

ANNUAL REPORT 2021/22

From success to significance



AUSTRALIAN
REFRIGERATION
COUNCIL



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 18th 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.

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FROM THE CHAIR

The past year has been one of adapting to a 'new normal' as we emerged from the worst of COVID, and through it all our industry has continued to show how vital it is to modern life.

In a year that began with most of Australia in lockdown, working from home, virtual meetings and online shopping, the RAC industry proved itself crucial to sustaining life as we know it. From vaccine and food delivery to indoor air quality systems, COVID showed how truly essential our industry is.

No surprise, then, that we are growing strongly. In the past year the number of ARctick permit holders has grown from 113,000 to more than 122,000, and we have seen apprentice numbers increase by as much as 21.5% in a single year.

ARC is steadfast in supporting this growth. We are investing in the future by promoting RAC careers and supporting new technologies, and we speak for our industry at all levels of government.

These things don't just happen. Consider the new A2/A2L refrigerant training resources and assessment materials for RTOs: the result of an ARC collaboration with Refrigerants Australia and selected TAFE colleges that in turn followed on from a landmark project by ARC to develop and obtain course approval for the underpinning competencies.

The world is run by the people that turn up, and the Australian Refrigeration Council has been turning up for 17 years. We are united by our competency-based licence scheme for RAC training and qualifications that is admired around the world.

We are also united by our commitment to phasing out ozone-depleting substances and synthetic greenhouse gases based on the Montreal Protocol. Since its inception, our scheme has delivered more 25 megatonnes of CO₂ equivalent direct emissions savings.

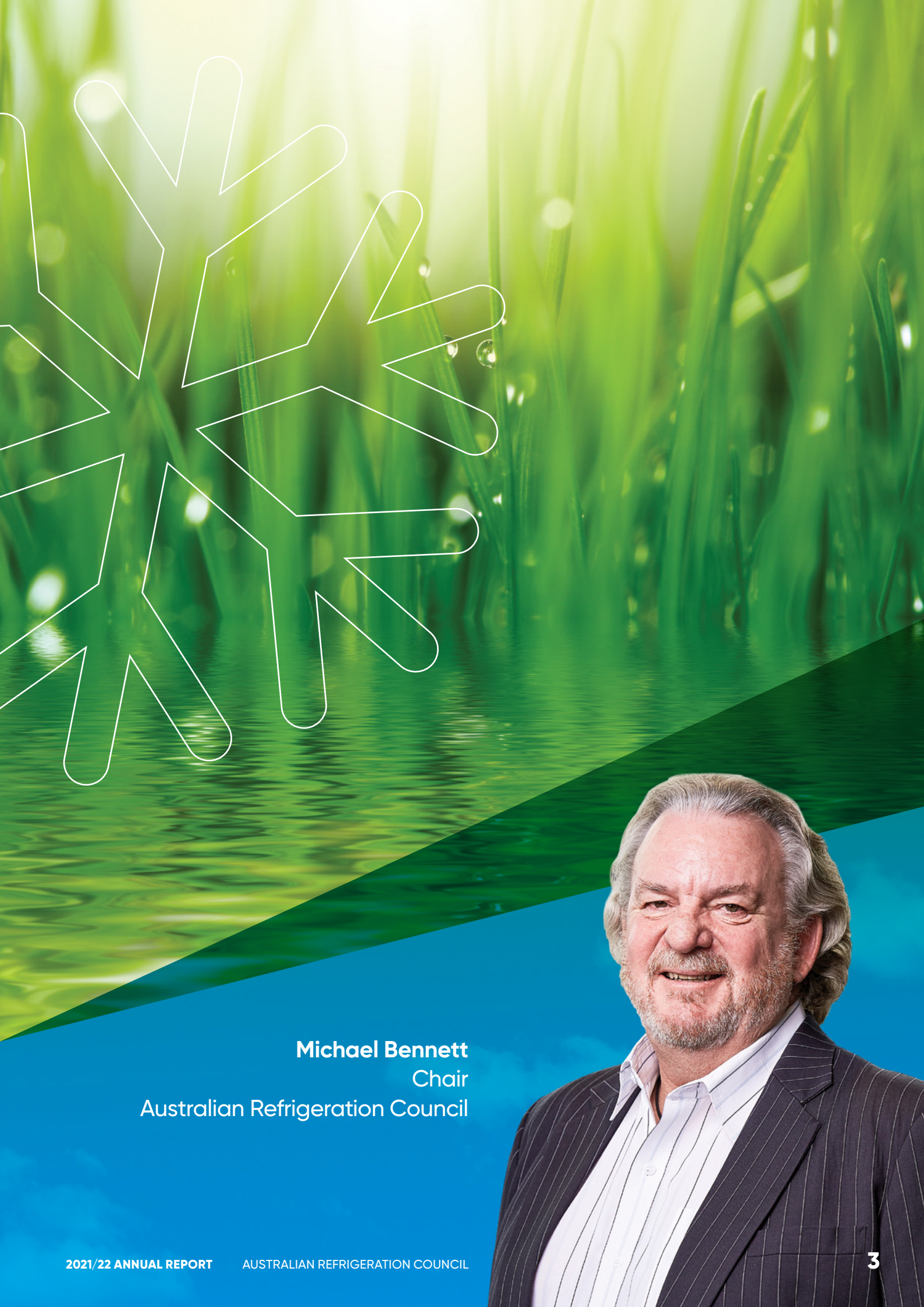
Our scheme gives status and identity to RAC technicians and businesses, a sense of belonging to something important that protects the environment and inspires peace of mind in consumers. With the ARctick logo as its unifying symbol, it creates trust and confidence in our industry, and it reminds young people and their parents that this is an industry of endless career possibilities.

Despite the challenges presented by COVID, our team has delivered through:

- advocacy with government on behalf of the industry and the community
- updating the UEE32220 Certificate III in Refrigeration and Air Conditioning
- consumer communication and promotion campaigns
- industry education programs for efficiency, safety and environmental compliance
- stamping out short courses
- promotion of the ARC Green Scheme Accreditation for low GWP refrigerants.

Our field officers continue to connect with licence holders face-to-face, and our customer service team continues to field all the phone calls, emails and letters of enquiry. Over the 2021-22 financial year, more than 4,600 permit condition checks were completed and more than 60,000 phone calls answered. More than 70% of complete applications were issued within 24 hours, helping our licence holders stay on the job.

All of us at ARC – licence holders, staff and board members alike – share a commitment to strengthening our industry and delivering the best possible outcomes. I thank my fellow board members for their tireless work and continued enthusiasm. On their behalf I extend sincere appreciation to the technicians, businesses, wholesalers and training organisations who are part of this professional, skilled and environmentally responsible industry. What a great industry it is.



Michael Bennett
Chair
Australian Refrigeration Council

REFRIGERATION AND AIR CONDITIONING INDUSTRY BOARD

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.

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 the diverse segments of the climate control (refrigeration and air conditioning) sectors.



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
- E 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
- 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.arema.com.au
- E 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



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



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



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



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



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



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



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



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 122,000 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.

LEADERSHIP AND SUPPORT

ARC continues to provide leadership and support to the climate control industry through its efforts to raise the profile and general understanding of the sector. In addition to information and promotional campaigns, it has collaborated widely with stakeholders in government and industry.

Initiatives include delivering information and knowledge via continuously updated websites, information-rich industry newsletters and campaigns to promote careers in climate control. All of these contribute to a growing awareness of the essential work undertaken by ARCTick licensed and Green Scheme Accredited technicians and businesses.

COVID-19

Although the impact of COVID-19 decreased in the latter half of the year, it remains a factor in organising face-to-face activities in our industry. While finding ways to overcome these challenges, ARC has emphasised how a pandemic highlights the critical importance of refrigeration and air conditioning in areas such as refrigeration of vaccines and maintenance of climate control in hospitals.

Working in partnership with industry associations, governments, health institutions and businesses, ARC has assisted with data and broader information about refrigeration and air conditioning's essential role in ensuring vaccine and food security.

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 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.

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

ARC also advocates for industry support from government, often acting 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 licence holders in many influential forums:

- Australian Department of Climate Change, Energy, the Environment and Water.
- Australian Department of Industry, Science and Resources
- NSW Office of 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, Precincts and Regions
- Victorian Department of Environment, Land, Water and Planning
- 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 and even the corporate and government sectors. It remains part of ARC's core focus to raise awareness of the excellent work of technicians in environmental management, security of food storage and protection of medical infrastructure.

ARC promotes the sector through activities ranging from information campaigns to partnerships with industry and educational organisations. In the face of a continuing skills shortage, ARC is addressing the need to recruit ever-more high quality people to the sector.

This includes supporting the WorldSkills Australia social enterprise and the NextGen 'Top 20 under 25' campaign, production of persuasive career promotion material and participation in careers expos, focussing on climate control as a career of first choice.

Environment

Environmental protection is at the heart of ARC's activities, and its focus is expanding as technology evolves. Our primary focus is to maintain and grow Australia's network of highly skilled and licensed professionals who contribute to worldwide efforts to slow global warming and protect the ozone layer.

Energy efficiency is emerging as a key factor because refrigeration and air conditioning uses more than 25 per cent of Australia's electricity and produces 11.5 per cent of Australia's national emissions. This calls for the most efficient equipment and the most skilled people to work on it, even where the gases involved are natural refrigerants with low global warming potential (GWP).

ARC offers a Green Scheme Accreditation program for technicians wishing to work with the new natural refrigerants and remains committed to reducing emissions both directly and through energy generation.

ARC also shares its world-renowned licensing and technical expertise both nationally and internationally. As the world emerges from the depth of the pandemic, this sharing can return to the face-to-face connections which ARC has long enjoyed through the United Nations Environment Program.

GREEN SCHEME ACCREDITATION

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

Established in 2017, Green Scheme provides a pathway for refrigeration and air conditioning technicians to upskill, and 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 – hydrocarbons, CO₂ (R744), ammonia and HFO 1234yf – are the way of the future, but they are not prescribed gases and therefore are not covered by the ARCTick licence program. Green Scheme fills the need for training and accreditation for these gases which is not covered in mainstream RAC education. Whilst it remains separate from ARCTick licensing, Green Scheme is based on the same competencies 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.

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



GREEN SCHEME ACCREDITED
AUSTRALIAN REFRIGERATION COUNCIL

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.
- 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
- 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.

Success of the program

Large retailers and service providers are leading the way in recognising the benefits of training employees in the safe handling of low GWP refrigerants. They recognise how Green Scheme Accreditation can underpin employee safety and address employer OHS obligations.

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

ARC Green Scheme is the benchmark industry accreditation scheme, recognised by various State Governments through OHS as demonstrating technician competence.

LICENCE SCHEME

ARC runs 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 in the RAC industry.

PROCESSING

The network continues to grow

Over the 2021/22 financial year, ARC's customer service team approved:

50,110

applications

As of 30 June 2022, there were **122,307** permit holders registered with the ARC, an increase of **9,250** from the previous year.

This figure comprises

98,094

Refrigerant handling licences (RHLs), and

24,213

Refrigerant trading authorisations (RTAs)

Online applications dominate

More than 99 per cent of applications are now online, with paper and fax now at negligible levels.

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

43,652

online applications and renewals, and responded to just over

62,579

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 4,600 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 71%, with non-compliance at audit being down from 40% for the previous year to 29% this year.

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, in excess of 3,000 refrigerant and split system surveys were conducted, which provide valuable data with a view to improving the sector. The 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.

Emerging from COVID-19 restrictions

During COVID lockdowns, ARC introduced online desktop reviews for permit checks in collaboration with licence holders, 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. Face-to-face audits resumed gradually as lockdowns eased. Of the 4,642 checks conducted for the full year, 2,490 were face-to-face and 2,152 were desktop reviews.

99 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, 137 suspected offences were reported to ARC and 36 referrals were forwarded to the department.

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.

The number of licence cancellations in the past year has dropped to 36 due to the follow-up actions of field officers in ensuring that licence holders correct their non-compliances to the greatest possible degree.

Nevertheless, considering the scheme is now over 122,000-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 digital temperature thermometers and 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 this close relationship with industry reference groups (IRCs) and organisations like Australian Standards, ARC facilitates regular consideration of the industry's skill requirements in the development and review of training packages.

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 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 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.

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 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

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 over 1,200 phone calls per week assisting the RAC industry – all calls are answered personally by customer service specialists, not machines.

Promotion of the sector to consumers

- ARC's summer social media campaign ran from October to February, and drove almost 200,000 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 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 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.



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 2022 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
27 September 2022

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2022

	2022 \$	2021 \$
Revenue	6,498,625	6,424,792
EXPENSES		
Administrative	(596,774)	(560,974)
Compliance	(29,004)	(41,034)
Depreciation	(428,352)	(417,466)
Employee benefits	(2,917,283)	(3,196,007)
Financial management	(243,676)	(251,004)
Information technology	(404,970)	(387,137)
Publicity	(628,569)	(627,290)
Rent and outgoings	(100,449)	(95,767)
Travel	(53,851)	(38,050)
Directors'	(28,784)	-
Other	(12,209)	(11,948)
Finance costs	(11,372)	(16,776)
Profit before income tax	1,043,332	781,339
Income tax expense	-	-
Profit for the year	1,043,332	781,339
Other comprehensive income	-	-
Total comprehensive income for the year	1,043,332	781,339

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2022

	2022 \$	2021 \$
ASSETS		
Current assets		
Cash and cash equivalents	3,239,309	3,581,253
Trade and other receivables	369,949	358,110
Other financial assets	511,672	493,500
Other current assets	38,175	22,117
Total current assets	4,159,105	4,454,980
Non-current assets		
Property, plant and equipment	95,049	119,265
Right-of-use assets	426,726	709,552
Other financial assets	3,899,954	2,956,455
Total non-current assets	4,421,729	3,785,272
TOTAL ASSETS	8,580,834	8,240,252
LIABILITIES		
Current liabilities		
Trade and other payables	1,178,506	1,632,244
Lease liabilities	321,427	311,406
Provisions	461,177	414,985
Total current liabilities	1,961,110	2,358,635
Non-current liabilities		
Lease liabilities	115,427	395,718
Provisions	95,510	120,444
Total non-current liabilities	210,937	516,162
TOTAL LIABILITIES	2,172,047	2,874,797
Net assets	6,408,787	5,365,455
EQUITY		
Reserves	4,925,233	4,456,213
Retained earnings	1,483,554	909,242
TOTAL EQUITY	6,408,787	5,365,455

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2022

	Reserves \$	Retained earnings \$	Total equity \$
Balance at 1 July 2020	3,987,193	596,923	4,584,116
Total comprehensive income for the year	-	781,339	781,339
Transfer to reserves	469,020	(469,020)	-
Balance at 30 June 2021	4,456,213	909,242	5,365,455
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	1,485,554	6,408,787

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2022

	2022 \$	2021 \$
Cash flows from operating activities		
Receipts from customers (inclusive of GST)	7,080,417	6,900,512
Payments to suppliers and employees (inclusive of GST)	(6,107,992)	(5,839,413)
Interest received	50,254	63,599
Government grants received	-	50,000
Interest paid	(11,372)	-
Net cash inflow (outflow) from operating activities	1,011,307	(1,174,680)
Cash flows from investing activities		
Payments for property, plant and equipment	(58,820)	(93,099)
Net cash (outflow) from investing activities	(58,820)	(93,099)
Cash flows from financing activities		
Payments of term deposits	(961,671)	(499,999)
Lease payments	(332,760)	(316,757)
Net cash (outflow) from financing activities	(1,294,431)	(816,756)
Net (decrease) increase in cash and cash equivalents	(341,944)	264,825
Cash and cash equivalents at the beginning of the financial year	3,581,253	1,942,266
Cash and cash equivalents at end of year	3,239,309	2,207,091

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 2022. 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 – 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 the following standards and amendments for the first time for their annual reporting period commencing 1 July 2021:

- AASB 1060 *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not for-Profit Tier 2 Entities*
- AASB 2020-4 *Amendments to Australian Accounting Standards – Covid-19-Related Rent Concessions [AASB 16]*
- AASB 2020-8 *Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform – Phase 2 [AASB 4, AASB 7, AASB 9, AASB 16 & AASB 139]*

The Company adopted AASB 1060 *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities* in the current year. Other than the change in disclosure requirements, the adoption of AASB 1060 has no significant impact on the financial statements because the Company previously complied with *Australian Accounting Standards – Reduced Disclosure Requirements* in preparing its financial statements.

The other amendments listed above also did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

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 2022.

(c) Revenue recognition

Revenue is recognised for the major business activities as follows:

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

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

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 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.

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 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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