,175
Total current assets	8,513,898	4,159,105
Non-current assets		
Plant and equipment	152,731	95,049
Right-of-use assets	112,184	426,726
Other financial assets	60	3,899,954
Total non-current assets	264,975	4,421,729
TOTAL ASSETS	8,778,873	8,580,834
LIABILITIES		
Current liabilities		
Lease liabilities	120,808	321,427
Trade and other payables	1,029,403	1,178,506
Provisions	436,341	461,177
Total current liabilities	1,586,552	1,961,110
Non-current liabilities		
Provisions	47,404	95,510
Lease liabilities	-	115,427
Total non-current liabilities	47,404	210,937
TOTAL LIABILITIES	1,633,956	2,172,047
Net assets	7,144,917	6,408,787
EQUITY		
Retained earnings	1,750,664	1,483,554
Reserves	5,394,253	4,925,233
TOTAL EQUITY	7,144,917	6,408,787

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2023

	Reserves \$	Retained earnings \$	Total equity \$
Balance at 1 July 2021	4,456,213	909,242	5,365,455
Total comprehensive income for the year	-	1,043,332	1,043,332
Transfer to reserves	469,020	(469,020)	-
Balance at 30 June 2022	4,925,233	1,483,554	6,408,787
Balance at 1 July 2022	4,925,233	1,483,554	6,408,787
Total comprehensive income for the year	-	736,130	736,130
Transfer to reserves	469,020	(469,020)	-
Balance at 30 June 2023	5,394,253	1,750,664	7,144,917

STATEMENT OF CASH FLOWS

For The year ended 30 June 2023

	2023 \$	2022 \$
Cash flows from operating activities		
Receipts from customers (inclusive of GST)	7,107,573	7,080,417
Payments to suppliers and employees (inclusive of GST)	(6,253,675)	(6,107,992)
Interest received	68,432	50,254
Interest paid	(5,829)	(11,372)
Net cash inflow from operating activities	916,501	1,011,307
Cash flows from investing activities		
Payments for property, plant and equipment	(135,481)	(58,820)
Net cash (outflow) from investing activities	(135,481)	(58,820)
Cash flows from financing activities		
Payments of term deposits	(412,889)	(961,671)
Lease payments	(348,381)	(332,760)
Net cash (outflow) from financing activities	(761,270)	(1,294,431)
Net (decrease) increase in cash and cash equivalents	19,750	(341,944)
Cash and cash equivalents at the beginning of the financial year	3,239,310	3,581,253
Cash attributable to the Department	(856,731)	(991,767)
Cash and cash equivalents at end of year	2,402,329	2,247,542

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 2023. The Company is a not-for-profit entity.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions.

The financial statements, except for the cash flow information, have been prepared on an accrual basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

(a) Basis of Preparation

i. Compliance with Australian Accounting Standards – Simplified Disclosure Requirements

In the opinion of the directors the Company is not publicly accountable. These financial statements have been prepared in accordance with Tier 2: Australian Accounting Standards – Simplified 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

The Company has applied not applied any new standards or amendments for the first time during the reporting period.

iii. Historical cost convention

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

iv. 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 2023.

(c) Revenue recognition

Revenue is recognised for the major business activities as follows:

i. Department of Climate Change, Energy, the Environment and Water (DCCEEW)

Revenues are based on the Service Agreement 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

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 reasonably 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 year ended 30 June 2020, 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.

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 5) 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 are 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 & 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 is accumulated funds set aside for possible wind-up costs which would be incurred at the end of the Service Agreement 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 source of estimation uncertainty

Management have made two notable assessments. Firstly, utilising an effective asset life of 3 years for all assets, influencing depreciation expenses and asset valuation. Secondly, management exercises judgment in assessing the probability of staff retention for long service leave calculations, impacting the accuracy of liability accruals.

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

In accordance with AASB 15, the entity employs a revenue recognition policy that reflects the nature of its contractual obligations with the Department under the Service Agreement. Income related to fixed and service charges is recognised over time, as these obligations are considered ongoing and continue to be performed throughout the contractual period. Additionally, income stemming from milestone reports is recognised at the date of submission, as this marks the point at which the respective obligation has been satisfactorily fulfilled.



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