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**Architects Registration Board of  
Victoria**

**Annual Report 2015-2016**

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## Chairperson's Foreword:

I am very pleased to report that the last year has been very positive for the ARBV. The confirmation by the Planning Minister for us to continue to operate as a separate body to the VBA has allowed us to develop our Strategic Plan for the next few years. We have also benefited from having the full complement of Board Members. We are very fortunate to have a very complementary team of Board members which we hope to maintain for as long as possible.

The Board's financial position is now very comfortable and will enable us to move ahead with a number of initiatives that will be of benefit to our consumers, architects and industry stakeholders.

The AACA has been very active and together with the State and Territories has introduced a number of new pathways to registration. There have also been reviews of a number of activities. The much needed review of the competency standards has led the way in relation to the review of a number of other accreditation and APE procedures. These are gradually being implemented.

The number of candidates presenting for registration continues at a high level and the number of registered architects in Victoria is now greater than in NSW.

The Architect Regulations 2015, and specifically Schedule 1 – Victorian Architects Code of Professional Conduct is more detailed in relation to the services and performance required of an architect.

More specifically the new Regulations have allowed us to press ahead with our encouragement of registered architects to undertake continuing professional development (CPD) activities. While CPD is not mandatory the Regulations clearly acknowledge the need for architects to maintain a 'thorough knowledge of architectural services to be provided and of matters relating the performance of those services'.

Our relationship with the Australian Institute of Architects continues to get stronger and there is always potential for more cooperation in relation to program opportunities for architects and architectural graduates. Our Strategic Plan has certainly highlighted a number of joint activities where the Board can offer financial support.

We look forward to a review of the Architects Act 1991 and to making a number of recommendations which can potentially make us a more effective and efficient body

With the certainty of our future our lease of premises at Albert Street has been extended. Our office location has proved to be very convenient and the accommodation is suitable for managing all our meeting and interview activities.

The Board is very appreciative of the commitment of our Registrar, Alison Ivey, and the administration team. Through the long period of uncertainty, they remained very positive and committed to the Board and its activities.

Finally, I would like to thank the current Board members for their time, enthusiasm and commitment. Together we now look forward to a very busy year ahead.

David Sainsbery  
Chairperson

## Registrar's Report:

For the office, the year has been one of consolidation and development. The improvements to our online processes have continued, there are now faster registration approval times, and the implementation of continuing professional development (CPD) for architects has progressed. We are moving into developing a social media profile and presence, and improving our IT systems. There is a very positive effect in being able to plan a certain future.

New pathways have been adopted for registration and new relationships have been made with overseas jurisdictions. It is constructive for regulatory authorities such as the ARBV to have reviews of procedures in order to remove unnecessary barriers to registration and open the door to practitioners who have until now avoided the conventional registration process. We live in a global economy and architects are in the forefront of Australian professionals who work across borders. The role of the ARBV is to enable this to happen while protecting the rights of consumers, a balance that must always be subject to scrutiny.

As I said last year, there is a need for the introduction of online assessment of the national examination paper for the Architectural Practice Exam to replace the time bound, expensive and unwieldy paper with its outmoded graphic reader marking technology. The ARBV is committed to working in step with other jurisdictions in Australia, but the large numbers of candidates in Victoria give us a keen desire for reform of the examination.

The Victorian Chapter of the Australian Institute of Architects CEO Alison Cleary has continued the positive relationship with the ARBV, and planning is well underway for some joint CPD and other initiatives. I thank her for enabling this and for all she and the AIA do in support of the continued regulation of the profession.

The staff continue to demonstrate the qualities of good public servants and are proud of the efficiency, effectiveness and ethical behaviour of the ARBV since 1923. They have served the Victorian community, consumers, and architects very well. Karl Augustin has been the Board's Chief Financial Officer and accountant for many years and continues to do an outstanding job. Adrian Magee, responsible for compliance matters has extensive experience and skills, and is responsive to the public and to architects. Erin Gibb continues the excellent standard of work in all she does, and her management of the APE process in particular is second to none. During this year she has continued to lead in Board's entry to social media and has provided excellent support and guidance to other staff involved with it. Amy Ryan is the first point of contact for the Board, her comprehensive knowledge, and her calm, professional manner, do us proud. She is meticulous and thorough in everything she does. Louisa Abt has made a positive impact as the CPD Manager and has developed easy online recording and engagement with CPD activities. A welcome addition to the staff has been our casual employee, Bronwyn Wolfaardt who is an exceptionally quick learner and conscientious worker. I regard myself as very fortunate to work with such a team.

The Board has enjoyed making the most of opportunities to lead improvement via the strategic plan. Members are nominated from a variety of organisations and are both architects and non-architects which enriches conversations around the table and strengthens decision making. It would be constructive if their terms of office were extended from two to three years.

I am grateful to our Chairperson David Sainsbery for his work this year, his increased involvement in Board matters, and his commitment to the ARBV. We have all enjoyed the sense of the future of the ARBV being planned and made better.

Alison Ivey  
Registrar

The Hon Richard Wynne MLC  
Minister for Planning  
Level 7, 1 Spring Street  
Melbourne, VIC 3000

20<sup>th</sup> September 2016

Dear Minister,

In accordance with the *Financial Management Act 1994* and Section 46 of the *Architects Act 1991*, I am pleased to submit the annual report of the Architects Registration Board of Victoria for the 2015-2016 financial year.

The report reviews the Board's performance in serving the public interest by maintaining the Register of architects, investigation, inquiry and discipline procedures and regulatory requirements of the profession and providing advice for architects and the public. The report also addresses initiatives undertaken by the Board to meet the Statement of Expectations agreed to last year.

The report includes a full set of audited financial statements for the period.

Yours faithfully,



**David Sainsbery**  
Chairperson

## THE ARBV OVERVIEW

The Architects Registration Board of Victoria (ARBV) has existed since 1923 when it was established to carry out the duties entrusted to it by the *Architects Registration Act 1922*. The current Board was established under the *Architects Act 1991*. The Act defines the Board's charter and the Architects Regulations 2004, replaced by the Architects Regulations 2015 in May, are made under the Act to prescribe procedures and other matters to give effect to the Act.

The Architects Registration Board of Victoria is a self-funding statutory authority which has as its primary responsibilities:

- the registration of architects and the approval of companies and partnerships
- investigation of complaints against architects,
- provision of Tribunal inquiry into professional conduct, and
- accreditation of architecture courses.

The Hon. Richard Wynne MP, Minister for Planning, is the responsible Minister for the *Architects Act 1991*.

### Charter:

The present Board was established by the *Architects Act 1991* (the Act).

The main purposes of the Act are to provide for the registration of architects, to provide for the approval of partnerships and companies providing architectural services, to regulate the professional conduct of architects, to provide a procedure for handling complaints against architects, to regulate the use of the terms "architect", "architectural services", "architectural design services" and "architectural design", and to establish the Architects Registration Board of Victoria.

The Architects Registration Board of Victoria protects the quality of architectural service through acting with independence, setting standards of architectural education, governing with innovative processes and celebrating and promoting architecture.

The Board administers the registration process and architectural practice examinations, assesses and accredits courses in architecture in association with approved schools of architecture, provides for the annual payment of registration fees and checks compliance with insurance requirements for architects, partnerships and companies. The Board has disciplinary powers, and may cancel or suspend an architect's registration, investigate complaints against architects and constitute a Tribunal to conduct inquiries. The Board is responsible for regulating the professional conduct of architects, approved partnerships and approved companies, and can advise architects on matters of professional conduct in writing. There is a responsibility for the Board to publish information relating to the operation of the Board and the *Architects Act 1991*.

## BOARD MEMBERS AND NOMINATING AGENCY

The members of the Board are appointed by Governor in Council in accordance with Section 47 of the Act. The Board is to consist of ten people appointed following nomination by the Minister for Consumer Affairs, the profession, architecture schools and the building and allied industries.

ARCHITECTS REGISTRATION BOARD MEMBERS 2015-2016	
<p><b>Mr David Sainsbery (Chairperson)</b>                      Nomination: architects                      Meeting attendance: 11/11                      First appointed 2011</p>	<p><b>Mr Ian Sutter</b>                      Nomination: AIA,                      Meeting attendance: 7/8                      First appointed 2012</p>
<p><b>Ms Venise Reilly</b>                      Nomination: Building industry HIA                      Meeting attendance: 11/11                      First appointed 2009</p>	<p><b>Ms Debra Low Choy</b>                      Nomination: allied industries (MBAV)                      Meeting attendance: 6/10                      First appointed 2012</p>
<p><b>Ms Helen Mathew</b>                      Nomination: architects                      Meeting attendance: 6/6                      First appointed 2015</p>	<p><b>Mr David Islip (Deputy Chair)</b>                      Nomination: Government Architect                      Meeting attendance: 11/11                      First appointed 2013</p>
<p><b>Ms Dionne Wright</b>                      Nomination: Minister Consumer Affairs                      Meeting attendance: 5/5                      First appointed 2015</p>	<p><b>Ms Arianne Rose</b>                      Nomination: Minister Consumer Affairs                      Meeting attendance: 9/9                      First appointed 2012</p>
<p><b>Mr Peter Bowtell</b>                      Nomination: Allied Professions                      Meeting attendance: 4/5                      First appointed 2015</p>	<p><b>Ms Clare Newton</b>                      Nomination: Architecture Schools                      Meeting attendance: 9/11                      First appointed 2015</p>
<p><b>Mr David Hallett</b>                      Nomination: architects                      Meeting attendance: 5/5 term ended                      November 2015                      First appointed 2009</p>	

## ARBV Purpose

The purpose of the ARBV is to regulate the profession of architecture in Victoria on behalf of the public.

## ARBV Mission

The Architects Registration Board of Victoria upholds the quality of architectural service in Victoria, through

- acting with independence
- setting standards of architectural education
- governing with innovative processes
- celebrating and promoting architecture.

Long term, core objectives:

1. To provide advice to the Minister to improve the legislative and regulatory framework for the profession
2. Maintain standards of professional conduct and practice
3. Improve communications

Goals supporting the long term objectives:

1. Provide a briefing for the Minister on the Act and suggestions for improvement.
2. Improve communications.
3. Implement CPD.
4. Review the purpose, mission, and Charter and adopt a new strategic plan.
5. Promote good professional practice and conduct through the Code.
6. Introduce online processes for registration and CPD.
7. Extend the pathways to registration to include overseas architects and local experienced practitioners.



## Progress on each goal 2015-2016

Meet the requirements in the Statement of Expectations which was signed by the Minister on the 6<sup>th</sup> April 2016. An issue to be the subject of a briefing is the Act which the Board is working on.

### Improve communications via electronic means

The website is undergoing improvements in navigation and ease of use for consumers, and social media capabilities and functionality are being enhanced along with introducing mobile friendly messaging.

### Implement CPD

The Architects Regulations 2015 enabled the Board to endorse the national model for CPD by producing Guidelines for architects to meet the requirements of the Code of Professional Conduct. The Board has provided briefings on the CPD requirements, and has activities that can be completed online free of charge.

### Review the purpose, mission, and Charter and adopt a new strategic plan.

Two strategic planning days were held, one in October and the other in February. Working groups were set up to address goals and to report to each Board meeting. The new purpose, mission and Charter statements were approved in April 2016.

### Promote good professional practice and conduct

The Architectural Services Award (ASA) continued in 2015 with members of the Board working with guest judge Fiona Dunster and the winner was Mat Foley for his work with the Brunswick Montessori Children's House. The prize and certificates for the ASA were presented along with professional practice awards to four recipients at the Certificate Conferring Ceremony in December 2015 held at The Deakin Edge in Federation Square. The Board continued to support the increasingly successful Melbourne Open House as one of the sponsors of the Speaker Series.

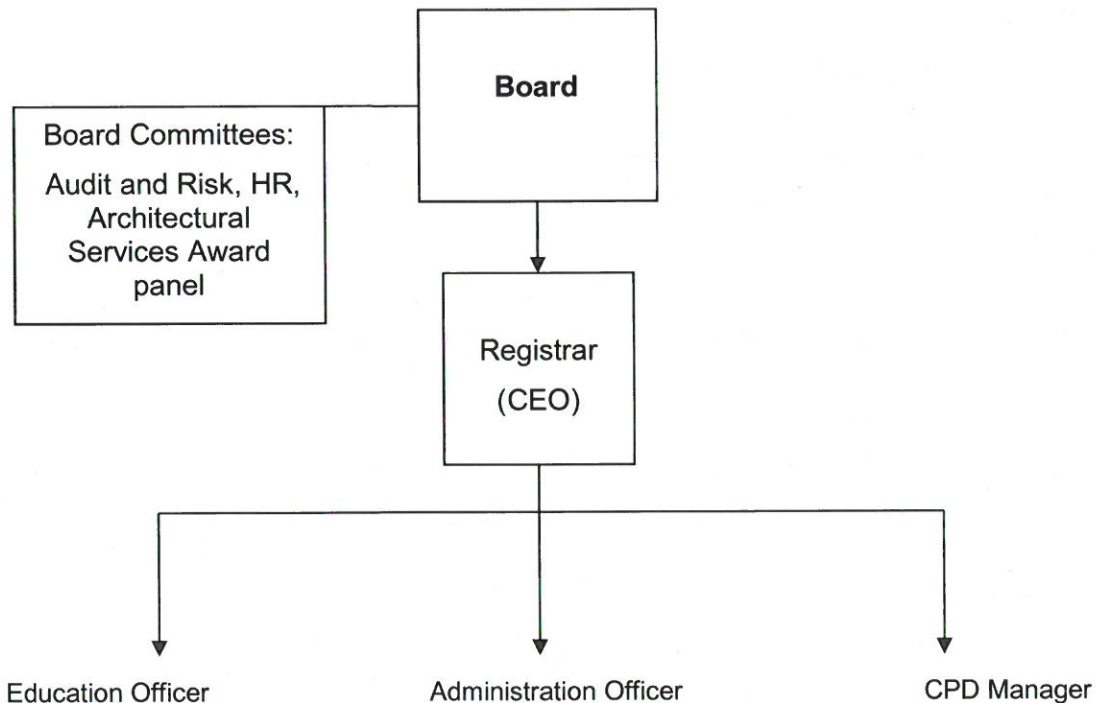
### Introduce on line processes for registration and CPD

Online record keeping and activities have been introduced for Continuing Professional Development (CPD). All applications for registration, company and partnership approvals and for APE candidates are now directly online.

### Extend the pathways to registration to include overseas architects and local experienced practitioners.

The overseas architects pathway to registration was approved by the Board in March after a working group which included the Registrar reported to the AACCA Conference in 2015. The experienced local practitioner pathway was approved in April.

## ARBV Organisational Chart



The Board has a contract with Karl Augustin of August Consulting Services for financial and accountancy services and a contract with Adrian Magee of Magee Consulting Services for compliance matters. A casual employee has been employed for the last quarter of the year.

Other ARBV bodies and groups:

- Architects Tribunal Panel
- Examiners
- Interim Review Panels and National Review Panels for Accreditation of the schools of architecture

The Audit and Risk Committee: Board members on the committee are Venise Reilly, Arianne Rose and David Islip. The independent Chairperson is David Nairn. The Board Chairperson is entitled to attend meetings.

The Human Resources Committee is chaired by David Sainsbery. The other member is David Islip.

## COMPLIANCE WITH THE ARCHITECTS ACT 1991

The purpose of the *Architects Act 1991* is consumer protection. The Act:

- controls the title “architect” so consumers can be confident that a person so described actually is an architect;
- requires practising architects to have compliant professional indemnity insurance; and
- regulates the professional conduct of architects and provides for investigations and inquiries into the professional conduct of architects.

Administration of compliance measures is carried out by the Compliance Officer. This involves investigative and legal services, provision of hearing space, and other administrative costs.

### Offences against the Act – Title Breaches

Section 46(k) of the *Architects Act 1991* enables the Board “to investigate and take proceedings for offences against [the] Act”. The Act (Sections 4, 5, 6, 7 & 8) controls the title of “architect”, as well as the expressions “architectural services”, “architectural design services” and “architectural design” in certain contexts. It also contains more general provisions preventing persons who are not architects from “holding out” as architects.

The Board investigates allegations of misuse of the title, as well as undertaking investigations on its own behalf. In the reporting period, 51 possible breaches of the Act were investigated, and numerous telephone enquiries regarding registration status of individuals and firms were received and responded to.

If after investigation it appears that there is or has been a breach of the Act, a letter from the Board requiring compliance is sent, and normally this is sufficient to achieve compliance with the Act. In cases where this purpose is not achieved, the matter is referred for legal advice regarding prosecution in the Magistrates Court.

During this reporting period, 37 letters of compliance were issued either to a person or firm representing themselves as an architect or using the protected terms, or to media outlets such as newspapers and magazines that have published the protected words in relation to persons or firms not registered or approved by the Board.

Three prosecutions were completed during the reporting period (*see below*). Five matters have been referred for prosecution.

### Title breach actions - summary

	2013 - 2014	2014 - 2015	2015-2016
<i>Number of Title breach investigations</i>	62	50	51
<i>Number of letters of compliance issued</i>	36	34	37
<i>Number of referrals for advice re prosecution</i>	7	7	3
<i>Number of completed prosecutions</i>	3	3	3

## **Compliance with Professional Indemnity Insurance requirements**

The Act (Section 8B and 8C) requires practising architects to have professional indemnity insurance that complies with requirements set out in the *Architects Insurance Ministerial Order*. Practising architects are required to provide proof to the Board that they hold such insurance. The Board monitors compliance with this requirement and may suspend the registration of architects who fail to comply.

## **Complaints against Architects**

The Act (Section 18) provides that the Board, on its own initiative or the complaint of any person, may determine whether an inquiry into an architect's fitness to practise or professional conduct should be held. The professional conduct of architects is governed by the "Victorian Architects Code of Professional Conduct", which is part of the *Architects Regulations 2015*. The Board has developed a strategy to monitor and report on compliance with the Code and targeted enforcement that is proportionate to risk category. As part of this, the Board will implement Guidelines to the Code, consulting with business and the broader community as appropriate. Amongst other strategies for monitoring Code compliance will be:

- assessment of issues arising from enquiries from the public;
- assessment of issues arising from formal complaints against architects;
- assessment of issues forming Architects Tribunal inquiries.

Amongst strategies for encouraging familiarity with the Code will be the Board's ongoing communication with the public and the profession via CPD, its website, Twitter and other social media.

Each year the Board receives enquiries related to the services of architects. In many cases, the caller is seeking information or clarification of rights and responsibilities, normal practice and reasonable expectations of architects; generally not wishing to make a complaint. Callers are assisted as far as possible with information or referred to Board publications and other relevant sources. Some callers are seeking information about or clarification of the disciplinary provisions of the Act and Regulations. Other callers require information about complaint procedures and a complaint form, so they are able to make a formal complaint if they wish to do so.

Complaints must be in writing and include a completed official complaint form, which is available from the Board. All complaints are carefully reviewed using documentation supplied by the complainant and architect and further investigation conducted where necessary.

If after reviewing a complaint the Board decides that there are grounds for further inquiry, it refers the matter to a separate body called the Architects Tribunal. The Tribunal operates independently of the Board.

If the Architects Tribunal finds allegations against an architect proved, the Board is required to enforce the Determinations made by the Tribunal. The Act provides for application to be made to the Victorian Civil and Administrative Tribunal for review of a Determination made at an inquiry.

The Act also provides for application to be made to the Victorian Civil and Administrative Tribunal for review of a decision by the Board not to refer a complaint to inquiry.

## **Architects Tribunals**

In accordance with the requirements of the Act, a Panel of persons qualified to serve as Architects Tribunal Panel members has been appointed by the Minister. The Panel members are:

**Bruce Allen, Margaret Pitt, Peter McEwan, John Permewan, Tony Mussen, Peter Haworth, Maggie Edmond, Sally Angell, Renee Gorenstein, Nicole Feeney, Ian Cunliffe, Drago Dragojlovic, Tony Hinz, Shirley Rooney, Michael Ryan, Les Schwarz, Mark Yorston, Heather Howes, Bronwyn Naylor, Peter Harkness.**

### **Membership of Tribunal**

- (1) A Tribunal must consist of—
  - (a) one person who is a practising architect;
  - (b) one person who is not an architect; and
  - (c) one person who is a representative of consumer interests.
- (2) The members of a Tribunal must be chosen from a panel of persons appointed by the Minister under section 21A.
- (3) A member of the Board cannot be a member of a Tribunal.
- (4) At least one member of a Tribunal is to be a person with legal experience and knowledge.
- (5) A Tribunal must elect one of its members to be the Chairperson of the Tribunal.

### **Number of Complaints & Architects Tribunal Inquiries**

The incidence of complaints, as well as the proportion of complaints resulting in Tribunal inquiry, bears favourable comparison with the number of architects registered in Victoria.

The Board received 13 complaints. The Board did not find grounds for referral to inquiry in 8 cases; 2 have been referred to Tribunal inquiry; and 3 complaints are still under review.

2 Architects Tribunal inquiries were concluded during the reporting period. In one of these the architect applied to VCAT for a review of the Architects Tribunal decision. VCAT upheld the Architects Tribunal decision.

	2013 - 2014	2014 - 2015	2015 - 2016
<i>Number of formal complaints received</i>	8	10	13
<i>Complaint reviews pending</i>	2	3	3
<i>Number of complaints referred to Tribunal</i>	1	0	2
<i>Number of Tribunal inquiries completed</i>	5	1	2

## Registrations and Architectural Practice Examination Statistics

<b>NEW REGISTRATIONS</b>	2011-12	2012-13	2013-14	2014-15	2015-16
Female	122	116	87	93	95
Male	194	165	141	152	176
<b>Total</b>	<b>316</b>	<b>281</b>	<b>228</b>	<b>245</b>	<b>271</b>
Company / Partnerships	58	56	78	76	82
<b>Total on Register</b>	<b>4513</b>	<b>4718</b>	<b>4735</b>	<b>4885</b>	<b>5145</b>
<b>Total on Register as at 30/06</b>	2011-12	2012-13	2013-14	2014-15	2015-16
Retired*	217	225	231	N/A*	N/A
Non-Practising	766	840	767	1204	1227
Practising	3435	3558	3642	3681	3918
Non-Practising Exempt*	90	90	0	N/A*	N/A
Practising Exempt*	5	5	95	N/A*	N/A
Company / Partnership	863	881	908	936	986
<b>APE (Part 3)</b>	2011-12	2012-13	2013-14	2014-15	2015-16
Number of Candidates	<b>290</b>	<b>273</b>	<b>233</b>	<b>224</b>	<b>250</b>
Number of Pass	257	241	207	199	226
Number of Fail	33	32	26	25	24
Female	126	101	104	89	104
Male	164	172	129	135	146

\*The Architects Regulations 2015 abolished the retired class of registration

## DISCLOSURE INDEX

The Annual Report of the Architects Registration Board of Victoria is prepared in accordance with all relevant Victorian legislation. This index has been prepared to facilitate identification of our compliance with statutory disclosure requirements.

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Legislation	Requirement	Page reference
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The ARBV has entered into no consultancies over \$100,000 or major contracts over \$10,000,000.

### Operational and budgetary objectives and performance against objectives

<u>Goal 1</u> Review of the Act	Main tasks: Obtain Minister's consent to a revision.	Strategy: Provide a briefing with the assistance of the DELWP following the SoE report.	Outcome: Work in progress
<u>Goal 2</u> Improve Communications	Main tasks: Redevelop the website, build a social media profile, support sponsorships.	Strategy: Engage website developers to rebrand the website and improve functionality.	Outcome: Work in progress
<u>Goal 3</u> CPD	Main tasks: Endorse the national model	Strategy: Communication	Outcome: Architects increasing CPD engagement
<u>Goal 4</u> New purpose, mission and Charter statements	Main tasks: Develop consensus on new text	Strategy: Process led by Governance group	Outcome: Completed April
<u>Goal 5</u> Promote Good Professional Practice and Conduct through the Code	Main tasks: 1 Professional Practice Awards 2. Architectural Services Award	Strategy: Communication and CPD	Outcome: Code adhered to by architects
<u>Goal 6</u> Online processes for registration and CPD	Main tasks: Communicate with architects. Adapt YM software.	Strategy: Appoint CPD Manager	Outcome: Activated end 2015
<u>Goal 7</u> Extend pathways to registration	Main tasks: Collaboration with the AACA and other jurisdictions	Strategy: Develop detailed guidelines for consultation	Outcome: Adopted March and April First applications received May

## **EMPLOYMENT AND CONDUCT PRINCIPLES**

The ARBV is committed to applying merit and equity principles when appointing staff. The selection processes ensure that applicants are assessed and evaluated fairly and equitably on the basis of key selection criteria and other accountabilities without discrimination.

## **OCCUPATIONAL HEALTH AND SAFETY POLICY**

The ARBV has continued its commitment to OH&S compliance as well as general staff health and wellbeing. An OH&S policy is included in the employment manual, adopted by the Board after staff consultation. There is a first aid kit in the office, a record book for accidents and injuries at work, and staff meetings regularly assess workplace safety. OH&S procedures include:

- vaccinations for influenza, paid for by the ARBV.
- cash and cheques are picked up by courier instead of staff members delivering them in person to the bank.
- times when staff are alone in the office are kept to a minimum.
- staff are encouraged to monitor their sedentary hours, regularly move around the office, address back and shoulder strain caused by computer work, and practise yoga exercises.
- staff are encouraged to use sick leave when ill, and are required to take annual leave entitlements.

Job satisfaction levels are monitored as part of the annual appraisal cycle, and recorded for the financial year with staff reporting their satisfaction in the “high” category.

## **FREEDOM OF INFORMATION ACT 1982**

The *Freedom of Information Act 1982* allows public access to documents held by the ARBV. There was 1 FOI application processed in the reporting period.

The FOI Officer is the Administration Officer who reports regularly to the Board, and if required, the Registrar reviews FOI decisions.

## **STATEMENT ON NATIONAL COMPETITION POLICY**

Competitive neutrality seeks to enable fair competition between government and private sector businesses. The ARBV continues to implement and apply this principle in its business undertakings.

## **COMPLIANCE WITH THE PROTECTED DISCLOSURES ACT 2012**

The *Protected Disclosure Act 2012* encourages and assists people in making disclosures of improper conduct by public officers and public bodies. The Act provides protection to people who make disclosures in accordance with the Act and establishes a system for the matters disclosed to be investigated and rectifying action to be taken.

The ARBV does not tolerate improper conduct by employees, or the taking of reprisals against those who come forward to disclose such conduct. It is committed to ensuring transparency and accountability in its administrative and management practices and supports the making of disclosures that reveal corrupt conduct, conduct involving a substantial mismanagement of public resources, or conduct involving a substantial risk to public health and safety or the environment.

The ARBV will take all reasonable steps to protect people who make such disclosures from any detrimental action in reprisal for making the disclosure. It will also afford natural justice to the person who is the subject of the disclosure to the extent it is legally possible.

### **Reporting procedures**

Disclosures of improper conduct or detrimental action by the ARBV or any of its employees and/or officers may be made to any of the following ARBV personnel:

- the Protected Disclosure Coordinator
- the Registrar
- the Chairperson of the Board

Alternatively, disclosures of improper conduct or detrimental action by the ARBV or any of its employees and/or officers may also be made directly to the Independent Broad-based Anti-corruption Commission:

Level 1, North Tower, 459 Collins Street  
Melbourne, VIC 3000  
Phone: 1300 735 135  
Internet: [www.ibac.vic.gov.au](http://www.ibac.vic.gov.au)

### **Further information**

The Protected Disclosure Policy and Procedures, which outline the system for reporting disclosures of improper conduct or detrimental action by the ARBV or any of its employees and/or officers, are available from the ARBV.

## **COMPLIANCE WITH THE MINISTERIAL STANDING DIRECTION 4.5.5 RISK MANAGEMENT**

The ARBV is AS/NZS ISO 31000: Risk Management-Principles and Guidelines compliant and an appropriate financial risk management framework is in place. The Board has a financial risk management policy and internal systems in place to address key risks. The internal auditor for the ARBV is LDAssurance who report directly to the Audit and Risk Committee.

## Disclosures under the Protected Disclosure Act 2012

	2014-15	2015-16
	Number	Number
<b>The number of disclosures made by an individual to the ARBV and notified to the Independent Broad-based Anti-corruption Commission from 30 June 2014- 1<sup>st</sup> July 2016:</b>		
Assessable disclosures	0	0

## AVAILABILITY OF FURTHER INFORMATION

Information relevant to Financial Reporting Direction 22D of the *Financial Management Act 1994* is held at the ARBV's office and is available on request subject to the *Freedom of Information Act 1982*.

## STATUTORY COMPLIANCE

The ARBV attests that it is compliant with the *Victorian Industry Participation Policy Act 2003*, the *Multicultural Victoria Act 2004* and the *Building Act 1993*.

The landlord is asked to provide assurance of the building's compliance with the *Building Act 1993* each year.

## REPORTING ON OFFICE BASED ENVIRONMENTAL IMPACTS

Used printer cartridges are disposed of via Planet Ark.

Recycled paper is always used, and waste paper is binned for recycling. Carbon offsets are purchased with all air tickets. The tinting of the windows and the installation of blinds has reduced some of the need for air conditioning.

Secure bins are used to dispose of confidential documents, which are collected regularly.

The ARBV office has transferred the majority of paper records to electronic storage in the cloud and on off site servers. Board agenda and minute papers are now distributed via Dropbox.

Parking fees in parking buildings are no longer a claimable expense for examiners, to encourage the use of public transport.

## DISABILITY ACTION PLAN

The ARBV has a Disability Action Plan approved by the Board.

## List of ARBV Chairpersons and Registrars since 1923

1. Edward Bates	1923-1931	1. William Campbell	1923-1929
2. William Godfrey	1931-1934	2. John Islip	1929-1970
	Plus a period 1924-1925 as acting chair		Charles Serpell was acting registrar 1942-1946 while John Islip was on leave having enlisted in the Royal Australian Air Force.
3. Kingsley Henderson	1934-1939	3. John Janicke	1970-1971
4. John Gawler	1939-1946	4. Tom Cranston	1971-1972
5. Stanley Parkes	1946-1966	5. Raymond Wilson	1972-1972
6. Harry Winbush	1966-1971	6. Noel Bewley	1972-1986
7. Ronald Lyon	1971-1975	7. Mary Mauthoor	1986-1992
8. R.J.Gibson	1975-1983	8. Jeffrey Keddie	1992-1998
9. J.F.Swan	1983-1985	9. Michael Kimberley	1998-2008
10. A.Rodger	1985-1988	10. Alison Ivey	2008-
11. Peter Williams	1988-1997		
12. Robert McGauran	1997-2000		
13. Andrew Hutson	2000-2012		
14. David Sainsbery	2012-		

## **Mandatory Requirements of the Victorian Government Risk Management Framework**

**Statement by the Architects Registration Board of Victoria for the year ended 30 June 2016**

### **Accountable Officer's and Responsible Body's attestation**

I, Alison Ivey certify that the Architects Registration Board of Victoria has complied with the *Ministerial Standing Direction 4.5.5 –Risk Management Framework and Processes*. The ARBV Audit and Risk Committee verifies this.



Accountable Officer

**Alison Ivey**

Registrar

## **Annual Report 2015/2016 (Financials)**

### **Five year financial summary**

	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Total income from transactions	1,810,632	1,655,000	1,562,960	1,260,102	1,274,197
Operating expenses	1,478,554	1,291,077	1,308,601	1,073,398	1,237,119
Boyd Foundation grant (i)	0	0	0	0	50,000
Sponsorships and Donations (i)	31,500	17,000	17,000	10,000	2,250
Net result for the period	331,761	363,923	254,359	186,704	37,078
Net increase (decrease) in cash and cash equivalents	452,124	90,903	(275,268)	275,138	146,691
Total assets	2,340,591	1,854,870	1,432,493	1,198,514	920,403
Total liabilities	1,216,749	1,062,789	1,004,335	1,024,715	933,308

(i) Boyd foundation grant and sponsorships and donations are included in the net result for the period

## REPORT OF AUDITOR GENERAL

**VAGO**

Victorian Auditor-General's Office

Level 24, 35 Collins Street  
Melbourne VIC 3000

Telephone 61 3 8601 7000  
Facsimile 61 3 8601 7010  
Website [www.audit.vic.gov.au](http://www.audit.vic.gov.au)

### INDEPENDENT AUDITOR'S REPORT

#### To the Board Members, Architects Registration Board of Victoria

##### *The Financial Report*

I have audited the accompanying financial report for the year ended 30 June 2016 of the Architects Registration Board of Victoria which comprises the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement, notes comprising a summary of significant accounting policies and other explanatory information, and the accountable officer's and responsible body's declaration.

##### *The Board Members' Responsibility for the Financial Report*

The Board Members of the Architects Registration Board of Victoria are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, and the financial reporting requirements of the *Financial Management Act 1994*, and for such internal control as the Board Members determine is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

##### *Auditor's Responsibility*

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit, which has been conducted in accordance with Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The audit procedures selected depend on judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, consideration is given to the internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Board Members, as well as evaluating the overall presentation of the financial report.

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

*Auditing in the Public Interest*



**Independent Auditor's Report (continued)**

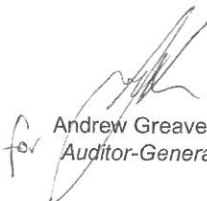
*Independence*

The Auditor-General's independence is established by the *Constitution Act 1975*. The Auditor-General is not subject to direction by any person about the way in which his powers and responsibilities are to be exercised. In conducting the audit, I and my staff and delegates have complied with the applicable independence requirements of the Australian Auditing Standards and relevant ethical pronouncements.

*Opinion*

In my opinion, the financial report presents fairly, in all material respects, the financial position of the Architects Registration Board of Victoria as at 30 June 2016 and its financial performance and its cash flows for the year then ended in accordance with applicable Australian Accounting Standards, and the financial reporting requirements of the *Financial Management Act 1994*.

MELBOURNE  
22 September 2016

  
for Andrew Greaves  
Auditor-General

## Financial Statements and Certification

### Statement by the Architects Registration Board of Victoria for the year ended 30 June 2016

#### Accountable Officer's and Responsible Body's Declaration

The attached financial statements for the Architects Registration Board of Victoria have been prepared in accordance with Standing Direction 4.2 of the *Financial Management Act 1994*, applicable Financial Reporting Directions, Australian Accounting Standards including Interpretations, and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and accompanying notes, presents fairly the financial transactions during the year ended 30 June 2016 and financial position of the Board at 30 June 2016.

At the time of signing, we are not aware of any circumstance which would render any particulars included in the financial statements to be misleading or inaccurate.

We authorise the attached financial statements for issue on 20<sup>th</sup> September 2016



Accountable Officer

**Alison Ivey**

Registrar



Chairperson of the Board

**David Sainsbery**

Dated this 20th day of September 2016.

**Comprehensive Operating Statement**  
for the financial year ended 30 June 2016

	Notes	2016	2015
		\$	\$
<b>Continuing operations</b>			
<b>Income from transactions</b>			
Revenue from continuing operations	2	1,810,632	1,655,000
<b>Total income from transactions</b>		<b>1,810,632</b>	<b>1,655,000</b>
<b>Expenses from transactions</b>			
Application for registration		6,228	5,091
Annual registration		4,915	2,877
Employee expenses		369,672	327,601
Professional services		506,425	424,296
Administration	3a	221,617	188,845
Registration examinations		155,310	146,023
Occupancy		163,319	152,160
Postage, printing & stationery		4,881	3,640
Depreciation	6	14,687	23,544
Sponsorships and Donations	3b	31,500	17,000
<b>Total expenses from transactions</b>		<b>1,478,554</b>	<b>1,291,077</b>
<b>Net result from transactions (net operating balance)</b>		<b>332,078</b>	<b>363,923</b>
<b>Other economic flows included in net result</b>			
Other gains/(losses) from other economic flows		(317)	0
<b>Comprehensive result</b>		<b>331,761</b>	<b>363,923</b>

The comprehensive operating statement should be read in conjunction with the notes to the financial statements.

**Balance Sheet**  
as at 30 June 2016

	Notes	2016	2015
<b>Assets</b>		\$	\$
<b>Financial assets</b>			
Cash and deposits	4a	1,351,624	899,500
Receivables	5	81,423	59,270
Investments and other financial assets	4b	850,000	850,000
<b>Total financial assets</b>		<b>2,283,047</b>	<b>1,808,770</b>
<b>Non-financial assets</b>			
Prepayments		36,487	18,503
Plant and equipment	6	21,057	27,597
<b>Total non-financial assets</b>		<b>57,544</b>	<b>46,100</b>
<b>Total assets</b>		<b>2,340,591</b>	<b>1,854,870</b>
<b>Liabilities</b>			
Annual registration fees received in advance	7c	1,002,423	916,150
Payables	7a	161,270	89,789
Provisions	7b	53,056	56,850
<b>Total liabilities</b>		<b>1,216,749</b>	<b>1,062,789</b>
<b>Net assets</b>		<b>1,123,842</b>	<b>792,081</b>
<b>Equity</b>			
Contributed capital	8	221,718	221,718
Accumulated surplus / (deficit)	9	902,124	570,363
<b>Net worth</b>		<b>1,123,842</b>	<b>792,081</b>

The balance sheet should be read in conjunction with the notes to the financial statements.

**Statement of Changes in Equity**  
for the financial year ended 30 June 2016

	<i>Notes</i>	<i>Accumulated Surplus</i>	<i>Contributed Capital</i>	<i>Total</i>
		\$	\$	\$
<b>Balance at 1 July 2014</b>		206,440	221,718	428,158
Net result for the year		363,923	0	363,923
<b>Balance at 30 June 2015</b>		<b>570,363</b>	<b>221,718</b>	<b>792,081</b>
Net result for the year		331,761	0	331,761
<b>Balance at 30 June 2016</b>		<b>902,124</b>	<b>221,718</b>	<b>1,123,842</b>

The statement of changes in equity should be read in conjunction with the notes to the financial statements.

**Cash Flow Statement**  
for the financial year ended 30 June 2016

		2016	2015
	Notes	\$ Inflows (Outflows)	\$ Inflows (Outflows)
<b>Cashflows from operating activities</b>			
Receipts:			
Interest		32,435	33,893
Receipts from Subscribers and Sundry Income		1,934,909	1,793,744
<b>Total receipts</b>		<b>1,967,344</b>	<b>1,827,637</b>
Payments:			
Payments to Suppliers and Employees		(1,507,073)	(1,358,349)
<b>Total payments</b>		<b>(1,507,073)</b>	<b>(1,358,349)</b>
<b>Net cash flows from / (used in) operating activities</b>	10	<b>460,271</b>	<b>469,288</b>
<b>Cashflows from investing activities:</b>			
Investment in Term Deposits		0	(350,000)
Payments for Plant & Equipment		(8,147)	(28,385)
<b>Net cashflows from / (used in) investing activities</b>		<b>(8,147)</b>	<b>(378,385)</b>
Net increase / (decrease) in Cash and cash equivalents		452,124	90,903
Cash and cash equivalents at beginning of financial year		899,500	808,597
<b>Cash and cash equivalents at end of financial year</b>	4(a)	<b>1,351,624</b>	<b>899,500</b>

The above cash flow statement should be read in conjunction with the notes to the financial statements.

## Notes to the financial statements for the financial year ended 30 June 2016

### Note 1. Summary of Significant Accounting Policies

These annual financial statements represent the general purpose financial statements for the Architects Registration Board of Victoria (ARBV) for the financial year ended 30 June 2016. The purpose of the report is to provide users with information about the ARBV's stewardship of resources entrusted to it.

#### (a) Statement of compliance

These general purpose financial statements have been prepared in accordance with the *Financial Management Act 1994* (FMA) and applicable Australian Accounting Standards (AAS) including Interpretations, issued by the Australian Accounting Standards Board (AASB). In particular, they are presented in a manner consistent with the requirements of AASB 1049 *Whole of Government and General Government Sector Financial Reporting*. Where appropriate, those AAS paragraphs applicable to not-for-profit entities have been applied.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

To gain a better understanding of the terminology used in this report, a glossary of terms and style conventions can be found in Note 19.

These annual financial statements were authorised for issue by the Chairperson of the ARBV on the 13<sup>th</sup> September 2016.

#### (b) Basis of Accounting Preparation and Measurement

The accrual basis of accounting has been applied in the preparation of these financial statements whereby assets, liabilities, equity, income and expenses are recognised in the reporting period to which they relate, regardless of when cash is received or paid.

Judgements, estimates and assumptions are required to be made about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on professional judgements derived from historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Revisions to accounting estimates are recognised in the period in which the estimate is revised and also in future periods that are affected by the revision. Judgements and assumptions made by management in the application of AASs that have significant effects on the financial statements and estimates relate to assumptions for employee benefit provisions based on likely tenure of existing staff, patterns of leave claims, future salary movements and future discount rates.

These financial statements are presented in Australian dollars, and prepared in accordance with the historical cost convention.

#### Reporting entity

The financial statements cover the ARBV as an individual reporting entity.

Its principal address is:

The Architects Registration Board of Victoria

Level 7, 372 Albert Street

East Melbourne VIC 3002

## **Note 1. Summary of Significant Accounting Policies (continued)**

### **(c) Scope and presentation of financial statements**

#### **Comprehensive operating statement**

The comprehensive operating statement comprises three components, being 'net result from transactions (or termed as 'net operating balance'), 'other economic flows included in net result', as well as 'other economic flows – other comprehensive income'. The sum of the former two, together with the net result from discontinued operations, represents the net result.

The net result is equivalent to profit or loss derived in accordance with AASs.

This classification is consistent with the whole of government reporting format and is allowed under AASB 101 *Presentation of Financial Statements*.

Refer to Note 19 Glossary for the definitions of 'transactions included in net result', 'other economic flows included in net result' and 'other economic flows – other comprehensive income'.

#### **Balance sheet**

Assets and liabilities are presented in liquidity order with assets aggregated into financial assets and non-financial assets.

Current and non-current assets and liabilities (non-current being those assets or liabilities expected to be recovered or settled more than 12 months after the reporting period) are disclosed in the notes, where relevant.

#### **Statement of changes in equity**

The statement of changes in equity presents reconciliations of non-owner and owner changes in equity from opening balance at the beginning of the reporting period to the closing balance at the end of the reporting period. It also shows separately changes due to amounts recognised in the 'Comprehensive result' and amounts recognised in 'Transactions with owners in its capacity as owner'.

#### **Cash flow statement**

Cash flows are classified according to whether or not they arise from operating, investing, or financing activities. This classification is consistent with requirements of AASB 107 *Statement of cash flows*.

#### **Rounding**

Amounts in the financial statements have been rounded to the nearest dollar, unless otherwise stated. Figures in the financial statements may not equate due to rounding. Please refer to the end of Note 19 for a style convention for explanations of minor discrepancies resulting from rounding.



## **Note 1. Summary of Significant Accounting Policies (continued)**

### **(d) Financial Assets**

#### **Cash and deposits**

Cash and deposits on the balance sheet comprise cash on hand and cash at bank, deposits at call and those highly liquid investments (with an original maturity of three months or less), which are held for the purpose of meeting short term cash commitments rather than for investment purposes, and are readily convertible to known amounts of cash with an insignificant risk of changes in value.

#### **Receivables**

Receivables consist of:

- contractual receivables such as debtors in relation to goods and services and accrued investment income; and
- statutory receivables such as GST input tax credits recoverable.

Contractual receivables are classified as financial instruments and categorised as receivables (refer to Note 14 Financial Instruments for recognition and measurement). Statutory receivables are recognised and measured similarly to contractual receivables (except for impairment), but are not classified as financial instruments because they do not arise from a contract.

Receivables are subject to impairment testing as described below. A provision for doubtful receivables is recognised when there is objective evidence that the debts may not be collected, and bad debts are written off when identified.

#### **Investments and other financial assets**

Investments are classified as loans and receivables.

Any interest earned on the financial asset is recognised as a transaction.

#### **Impairment of financial assets**

At the end of each reporting period, the ARBV assesses whether there is objective evidence that a financial asset or group of financial assets is impaired. All financial instrument assets are subject to annual review for impairment.

Receivables are assessed for bad and doubtful debts on a regular basis. Those bad debts considered as written off by mutual consent are classified as a transaction expense. Bad debts not written off by mutual consent and the allowance for doubtful receivables are classified as other economic flows in the net result.

## Note 1. Summary of Significant Accounting Policies (continued)

### (e) Other non-financial assets

#### Prepayments

Other non-financial assets include prepayments which represent payments in advance of receipt of goods or services or that part of expenditure made in one accounting period covering a term extending beyond that period.

#### Plant and equipment

All non-financial physical assets are measured initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment. Where an asset is acquired for no or nominal cost, the cost is its fair value at the date of acquisition.

##### Fair value measurement hierarchy for assets at as 30 June 2016

	Carrying amount as at 30 June 2016	Fair value measurement at end of reporting period using:		
		Level 1	Level 2	Level 3
Property, plant and equipment at fair value				
Leasehold Improvements	5,440			5,440
Office equipment	15,618			15,618
<b>Total plant and equipment at fair value</b>	<b>21,058</b>			<b>21,058</b>

##### Description of significant unobservable inputs into level 3 valuations

	Valuation Technique	Significant Unobservable Inputs	Range	Sensitivity
Office equipment and leasehold improvements	Depreciated replacement cost	Cost per unit	\$2,000 - \$3,000 per unit	A significant increase or decrease in cost per unit would result in a significantly higher or lower fair value

#### Plant and equipment

Plant and equipment is held at fair value. Fair value is determined using the depreciated replacement cost method. For all assets measured at fair value, the current use is considered the highest and best use.

## **Note 1. Summary of Significant Accounting Policies (continued)**

### **(f) Liabilities**

#### **Payables**

Payables consist of:

- contractual payables, such as accounts payable and fees received in advance. Accounts payable represent liabilities for goods and services provided to the ARBV prior to the end of the financial year that are unpaid, and arise when the ARBV becomes obliged to make future payments in respect of the purchase of those goods and services; and
- statutory payables, such as goods and services tax, fringe benefits tax and PAYG withholding tax.

Contractual payables are classified as financial instruments and categorised as financial liabilities at amortised cost. Statutory payables are recognised and measured similarly to contractual payables, but are not classified as financial instruments and not included in the category of financial liabilities at amortised cost, because they do not arise from a contract.

Terms of settlement are generally 30 days from date of invoice.

#### **Provisions**

Provisions are recognised when the ARBV has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows, using discount rate that reflects the time value of money and risks specific to the provision.

When some or all of the economic benefits required to settle a provision are expected to be received from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

#### **Employee benefits**

Provision is made for benefits accruing to employees in respect of wages and salaries and annual leave and long service leave for services rendered to the reporting date.

##### **(i) Wages and salaries and annual leave**

Liabilities for wages and salaries, including non-monetary benefits, and annual leave are recognised in the provision for employee benefits as "current liabilities" because the ARBV does not have an unconditional right to defer settlement of these liabilities.

Depending on the expectation of the timing of settlement, liabilities for wages and salaries, and annual leave are measured at:

- nominal value if the ARBV expects to wholly settle within 12 months; or
- present value if the ARBV does not expect to wholly settle within 12 months.

##### **(ii) Long service leave**

Liability for long service leave (LSL) is recognised in the provision for employee benefits.

**Unconditional LSL** is disclosed in the notes to the financial statements as a current liability even where the ARBV does not expect to settle the liability within 12 months because it will not have the unconditional right to defer the settlement of the entitlement should an employee take leave within 12 months.

## **Note 1. Summary of Significant Accounting Policies (continued)**

### **Employee benefit provisions (continued)**

The components of this current LSL liability are measured at:

- nominal value if the ARBV expects to wholly settle within 12 months; and
- present value if the ARBV does not expect to wholly settle within 12 months.

Conditional LSL is disclosed as a non-current liability because there is an unconditional right to defer the settlement of the entitlement until the employee has completed the requisite years of service. This non-current LSL liability is measured at present value.

Any gain or loss following revaluation of the present value of non-current LSL liability is recognised as a transaction, except to the extent that a gain or loss arises due to changes in bond interest rates for which it is then recognised as an 'other economic flow'.

### **(iii) Termination benefits**

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee decides to accept an offer of benefits in exchange for the termination of employment. The ARBV recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

### **(iv) Employee benefits on-costs**

Employee benefits on-costs such as workers compensation and superannuation are recognised separately from the provision for employee benefits.

### **(g) Income from transactions**

Income is recognised to the extent that it is probable that the economic benefits will flow to the ARBV and the income can be reliably measured at fair value.

Revenue is recognised in accordance with AASB 118 *Revenue* and is recognised as to the extent it is earned.

Amounts disclosed as revenue are, where applicable, net of returns, allowances and duties and taxes.

Revenues from registration fees and sundry income are recognised when they are earned. Registration fees received relating to the following registration year are recognised as fees received in advance at year end, as the service has not yet been provided.

### **Interest**

Interest income includes interest received on bank term deposits. Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

Interest income on investments and cash holdings are recognised as they accrue.

### **(h) Expenses from Transactions**

Expenses from transactions are recognised as they are incurred and reported in the financial year to which they relate.

## **Note 1. Summary of Significant Accounting Policies (continued)**

### **Employee expenses**

Refer to Note 1(F) regarding provisions - employee benefits.

These expenses include all costs related to employment (other than superannuation which is accounted for separately) including wages and salaries, fringe benefits tax, leave entitlements, redundancy payments and WorkCover premiums.

### **Superannuation**

#### Defined Contribution Plans

The amount recognised as an expense is the employer contributions for members of defined contribution superannuation plans that are paid or payable during the reporting period.

#### Defined Benefit Plans

The ARBV does not have a defined benefit plan.

### **Depreciation**

All plant and equipment with finite useful lives are depreciated. Depreciation is generally calculated on a straight-line basis, at rates that allocate the asset's value, less any estimated residual value, over its estimated useful life.

Leasehold improvements are depreciated over the period of the lease using the straight-line method.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period and adjustments made where appropriate.

The following are typical estimated useful lives for the different asset classes for current and prior years.

<b>Asset class</b>	<b>Useful life</b>
Computers	4 years
Furniture & Fittings	5 – 13 years
Leasehold Improvements	5 years

### **Other operating expenses**

Other operating expenses generally represent the day to day running costs incurred in normal operations and include:

#### **Supplies and services**

Supplies and services are recognised as an expense in the reporting period in which they are incurred.

## **Note 1. Summary of Significant Accounting Policies (continued)**

### **(i) Other economic flows included in the net result**

#### **Net Gain/(Loss) on non-financial assets**

Net gain/(loss) on non-financial assets includes realised and unrealised gains and losses from:

#### **Revaluation Gain/(Loss) of non-financial physical assets**

Refer to Note 1(e) Other non-financial assets.

#### **Net gain/(loss) on disposal of non-financial assets**

Any gain or loss on the disposal of non-financial assets is recognised at the date of disposal and is the difference between the proceeds and the carrying value of the asset at the time.

#### **Other gains/(losses) from other economic flows**

Other gains/(losses) from other economic flows include the gains or losses from:

The revaluation of the present value of the long service leaves liability due to changes due to changes in inflation factors and discount rates

## **Note 1. Summary of Significant Accounting Policies (continued)**

### **Impairment of non-financial assets**

All assets are assessed annually for indications of impairment, except for non-current physical assets held for sale.

If there is an indication of impairment, the asset concerned is tested as to whether its carrying value exceeds its recoverable amount. Where an asset's carrying value exceeds its recoverable amount, the difference is written off as an expense except to the extent that the write-down can be debited to an asset revaluation reserve applicable to that class of asset.

If there is an indication that there has been a change in the estimate of an asset's recoverable amount since the last impairment loss was recognised, the carrying amount shall be increased to its recoverable amount. This reversal of the impairment loss occurs only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised in prior years.

It is deemed that, in the event of the loss or destruction of an asset, the future economic benefits arising from the use of the asset will be replaced unless a specific decision to the contrary has been made. The recoverable amount for most assets is measured at the higher of depreciated replacement cost and fair value less costs to sell.

### **(j) Financial instruments**

Financial instruments arise out of contractual agreements that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Due to the nature of the ARBV's activities, certain financial assets and financial liabilities arise under statute rather than a contract. Such financial assets and financial liabilities do not meet the definition of financial instruments in AASB 132 *Financial Instruments: Presentation*. For example, statutory receivables arising from taxes, fines and penalties do not meet the definition of financial instruments as they do not arise under contract.

Where relevant, for note disclosure purposes, a distinction is made between those financial assets and financial liabilities that meet the definition of financial instruments in accordance with AASB 132 and those that do not.

The following refers to financial instruments unless otherwise stated.

### **Categories of non derivative financial instruments**

#### **Receivables**

Receivables are financial instrument assets with fixed and determinable payments that are not quoted on an active market. These assets are initially recognised at fair value plus any directly attributable transaction costs. The receivables category includes cash and deposits, term deposits with maturity greater than three months, trade and other receivables, but not statutory receivables.

Financial instrument liabilities measured at amortised cost include all of the ARBV's contractual payables, deposits held and advances received, and interest bearing arrangements.

### **(k) Leases**

A lease is a right to use an asset for an agreed period of time in exchange for payment.

#### **The ARBV as lessee**

##### **Operating Leases**

Operating lease payments, including any contingent rentals, are recognised as an expense on a straight line basis over the lease term, except where another systematic basis is more representative of the time pattern of the benefits derived from the use of the leased asset. The leased asset is not recognised in the balance sheet.

## **Note 1. Summary of Significant Accounting Policies (continued)**

All incentives for the agreement of a new or renewed operating lease are recognised as an integral part of the net consideration agreed for the use of the leased asset, irrespective of the incentive's nature or form or the timing of payments.

In the event that lease incentives are received to enter into operating leases, the aggregate cost of incentives are recognised as a reduction of rental expense over the lease term on a straight line basis, unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

### **Leasehold Improvements**

The cost of leasehold improvements is capitalised as an asset and depreciated over the shorter of the remaining term of the lease or the estimated useful life of the improvements.

### **(l) Income taxes**

Tax effect accounting has not been applied as the ARBV is exempt from income tax under Section 50-25 of the *Income Tax Assessment Act 1997*.

### **(m) Accounting for the goods and services tax (GST)**

Income, expenses and assets are recognised net of the amount of associated GST, except where GST incurred is not recoverable from the Australian Taxation Office (ATO). In this case, the GST payable 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 ATO is included with other receivables or payables in the balance sheet.

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 ATO, are presented as operating cash flow.

Commitments and contingent assets and liabilities are also stated inclusive of GST.

### **(n) Corporate structure**

The ARBV is a statutory body established by the *Architects Act 1991*.

### **(o) Equity**

#### **Contributed capital**

Additions to net assets which have been designated as contributions by owners are recognised as contributed capital. Other transfers that are in the nature of contributions or distributions have also been designated as contributions by owners.

Transfers of net assets arising from administrative restructurings are treated as distributions to or contributions by owners. Transfers of net liabilities arising from administrative restructurings are treated as distributions to owners.

### **(p) Australian Accounting Standards issued that are not yet effective**

Certain Australian Accounting Standards (AAS) have been published that are not mandatory for the 30 June 2016 reporting period. DTF assesses the impact of these standards and advises the ARBV of their applicability and early adoption where applicable. Please refer to Appendix 2 for the detailed list of the AASs issued but are not yet effective for the 2015/16 reporting period.



**Notes to the financial statements for the financial year ended 30 June 2016**

**NOTE 2. Income from transactions**

	2016	2015
	\$	\$
<b>Income</b>		
Revenue from fees:		
Annual registration	1,469,317	1,292,451
Application and revocation	64,846	60,257
Revenue from examinations:		
Examination	202,250	184,015
Interest Received:		
Interest on bank deposits	32,531	33,893
Sundry income	170	0
Legal fees recovery	41,518	84,384
<b>Total income from transactions</b>	<b>1,810,632</b>	<b>1,655,000</b>

**NOTE 3a. Administration expenses**

The Administration expenses comprise

	2016	2015
	\$	\$
Finance and Bank Charges	41,506	36,008
Advertising	3,131	2,598
Travel and Accommodation	7,170	17,706
Awards	9,580	12,888
Service & Maintain Office Equipment	11,015	10,166
IT and Computer Services	81,351	76,243
Other Expenses	6,849	5,400
Subscriptions	30,195	27,836
Project - Internal audit	9,750	0
Project - Communications	12,600	0
Project - Other	8,470	0
<b>Total administration expenses</b>	<b>221,617</b>	<b>188,845</b>

**NOTE 3b. Sponsorships and Donations**

	2016	2015
	\$	\$
Sponsorships and Donations	31,500	17,000
<b>Total sponsorships and donations</b>	<b>31,500</b>	<b>17,000</b>

In 2016 the ARBV board agreed to continue the sponsorship of the Melbourne Open House speaker series and provided a donation to the Robin Boyd Foundation.

Notes to the financial statements for the financial year ended 30 June 2016

**NOTE 4a. Cash and deposits**

	2016	2015
	\$	\$
Cash on Hand	360	360
Cash at Bank	1,351,264	899,140
<b>Total Cash and deposits</b>	<b>1,351,624</b>	<b>899,500</b>

**NOTE 4b. Investments and other financial assets**

	2016	2015
	\$	\$
Term Deposits	850,000	850,000
<b>Total Investments and other financial assets</b>	<b>850,000</b>	<b>850,000</b>

**NOTE 5. Receivables**

	2016	2015
	\$	\$
<b>Contractual</b>		
Security Deposit Bond	68,861	52,721
Interest Receivable	860	956
	<b>69,721</b>	<b>53,677</b>
<b>Statutory</b>		
GST Receivable	11,702	5,593
	<b>11,702</b>	<b>5,593</b>
<b>Total Receivables</b>	<b>81,423</b>	<b>59,270</b>

## Notes to the financial statements for the financial year ended 30 June 2016

### NOTE 6. Plant and equipment

	2016	2015
	\$	\$
Office Equipment at fair value	89,878	94,172
Accumulated Depreciation	(74,261)	(73,324)
	<b>15,617</b>	<b>20,848</b>
Leasehold Improvements at fair value	306,191	299,390
Accumulated Depreciation	(300,751)	(292,641)
	<b>5,440</b>	<b>6,749</b>
	<b>21,057</b>	<b>27,597</b>

These assets are all classified as public administration fixed assets

#### Movements in carrying amounts

	2016	Office Equipment	Leasehold Improvements	Total
		\$	\$	\$
<b>Opening balance</b>		20,848	6,749	27,597
Additions		1,347	6,800	8,147
Depreciation		(6,577)	(8,110)	(14,687)
<b>Closing balance</b>		<b>15,618</b>	<b>5,439</b>	<b>21,057</b>

	2015	Office Equipment	Leasehold Improvements	Total
		\$	\$	\$
<b>Opening balance</b>		16,384	6,372	22,756
Additions		14,885	13,500	28,385
Depreciation		(10,421)	(13,123)	(23,544)
<b>Closing balance</b>		<b>20,848</b>	<b>6,749</b>	<b>27,597</b>

#### Aggregate depreciation recognised as an expense during the year

	2016	2015
	\$	\$
Office Equipment at fair value	6,577	10,421
Leasehold Improvements at fair value	8,110	13,123
	<b>14,687</b>	<b>23,544</b>

## Notes to the financial statements for the financial year ended 30 June 2016

### NOTE 7a. Payables

	2016	2015
	\$	\$
<b>Contractual</b>		
Accrued expenses	53,247	46,349
Creditors	94,458	34,496
Other	1,313	382
	<b>149,018</b>	<b>81,227</b>
<b>Statutory</b>		
PAYG liability	6,540	6,087
Superannuation	4,773	2,475
FBT	939	0
	<b>12,252</b>	<b>8,562</b>
<b>Total Payables</b>	<b>161,270</b>	<b>89,789</b>

### NOTE 7b. Provisions

	2016	2015
	\$	\$
<b>Current provisions</b>		
Employee benefits – annual leave:		
Unconditional and expected to settle within 12 months (i)	(4,843)	4,005
Unconditional and expected to settle after 12 months	0	0
Employee benefits – long service leave:		
Unconditional and expected to be settled within 12 months	44,695	40,061
Unconditional and expected to settle after 12 months	0	0
Provisions related to employee benefit on-cost:		
Unconditional and expected to be settled within 12 months	4,438	4,924
Unconditional and expected to settle after 12 months	0	0
<b>Total current provisions</b>	<b>44,290</b>	<b>48,990</b>
<b>Non-current provisions</b>		
Employee Benefits	7,888	7,070
Employee benefits on costs	878	790
<b>Total non-current provisions</b>	<b>8,766</b>	<b>7,860</b>
<b>Total provisions</b>	<b>53,056</b>	<b>56,850</b>
<b>Employee benefits and related on-costs</b>		
Current employee benefits		
Annual leave entitlements (i)	(4,843)	4,005
Long service leave entitlements	44,695	40,061
Non-current employee benefits		
Long service leave entitlements	7,888	7,070
<b>Total employee benefits</b>	<b>47,740</b>	<b>51,136</b>
Current on-costs	4,438	4,924
Non-current on-costs	878	790
<b>Total on-costs</b>	<b>5,316</b>	<b>5,714</b>
<b>Total employee benefits and related on-costs</b>	<b>53,056</b>	<b>56,850</b>

(i) The negative value in the current year represents annual leave taken in advance

## Notes to the financial statements for the financial year ended 30 June 2016

### NOTE 7c. Annual registration fees received in advance

	2016	2015
	\$	\$
Practising	712,566	651,848
Company	255,816	245,616
Partnership	5,933	5,440
New applications for board approval	28,108	13,246
<b>Total annual registration fees received in advance</b>	<b>1,002,423</b>	<b>916,150</b>

### NOTE 8. Contributed Capital

	2016	2015
	\$	\$
Balance at beginning of the year	221,718	221,718
<b>Balance at end of the year</b>	<b>221,718</b>	<b>221,718</b>

### NOTE 9. Retained surplus / (Accumulated losses)

	2016	2015
	\$	\$
Opening balance	570,363	206,440
Net Surplus / loss for the year	331,761	363,923
<b>Closing balance</b>	<b>902,124</b>	<b>570,363</b>

### NOTE 10. Reconciliation of net result for the year to net cash flows provided (used) in operating activities

	2016	2015
	\$	\$
Operating Result for the period	331,761	363,923
Add non-cashflows		
Depreciation	14,687	23,544
<b>Changes in Assets &amp; Liabilities</b>		
(Increase)/decrease in current receivables	(22,153)	24,757
(Increase)/decrease in prepayments	(17,984)	(1,390)
(Decrease)/increase in current payables	71,481	(24,855)
(Decrease)/increase in annual fees in advance	86,273	70,447
(Decrease)/increase in provisions	(3,794)	12,862
<b>Net cash flows provided (used) by operating activities</b>	<b>460,271</b>	<b>469,288</b>

### NOTE 11. Commitments

As at 30 June 2016 there were no capital or expenditure commitments (2015, nil).

### NOTE 12. Contingent assets and contingent liabilities

At 30 June 2016 there were no contingent assets and contingent liabilities in existence (2015, nil).

### NOTE 13. Subsequent events

At 30 June 2016 there were no subsequent events.

## Notes to the financial statements for the financial year ended 30 June 2016

### Note 14 Financial Instruments

#### (a) Financial risk management objectives and policies

The ARBV's principal financial instruments comprise:

- cash assets;
- term deposits;
- receivables (excluding statutory receivables); and
- payables (excluding statutory payables).

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised, with respect to each class of financial asset and financial liability above are disclosed in Note 1 of the financial statements.

The ARBV's main financial risks include credit risk, liquidity risk and interest rate risk.

The ARBV manages these financial risks in accordance with its financial risk management policy.

The ARBV uses different methods to measure and manage the different risks to which it is exposed. Primary responsibility for the identification and management of financial risks rests with the audit and risk committee of the board.

#### Categorisation of financial instruments

	Note	Carrying Amount 2016	Carrying Amount 2015
		\$	\$
<b>Contractual Financial Assets</b>			
Cash and deposits	4a	1,351,624	899,500
Receivables	5	69,721	53,677
Term deposits	4b	850,000	850,000
<b>Total Contractual Financial Assets</b>		<b>2,271,345</b>	<b>1,803,177</b>
<b>Financial Contractual Liabilities</b>			
Payables	7a	149,018	81,227
<b>Total Contractual Financial Liabilities</b>		<b>149,018</b>	<b>81,227</b>

## Notes to the financial statements for the financial year ended 30 June 2016

### NOTE 14. Financial Instruments (continued)

#### (b) Interest rate risk

The exposure to interest rate risk and the effective interest rates of financial assets and financial liabilities, both recognised and unrecognised, at balance date are as follows:

2016

	Carrying Amount	Fixed Interest Rate	Variable Interest Rate	Non Interest Bearing
	\$	\$	\$	\$
<b>Contractual Financial Assets</b>				
Cash and deposits	1,351,624	0	1,351,264	360
Receivables	69,721	0	68,861	860
Term deposits	850,000	850,000	0	0
<b>Total Contractual Financial Assets</b>	<b>2,271,345</b>	<b>850,000</b>	<b>1,420,125</b>	<b>1,220</b>
Weighted Average Interest Rate		2.56%	0.60%	0%
<b>Contractual Financial Liabilities</b>				
Payables	149,018	0	0	149,018
<b>Total Contractual Financial Liabilities</b>	<b>149,018</b>	<b>0</b>	<b>0</b>	<b>149,018</b>
Weighted Average Interest Rate		0%	0%	0%
<b>Net Contractual Financial Assets/ Liabilities</b>	<b>2,122,327</b>	<b>850,000</b>	<b>1,420,125</b>	<b>-147,798</b>

2015

	Carrying Amount	Fixed Interest Rate	Variable Interest Rate	Non Interest Bearing
	\$	\$	\$	\$
<b>Contractual Financial Assets</b>				
Cash and deposits	899,500	0	899,140	360
Receivables	53,677	0	52,721	956
Term deposits	850,000	850,000	0	0
<b>Total Contractual Financial Assets</b>	<b>1,803,177</b>	<b>850,000</b>	<b>951,861</b>	<b>1,316</b>
Weighted Average Interest Rate		3.37%	0.86%	0%
<b>Contractual Financial Liabilities</b>				
Payables	81,227	0	0	81,227
<b>Total Contractual Financial Liabilities</b>	<b>81,227</b>	<b>0</b>	<b>0</b>	<b>81,227</b>
Weighted Average Interest Rate		0%	0%	0%
<b>Net Contractual Financial Assets/ Liabilities</b>	<b>1,721,950</b>	<b>850,000</b>	<b>951,861</b>	<b>-79,911</b>

**Notes to the financial statements for the financial year ended 30 June 2016**

**NOTE 14. Financial Instruments (continued)**

**(c) Fair Value**

The ARBV considers that the carrying amount of financial instrument assets and liabilities recorded in the financial statements to be a fair approximation of their fair values, because of the short-term nature of the financial instruments and the expectation that they will be paid in full.

The following table shows that the fair values of most of the contractual financial assets and liabilities are the same as the carrying amounts:

Financial Instruments	Carrying amount		Fair value	
	2016	2015	2016	2015
	\$	\$	\$	\$
<b>Financial Assets</b>				
Cash and deposits	1,351,624	899,500	1,351,624	899,500
Receivables	69,721	53,677	69,721	53,677
Term deposits	850,000	850,000	850,000	850,000
<b>Total Financial Assets</b>	<b>2,271,345</b>	<b>1,803,177</b>	<b>2,271,345</b>	<b>1,803,177</b>
<b>Financial Liabilities</b>				
Payables	149,018	81,227	149,018	81,227
<b>Total Financial Liabilities</b>	<b>149,018</b>	<b>81,227</b>	<b>149,018</b>	<b>81,227</b>



## Notes to the financial statements for the financial year ended 30 June 2016

### NOTE 14. Financial Instruments (continued)

#### (d) Credit risk

Credit risk arises from the contractual financial assets of the ARBV, which comprise cash and deposits and non statutory receivables. The ARBV's exposure to credit risk arises from the potential default of a counter party on their contractual obligations resulting in financial loss to the ARBV. Credit risk is measured at fair value and is monitored on a regular basis.

The maximum exposure to credit risk at balance date in relation to each class of recognised financial asset is represented by the carrying amount of those assets as indicated in the Balance Sheet. Credit risk is minimal as the main debtor is a security deposit held with the Macquarie Bank for the leased premises.

#### Credit quality of contractual financial assets that are neither past due nor impaired

	Other (min triple-B credit rating)	Other (not rated)	Total
	\$	\$	\$
<b>2016</b>			
Cash and deposits	1,351,264	360	1,351,624
Security deposit bond	0	68,861	68,861
Term deposits	850,000	0	850,000
<b>Total contractual financial assets</b>	<b>2,201,264</b>	<b>69,221</b>	<b>2,270,485</b>
<b>2015</b>			
Cash and deposits	899,140	360	899,500
Security deposit bond	0	52,721	52,721
Term deposits	850,000	0	850,000
<b>Total contractual financial assets</b>	<b>1,749,140</b>	<b>53,081</b>	<b>1,802,221</b>

## Notes to the financial statements for the financial year ended 30 June 2016

### NOTE 14. Financial Instruments (continued)

#### Ageing analysis of contractual financial assets 2016

	Carrying Amount	Not past due and not impaired	Less than 1 month	Past due but not impaired
	\$	\$	\$	\$
<b>Investments and other contractual financial assets</b>				
Australian Dollar Term Deposits > 3 months	850,000	850,000	0	0
Security Deposit bond	68,861	68,861	0	0
<b>Total</b>	<b>918,861</b>	<b>918,861</b>	<b>0</b>	<b>0</b>

#### 2015

	Carrying Amount	Not past due and not impaired	Less than 1 month	Past due but not impaired
	\$	\$	\$	\$
<b>Investments and other contractual financial assets</b>				
Australian Dollar Term Deposits > 3 months	850,000	850,000		
Security Deposit bond	52,721	52,721	0	0
<b>Total</b>	<b>902,721</b>	<b>902,721</b>	<b>0</b>	<b>0</b>

#### (e) Risks and mitigation

The risks associated with the ARBV's main financial instruments and our policies for minimising these risks are detailed below.

##### Market risk

Market risk is the risk that the fair value or future cash flows of the ARBV's financial instruments will fluctuate because of changes in market prices. The only market risk to which the ARBV is exposed is interest rate risk.

##### Interest rate risk

Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. The ARBV is not exposed to any material interest rate risk.

## Notes to the financial statements for the financial year ended 30 June 2016

### NOTE 14. Financial Instruments (continued)

#### (f) Liquidity risk

Liquidity risk is the risk that the ARBV would be unable to meet its financial obligations as and when they fall due. The ARBV settles financial obligations within 30 days.

#### Maturity Analysis of contractual liabilities

2016	Maturity Dates			
	Carrying Amount	Nominal Amount	Less than 1 month	1-3 months
	\$	\$	\$	\$
<b>Payables</b>				
Supplies and services	94,458	94,458	94,458	0
Other payables	54,560	54,560	54,560	0
<b>Total</b>	<b>149,018</b>	<b>149,018</b>	<b>149,018</b>	<b>0</b>

2015	Maturity Dates			
	Carrying Amount	Nominal Amount	Less than 1 month	1-3 months
	\$	\$	\$	\$
<b>Payables</b>				
Supplies and services	34,496	34,496	34,496	0
Other payables	46,731	46,731	46,731	0
<b>Total</b>	<b>81,227</b>	<b>81,227</b>	<b>81,227</b>	<b>0</b>

#### (g) Interest rate risk sensitivity

	Carrying amount	Interest rate			
		-100 basis points		+100 basis points	
		Net result	Available-for-sale revaluation surplus	Net result	Available-for-sale revaluation surplus
<b>2016</b>					
<b>Contractual financial assets</b>	<b>\$</b>	<b>Net result</b>		<b>Net result</b>	
Cash and deposits <sup>(i)</sup>	1,351,624	(13,516)	0	13,516	0
<b>Total impact</b>		<b>(13,516)</b>	<b>0</b>	<b>13,516</b>	<b>0</b>
<b>2015</b>					
<b>Contractual financial assets</b>					
Cash and deposits <sup>(i)</sup>	899,500	(8,995)	0	8,995	0
<b>Total impact</b>		<b>(8,995)</b>	<b>0</b>	<b>8,995</b>	<b>0</b>

Notes:

(i) Cash and deposits includes a deposit of \$1,351,624 (2015: \$899,500 that is exposed to floating rates movements. Sensitivities to these movements are calculated as follows:

2016:  $\$1,351,624 \times -0.01 = -\$13,516$ ; and  $\$1,351,624 \times 0.01 = \$13,516$ ; and

2015:  $\$899,500 \times -0.01 = -\$8,995$ ; and  $\$899,500 \times 0.01 = \$8,995$ .

## Notes to the financial statements for the financial year ended 30 June 2016

### NOTE 15. Executives and Responsible persons

In accordance with the Ministerial Directions issued by the Minister for Finance under the *Financial Management Act 1994*, the following disclosures are made regarding responsible persons for the reporting period.

- (a) The persons who held the positions of minister and accountable officers in the ARBV are as follows:

#### NAMES

Minister for Planning	The Hon Richard Wynne, MLA	1 July 2015 to 30 June 2016
Chairperson	David Sainsbery	1 July 2015 to 30 June 2016
Deputy Chairperson	David Islip	1 July 2015 to 30 June 2016
Board Member	Debra Low Choy	1 July 2015 to 30 June 2016
Board Member	David Hallett	1 July 2015 to 31 November 2015
Board Member	Venise Reilly	1 July 2015 to 30 June 2016
Board Member	Arianne Rose	1 July 2015 to 30 June 2016
Board Member	Ian Sutter	1 July 2015 to 30 June 2016
Board Member	Helen Mathew	1 December 2015 to 30 June 2016
Board Member	Dionne Wright	1 February 2016 to 30 June 2016
Board Member	Peter Bowtell	1 February 2016 to 30 June 2016
Board Member	Clare Newton	1 July 2015 to 30 June 2016
Accountable Officer	Alison Ivey	1 July 2015 to 30 June 2016

### REMUNERATION OF EXECUTIVES

(b) The number of executive officers, other than ministers and accountable officers, and their total remuneration during the reporting period are shown in the first two columns in the table below in their relevant income bands. The base remuneration of executive officers is shown in the third and fourth columns. Base remuneration is exclusive of bonus payments, long service leave payments, redundancy payments and retirement benefits. The total annualised employee equivalent provides a measure of full time equivalent executive officers over the reporting period.

The number of Responsible Persons whose total remuneration fell within the following band:

Income Band	Total Remuneration		Base Remuneration	
	2016	2015	2016	2015
\$0- \$9,999 (Board Members)	10	7	10	7
\$10,000- \$19,999 (Board Members)	1	0	1	0
<b>Total number of executives</b>	<b>11</b>	<b>7</b>	<b>11</b>	<b>7</b>
\$150,000 - \$159,999 (Accountable Officer)	0	1	0	1
\$160,000 - \$169,999 (Accountable Officer)	1	0	1	0
<b>Total annualised employee equivalents</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>
<b>Total Amount</b>	<b>\$203,226</b>	<b>\$175,185</b>	<b>\$203,226</b>	<b>\$175,185</b>

## Notes to the financial statements for the financial year ended 30 June 2016

There were no contractors charged with significant management responsibilities during the reporting period.

Amounts relating to ministers are reported in the financial statements of the Department of Premier and Cabinet. For information regarding related party transactions of ministers, the register of members' interests is publicly available from: [www.parliament.vic.gov.au/publications/register of interests](http://www.parliament.vic.gov.au/publications/register_of_interests).

### Related Parties

David Sainsbery, chairperson of the board, received payments from the ARBV for activities other than board fees as follows:

	2016	2015
	\$	\$
Examiner fees	4,080	3,870

David Hallet, board member, received payments from the ARBV for activities other than board fees as follows:

	2016	2015
	\$	\$
Consulting fees	2,000	0

### NOTE 16. Remuneration of auditors Victorian Auditor-General's Office

	2016	2015
	\$	\$
Audit or review of the financial statements	13,800	11,800

## Notes to the financial statements for the financial year ended 30 June 2016

### NOTE 17. Superannuation

Employees of the ARBV are entitled to receive superannuation benefits and the ARBV contributes to the defined contribution plans.

However, superannuation contributions paid or payable for the reporting period are included as part of employee benefits in the comprehensive operating statement of the ARBV.

The name, details and amounts expensed in relation to the major employee superannuation funds and contributions made by the ARBV are as follows:

Fund	Paid Contribution for the Year		Contribution outstanding at year end	
	2016	2015	2016	2015
	\$	\$	\$	\$
<b>Defined contribution plans</b>				
Hesta	20,140	18,503	3,740	0
Retail Employees Superannuation Trust	9,287	6,348	861	0
Other	107	126	0	126
	<b>29,534</b>	<b>24,977</b>	<b>4,601</b>	<b>126</b>

### NOTE 18. Commitments

(a) Operating lease commitments contracted for but not capitalised in the accounts payable.

	2016	2015
	\$	\$
Not later than one year	102,467	45,641
Later than one, not later than five years	251,898	0
	<b>354,365</b>	<b>45,641</b>

The lease relates to the Board's premises at 7/372-377 Albert Street East Melbourne. The board took up the option to extend the lease for four years to December 2019.

## Notes to the financial statements for the financial year ended 30 June 2016

### Note 19. Glossary of terms and style conventions

#### Comprehensive result

The net result of all items of income and expense recognised for the period. It is the aggregate of operating result and other comprehensive income.

#### Commitments

Commitments include those operating, capital and other outsourcing commitments arising from non-cancellable contractual or statutory sources.

#### Depreciation

Depreciation is an expense that arises from the consumption through wear or time of a produced physical or intangible asset. This expense is classified as a 'transaction' and so reduces the 'net result from transaction'.

#### Employee benefits expenses

Employee benefits expenses include all costs related to employment including wages and salaries, fringe benefits tax, leave entitlements, redundancy payments and defined contribution superannuation plans.

#### Financial instrument

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets or liabilities that are not contractual (such as statutory receivables or payables that arise as a result of statutory requirements imposed by governments) are not financial instruments.

#### Financial liability

A financial liability is any liability that is:

- (a) A contractual obligation:
  - (i) to deliver cash or another financial asset to another entity; or
  - (ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity; or
- (b) A contract that will or may be settled in the entity's own equity instruments and is:
  - (i) a non-derivative for which the entity is or may be obliged to deliver a variable number of the entity's own equity instruments; or
  - (ii) a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments. For this purpose the entity's own equity instruments do not include instruments that are themselves contracts for the future receipt or delivery of the entity's own equity instruments.

#### Financial statements

A complete set of financial statements comprises:

- (a) a statement of financial position as at the end of the period;
- (b) a statement of profit or loss and other comprehensive income for the period;
- (c) a statement of changes in equity for the period;
- (d) a statement of cash flows for the period;
- (e) notes, comprising a summary of significant accounting policies and other explanatory information;
- (f) comparative information in respect of the preceding period as specified in paragraphs 38 of AASB 101 *Presentation of Financial Statements*; and
- (g) a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements in accordance with paragraphs 41 of AASB 101.

## Notes to the financial statements for the financial year ended 30 June 2016

### Interest income

Interest income includes unwinding over time of discounts on financial assets and interest received on bank term deposits and other investments.

### Other economic flows included in net result

Other economic flows included in net result are changes in the volume or value of an asset or liability that do not result from transactions. It includes:

- gains and losses from disposals, revaluations and impairments of non financial physical and intangible assets;
- fair value changes of financial instruments and agricultural assets; and
- depletion of natural assets (non produced) from their use or removal

Please refer to Appendix 1 for examples.

### Other economic flows other comprehensive income

Other economic flows – other comprehensive income comprises items (including reclassification adjustments) that are not recognised in net result as required or permitted by other Australian Accounting Standards.

The components of other economic flows other comprehensive income include:

- (a) Changes in physical asset revaluation surplus;
- (b) Share of net movement in revaluation surplus of associates and joint ventures; and
- (c) Gains and losses on remeasuring available-for-sale financial assets;

Please refer to Appendix 1 for examples.

### Net result

Net result is a measure of financial performance of the operations for the period. It is the net result of items of income, gains and expenses (including losses) recognised for the period, excluding those that are classified as 'other economic flows – other comprehensive income'.

### Net result from transactions/net operating balance

Net result from transactions or net operating balance is a key fiscal aggregate and is income from transactions minus expenses from transactions. It is a summary measure of the ongoing sustainability of operations. It excludes gains and losses resulting from changes in price levels and other changes in the volume of assets. It is the component of the change in net worth that is due to transactions and can be attributed directly to ARBV policies.

### Non financial assets

Non financial assets are all assets that are not 'financial assets'. It includes plant and equipment.

### Other economic flows included in net result

Other economic flows included in net result are changes in the volume or value of an asset or liability that do not result from transactions. It includes:

- gains and losses from disposals, revaluations and impairments of non financial physical and intangible assets;
- fair value changes of financial instruments; and
- depletion of natural assets (non produced) from their use or removal

Please refer to Appendix 1 for examples.

### Other economic flows – other comprehensive income

Other economic flows – other comprehensive income comprises items (including reclassification adjustments) that are not recognised in net result as required or permitted by other Australian Accounting Standards.



## Notes to the financial statements for the financial year ended 30 June 2016

The components of other economic flows other comprehensive income include:

- (a) changes in physical asset revaluation surplus;
- (b) share of net movement in revaluation surplus of associates and joint ventures; and
- (c) gains and losses on remeasuring available for sale financial assets;

Please refer to Appendix 1 for examples.

### **Payables**

Includes accounts payable, grants and taxes.

### **Receivables**

Includes amounts owing to the ARBV through accounts receivable, accrued investment income, and interest receivable.

### **Sales of goods and services**

Refers to income from the direct provision of goods and services and includes fees and charges for services rendered, sales of goods and services, fees from regulatory services.

### **Supplies and services**

Supplies and services generally represent cost of goods sold and the day-to-day running costs, including maintenance costs, incurred in the normal operations of the ARBV.

### **Transactions**

Transactions are those economic flows that are considered to arise as a result of policy decisions, usually an interaction between two entities by mutual agreement. They also include flows within an entity such as depreciation where the owner is simultaneously acting as the owner of the depreciating asset and as the consumer of the service provided by the asset. Taxation is regarded as mutually agreed interactions between the government and taxpayers. Transactions can be in kind (e.g. assets provided/given free of charge or for nominal consideration) or where the final consideration is cash. In simple terms, transactions arise from the policy decisions of the ARBV. Please refer to Appendix 1 for examples.

### **Style conventions**

Figures in the tables and in the text have been rounded. Discrepancies in tables between totals and sums of components reflect rounding. Percentage variations in all tables are based on the underlying unrounded amounts.

The notation used in the tables is as follows:

..	zero, or rounded to zero
(xxx)	negative numbers
20xx	year period
20xx/20xx	year period

## Appendix 1 – Practical classification guide between transactions and other economic flows

Transactions (T) generally arise when there is mutual agreement between counterparties. They represent changes to assets/liabilities that result directly from economic activities such as production (including cultivated assets e.g. breeding stock and plantations) or consumption.

Other economic flows (OEF) are either holding gains/(losses) from revaluations of assets/liabilities due to market changes, or changes in volume due to non-economic phenomena such as: entrance or exit from the balance sheet as a result of normal events other than transactions e.g. discoveries of mineral deposits; birth/demise of breeding stock; assets created by human activity not previously recognised; and destruction by catastrophe.

For operating statement presentation purposes, other economic flows are disaggregated into 'other economic flows included in net result' and 'other economic flows – other comprehensive income (OCI)'.

	Item	Transaction	OEF included in net result	OEF – OCI	Reason for the classification
1	Taxation	✓			Agreed between counterparties i.e. implicit agreement between government and taxpayers.
2	Bad debts	✓	✓		Either: If agreed between counterparties = transaction. If unilateral write off = other economic flows included in net result.
3	Dividends	✓			Agreed between counterparties i.e. owner and business.
4	Net profit or loss from associates (other than dividends)		✓		Revaluation of investment.
5	Depreciation	✓			Agreed between internal counterparties i.e. the business is simultaneously acting as the owner and consumer of the service provided by the asset.
6	Provision for doubtful debts		✓		Treated as a unilateral decision to provision adjustment and affect net result.
7	Long service leave provision:		✓		The movements in the long service leave provision associated with a change in the bond rates will be reflected in other economic flows included in net result.
	1. Change in provision due to changes in the bond rates				
	2. Change in provision due to changed estimation.		✓		The movements in the long service leave provision associated with a change in the estimates applied will be reflected in other economic flows included in net result.
8	Whole of government unfunded superannuation liability:	✓			
	1. Net interest expense				
	2. Remeasurement			✓	Revaluation: (1) difference between expected return on assets and actual return; (2) change to gross obligation due to bond rate change.

	<i>Item</i>	<i>Transaction</i>	<i>OEF included in net result</i>	<i>OEF – OCI</i>	<i>Reason for the classification</i>
9	Gain/Loss on financial instruments/ non-financial assets		✓		Revaluation.
10	Depletion of natural assets by removal or physical use e.g. forest; destruction by catastrophe e.g. fire		✓		Change in volume.
11	Gain from natural increase in livestock due to births		✓		Change in volume.

## Appendix 2 – Summary of new/revised accounting standards effective for current and future reporting periods

### Current reporting period

The following accounting pronouncements effective from the 2015-16 reporting period are considered to have insignificant impacts on public sector reporting:

- AASB 1048 *Interpretation of Standards*
- AASB 2013-9 *Amendments to Australian Accounting Standards [Part C Financial Instruments]*
- AASB 2014-8 *Amendments to Australian Accounting Standards arising from AASB 9 – Application of AASB 9 (December 2009) and AASB 9 (December 2010) [AASB 9 (2009 & 2010)]*
- AASB 2015-3 *Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality*

*Note: Amending standard AASB 2015-7 Amendments to Australian Accounting Standards – Fair Value Disclosures of Not-for-Profit Public Sector Entities, which is operative from 1 July 2016 provides an exemption for not-for-profit public sector entities from certain fair value disclosures. Please note that the State early adopted AASB 2015-7 in the 2014-15 reporting period and gave not-for-profit entities the option to early adopt this amending standard last year. As a result, all not-for-profit entities must now comply with this amending standard for the current financial year.*

### Future reporting periods

The table below outlines the accounting pronouncements that have been issued but not effective for 2015-16, which may result in potential impacts on public sector reporting for future reporting periods.

Topic	Key requirements	Effective date
AASB 9 <i>Financial Instruments</i>	The key changes introduced by AASB 9 include the simplified requirements for the classification and measurement of financial assets, a new hedging accounting model and a revised impairment loss model to recognise impairment losses earlier, as opposed to the current approach that recognises impairment only when incurred.	1 January 2018
AASB 15 <i>Revenue from Contracts with Customers</i>	The core principle of AASB 15 requires an entity to recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service to a customer. Note that amending standard AASB 2015-8 <i>Amendments to Australian Accounting Standards – Effective Date of AASB 15</i> has deferred the effective date of AASB 15 to annual reporting periods beginning on or after 1 January 2018, instead of 1 January 2017.	1 January 2018
AASB 16 <i>Leases</i>	The key changes introduced by AASB 16 include the recognition of most operating leases (which are currently not recognised) on balance sheet.	1 January 2019
AASB 2010-7 <i>Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 &amp; 1038 and Interpretations 2, 5, 10, 12, 19 &amp; 127]</i>	The requirements for classifying and measuring financial liabilities were added to AASB 9. The existing requirements for the classification of financial liabilities and the ability to use the fair value option have been retained. However, where the fair value option is used for financial liabilities the change in fair value is accounted for as follows: <ul style="list-style-type: none"> <li>• the change in fair value attributable to changes in credit risk is presented in other comprehensive income (OCI); and</li> <li>• other fair value changes are presented in profit or loss. If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss.</li> </ul>	1 January 2018

Topic	Key requirements	Effective date
AASB 2014-1 <i>Amendments to Australian Accounting Standards [Part E Financial Instruments]</i>	Amends various AASs to reflect the AASB's decision to defer the mandatory application date of AASB 9 to annual reporting periods beginning on or after 1 January 2018; as a consequence of Chapter 6; and to amend reduced disclosure requirements.	1 January 2018
AASB 2014-4 <i>Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation [AASB 116 &amp; AASB 138]</i>	AASB 2014-4 amends AASB 116 and AASB 138 to: <ul style="list-style-type: none"> <li>establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset;</li> <li>clarify that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset; and</li> <li>clarify that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances.</li> </ul>	1 January 2016
AASB 2014-7 <i>Amendments to Australian Accounting Standards arising from AASB 9</i>	Amends various AASs to incorporate the consequential amendments arising from the issuance of AASB 9.	1 January 2018
AASB 2015-1 <i>Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012–2014 Cycle [AASB 1, AASB 2, AASB 3, AASB 5, AASB 7, AASB 11, AASB 110, AASB 119, AASB 121, AASB 133, AASB 134, AASB 137 &amp; AASB 140]</i>	Amends the methods of disposal in AASB 5 Non-current assets held for sale and discontinued operations. Amends AASB 7 Financial Instruments by including further guidance on servicing contracts.	1 January 2016
AASB 2015-6 <i>Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities [AASB 10, AASB 124 &amp; AASB 1049]</i>	AASB 2015-6 extends the scope of AASB 124 <i>Related Party Disclosures</i> to not-for-profit public sector entities. Guidance has been included to assist the application of the Standard by not-for-profit public sector entities.	1 January 2016

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