

# a rbv

The ARBV respectfully acknowledges the Traditional Owners and custodians of the land and water upon which we rely. We pay our respects to their Elders, past and present. We recognise and value the ongoing contribution of Aboriginal people and communities to Victorian life. We embrace the spirit of reconciliation, working towards equality of outcomes and an equal voice.

The Architects Registration Board of Victoria (ARBV) is a statutory entity of the State Government of Victoria created under the *Architects Act 1991*.

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Cover image: Architect: The Rexroth Mannasmann Collective, Project: dark house, Photographer: Christine Francis. dark house is located on Woi-wurrung Country.

Data provided in this report is correct as of 30 June 2024. The publication of the ARBV Annual Report 2023–24 complies with requirements under the Financial Reporting Direction 30 regarding its design, use of colour and images, standard sizing, paper stocks and other publishing requirements.

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Architects Registration Board of Victoria

# RESPONSIBLE BODY'S DECLARATION

The Hon. Sonya Kilkenny MP, Minister for Planning 8 Nicholson Street East Melbourne, VIC 3002

Dear Minister,

In accordance with the *Financial Management Act 1994* and the *Architects Act 1991*, I am pleased to submit the Architects Registration Board of Victoria's Annual Report for the year ending 30 June 2024.

Yours faithfully,

Dr Giorgio Marfella

Giorgio Mupella

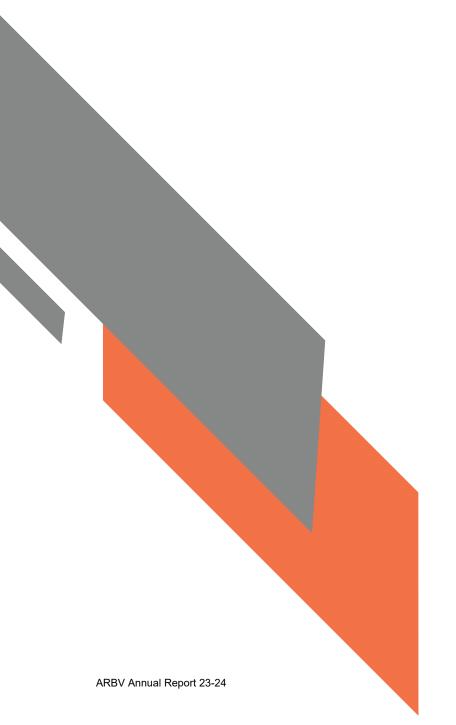
Chairperson

**Architects Registration Board of Victoria** 

19 September 2024

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# REPORT OF OPERATIONS



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Photographer: Veronica Ong

# CHAIRPERSON AND CHIEF EXECUTIVE OFFICER/REGISTRAR REPORT

This year, in support of our key strategic objectives, the ARBV significantly upscaled its proactive regulatory activities in line with our mission to engage, educate and regulate to ensure architectural services are delivered according to high professional standards and contribute to improved building outcomes for the benefit of the community.

In 2023, the ARBV celebrated 100 years as the regulatory steward for Victorian architects. The ARBV commenced celebrations in July 2023 by joining with Open House Melbourne to conduct a walking tour of the Melbourne CBD to explore the city's changing architecture, and later hosted an expert live panel discussion highlighting the importance of the ARBV's regulatory work since it was established. The live panel discussion was followed by a centenary celebration, with an opening address provided by the Hon. Sonya Kilkenny MP, Minister for Planning.

The ARBV also commissioned 10 articles by Professor Julie Willis, Dean of Architecture at the University of Melbourne which focus on "firsts" in the Victorian architecture sector, including the first registered architect and company, the first female architect and one of the earliest known registered Indigenous architects, which are published on the ARBV website.

A major undertaking during the current Board's term saw the ARBV and NSW ARB conduct a joint research project to identify current, emerging and future systemic compliance issues and associated risks affecting the regulation of architects in both Victoria and New South Wales. The valuable findings of the "Systemic Risks in the Australian Architecture Sector" project were published in 2022 and the findings have since been used to inform the proactive regulatory strategies adopted by the ARBV to mitigate harm caused by systemic risks.

After the "Systemic Risks in the Australian Architecture Sector" project, the ARBV collaborated once more with the NSW ARB by engaging with focus groups in Spring 2023 to undertake "deep dives" into some of the main thematic areas of risk identified in the project. This included Client-Architect Relationships, Design & Construct Procurement, Compliance with the National Construction Code and Disruptive Change. The "Deep Dive Report into Systemic Risks in the Australian Architecture Sector" was released in June 2024 and can be found on the ARBV website.

Proactive activities undertaken to support architects to maintain high professional standards include the regular webinar series offered by the ARBV. Recordings of earlier webinars have been made freely available on the ARBV website and we have seen a significant increase in the attendance of these webinars by architects. The ARBV is looking to increase the number of webinars offered throughout the coming year.

The ARBV has expanded the number of Architect Guidelines published, with new guidelines issued about professional indemnity insurance and supervision of unregistered employees. Written guidance reminding all Victorian architects that a strong architecture profession requires a culture of compliance with all relevant laws has also been published.

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The ARBV has continued to collaborate with the Victorian Building Authority and other stakeholders as part of the Design Standards Working Group to develop a design documentation practice guide for Class 2 residential buildings, which is expected to be published in August 2024.

Increased proactive monitoring has also been a focus in 2023-24, with targeted monitoring of architects' compliance with professional indemnity insurance and continuing professional development obligations. The ARBV has also been monitoring the use of terms and wording that may mislead consumers into thinking they are engaging the services of a registered architect when this is not the case, which is prohibited conduct under the Architects Act 1991. The ARBV will continue its efforts in the coming year to implement strategies to promote transparency for the end user about whether work is being carried out by a registered architect or under the supervision of a registered architect.

The ARBV has also undertaken proactive activities aimed at reaching out to consumers and the public more broadly. This includes activities undertaken in partnership with Open House Melbourne, such as the annual walking tour referred to above and the relaunch of the Naked Architect series. Plans have also been endorsed in 2023-24 for the ARBV to participate in Melbourne's Home Show to engage with an even wider public audience.

As always, the ARBV worked closely with the Architects Accreditation Council of Australia on matters related to the standard of architecture education and the practice of architecture in Australia, in furtherance of the ARBV's responsibility to provide and monitor accreditation for Schools of Architecture in Victorian universities. The ARBV also continued to work closely with other regulators, including through the National Registrars Forum for regulators of the architecture profession throughout Australia.

In 2023-24, the ARBV collaborated with the Department of Transport and Planning (DTP) on progressing initiatives for legislative reforms and strengthening the regulatory oversight of architects. With the *Architects Regulations 2015* due to be replaced in May 2025, the ARBV have been mindful of the opportunity to revise and refresh the regulations, including the *Victorian Architects Code of Professional Conduct*.

Significant comparative analysis has been undertaken in relation to codes of conduct operating in other jurisdictions and consideration of enhancements that may potentially be introduced.

In conjunction with DTP, the ARBV consulted with key industry stakeholders including the Australian Institute of Architects, Association of Consulting Architects and ArchiTeam in relation to potential legislative amendments and will continue to consult on any further proposed changes.

Business as usual saw regulatory oversight of more than 7,700 practising architects and approved companies and partnerships, over 300 Architectural Practice Examinations held, and approximately 10,000 enquiries received and responded to. Seven matters were referred to the Architects Tribunal. An application made to the Victorian Civil and Administrative Tribunal for review of a determination made by the ARBV was withdrawn by the applicant.

With registration fees reset for 2023-24, the ARBV has been able to upscale its proactive regulatory activities and continue to progress reactive regulatory activities, including multiple inquiries by the Architects Tribunal, while still maintaining a sound financial position.

During the reporting year, the term of office of 6 Board members expired and at the close of 2023-24, several appointments were still pending. The ARBV would like to express our gratitude to the members of the Board, Deputy Chairperson Sophie Cleland, Bruce Allen, Mark Curry, Richard Drew, Stefan Preuss, and Sally Wills for their ongoing support, strategic advice and commitment to promoting higher standards of professional conduct among architects in Victoria.

Finally, the ARBV extends our appreciation to the ARBV staff for their continuous support and to Victorian architects for the valuable services they offer to their clients and the Victorian community.

**Dr Glenice Fox** CEO/Registrar

**Dr Giorgio Marfella** Chairperson

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### ABOUT THE ARBV

The ARBV reports to the Minister for Planning, who is supported by the Department of Transport and Planning (DTP). The responsible Minister for the period was the Hon. Sonya Kilkenny MP, Minister for Planning.

DTP delivers an integrated approach to Victoria's transport and planning system to support inclusive, prosperous and sustainable community outcomes. DTP enables more liveable communities across Victoria through the realisation of local economic and community opportunities.

DTP serves five Ministers and a Parliamentary Secretary and unites transport, planning, precincts, land use, property, building and heritage to support its vision of thriving places, connected communities for all Victorians.

The ARBV and its initiatives are key contributors to the transport and planning portfolio.

### **Establishment and Role**

Established in 1923, the ARBV is a self-funded Victorian public sector entity.

The *Architects Act 1991* (the Act) establishes the framework for the regulation of architects in Victoria and has as its purposes:

- 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"
- to establish the Architects Registration Board of Victoria.

### **Functions**

The ARBV's statutory functions include:

- assessing and determining applications for registration from individuals and applications for approval from partnerships and companies
- suspending and cancelling registrations or approvals and revoking suspensions where required
- regulating the professional conduct of architects, approved partnerships and approved companies
- preparing guidelines on professional conduct and practice for architects, approved partnerships and approved companies
- publishing information relating to the operation of the ARBV and the Act
- together with the Architects Accreditation Council of Australia (AACA), administering the Architectural Practice Examination (APE), the most common pathway to registration
- accrediting architectural programs of study within Victoria, in accordance with the established Architecture Program Accreditation Procedure in Australia and New Zealand administered by the AACA and in doing so, determining qualifications required for registration under the Act
- investigating and bringing proceedings for offences against the Act
- carrying out any other powers and functions which are given to it by the Act or which are necessary to implement the Act.

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### **Nature and Range of Functional Areas**

### Registration

The registration function is responsible for pre-registration and registration-related activities, including assessing applications for registration from applicants seeking registration for the first time, architects seeking to change their class of registration, architects seeking registration with the ARBV via mutual recognition, and architects seeking to renew their registration.

Registration oversees suspensions and cancellations of registration and revocations of suspension. It also ensures registrants comply with their compliance obligations including Continuing Professional Development and Professional Indemnity Insurance.

The function is also responsible for maintaining the Register of Architects, supporting the AACA in its administration of the APE and other pre-registration pathways, and assisting the administration of accreditation. It also provides secretariat support to the National Registrars Forum.

### **Complaints and Investigation**

The Complaints and Investigation function is responsible for administering compliance obligations set out in the Act. As part of this function, Complaints and Investigation assesses complaints received about architects' professional conduct and may undertake investigations. Complaints and Investigation may also investigate in circumstances where an unregistered person is alleged to be representing themselves as an architect which is prohibited conduct under the legislation.

Complaints and Investigation support the ARBV's proactive regulatory activities by identifying complaint trends and emerging issues which help to inform parallel educative initiatives. Established collaborative relationships with other regulators and stakeholders including information sharing arrangements also help to inform regulatory activities and outcomes.

### Tribunal support

This function coordinates administrative support for the Architects Tribunal in relation to disciplinary proceedings.

### Freedom of Information and Privacy

This function manages freedom of information (FOI) and privacy, including the assessment of FOI requests in accordance with the *Freedom of Information Act 1982* and guidelines issued by the FOI Commissioner.

### **Communications and Engagement**

This function is responsible for public relations, issues management, stakeholder relations, corporate communications (publications and external messaging) and the ARBV's digital presence.

### Governance

The governance function ensures that the necessary mechanisms, frameworks, processes, policies and procedures are in place to meet the organisational, statutory and whole of government compliance and accountability requirements and facilitates the effective and efficient operation of the Board and its committees. The function supports implementation of Victorian Government policy and assists other divisions to bring into operation the various regulatory requirements.

### Finance and Corporate Services

**Finance** 

Finance ensures accurate, transparent and timely management of financial information including management of revenue from applications, registration and examination fees together with strong financial management of budgeted expenditure.

Risk Management, Auditing and Compliance
This function is responsible for establishing
effective systems and controls for financial
management and performance and
sustainability of the ARBV, including internal
control, risk management, auditing and meeting
government compliance requirements.

### **Business Services**

This function encompasses building and facilities management, sustainable procurement, information services, and office administration.

### **Human Resources**

The human resources function includes payroll services, compliance with key governance obligations, industrial and employee relations, workforce planning, capability development, organisational culture and occupational health and safety and employee wellbeing.

### **OUR VISION**

A well designed, liveable and safe built environment for Victorians.

### **OUR MISSION**

We will engage, educate and regulate to ensure architectural services in Victoria are delivered according to high professional standards and contribute to improved building outcomes for the benefit of the community.

### **OUR VALUES**

The ARBV operates in accordance with the Victorian Public Sector values of:



Responsiveness



Integrity



Impartiality



Accountability



Respect



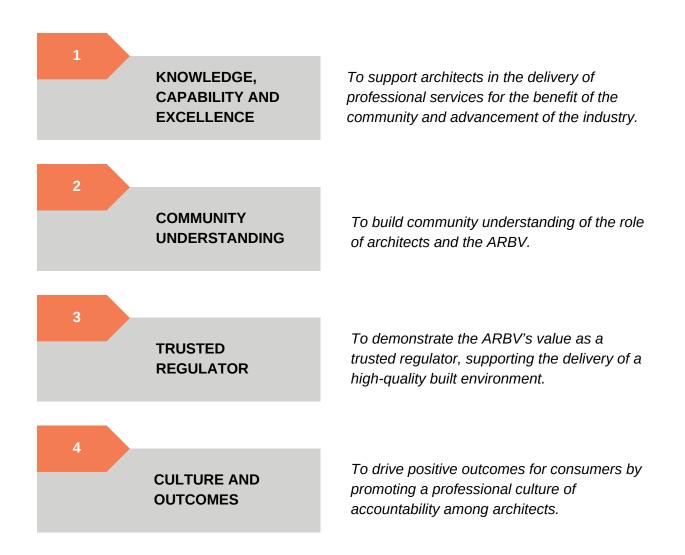
Leadership



**Human Rights** 

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### STRATEGIC DIRECTIONS



The ARBV Strategic Plan 2022-2026 guides our activities and how we prioritise our resources to achieve the ARBV's mission. We are committed to upholding the highest standards of integrity in the professional practice of architecture and engaging with architects, consumers and government to enhance the quality and safety of the built environment for all Victorians.

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### **OUR REGULATORY APPROACH**

Improving outcomes is at the heart of the ARBV's regulatory approach and activities. This means ensuring the delivery of quality architectural services in Victoria, protecting consumers of architectural services as well as the broader community, and instilling public confidence in the regulation of the architecture sector.

### **Regulatory objectives**

In overseeing the regulatory framework, the ARBV specifically aims to:

- promote and maintain high standards of professional conduct and practice by architects
- restrict who can represent themselves as architects
- ensure only suitably qualified entities are registered and approved to provide architectural services
- ensure compliance by architects with insurance requirements
- support architects to fulfil their professional obligations to their clients
- encourage and support voluntary compliance
- engender confidence in and respect for the profession.

The ARBV uses all its available regulatory tools to pursue these objectives.

### Regulatory strategy

The Regulatory Strategy sets out the ARBV's risk-based approach. It explains how the ARBV regulates the architecture profession in Victoria using the risks associated with non-compliance that could compromise achievement of regulatory objectives as a guide for its regulatory activities. In turn, this approach helps to ensure that the ARBV regulates in a manner that is effective, fair, efficient and consistent.

The Statement of Regulatory Approach published on the ARBV website provides an overview of the Regulatory Strategy. It enables regulated entities (architects, approved companies and partnerships) to understand the ARBV's regulatory approach and supports them to develop a positive and effective compliance culture.

### Regulatory activities

The ARBV uses its registration and approval function to ensure that only those that are eligible under the regulatory framework are authorised to provide architectural services. In addition, the ARBV undertakes proactive and reactive regulatory activity to respectively mitigate the risk of non-compliance with the regulatory framework and address that risk in cases when non-compliance occurs.

### Proactive regulatory activity

The ARBV's proactive strategic plan for FY 23/24 – FY 25/26 helps to ensure that the ARBV's proactive regulatory activities keep pace with a rapidly changing environment.

Proactive activities include:

- developing educational materials, including fact sheets, updates and webinars, to assist architects to understand and meet their obligations and to help clients to understand their rights
- engaging with a broad range of stakeholders, including architects, clients and industry bodies, to discuss compliance issues, encourage voluntary compliance, and gain insights about areas of concern
- carrying out research and analysis to help the ARBV better understand sector-wide issues and concerns
- monitoring regulated entities, gathering intelligence from various sources about compliance risks and analysing information to detect compliance trends and issues.

### Reactive regulatory activity

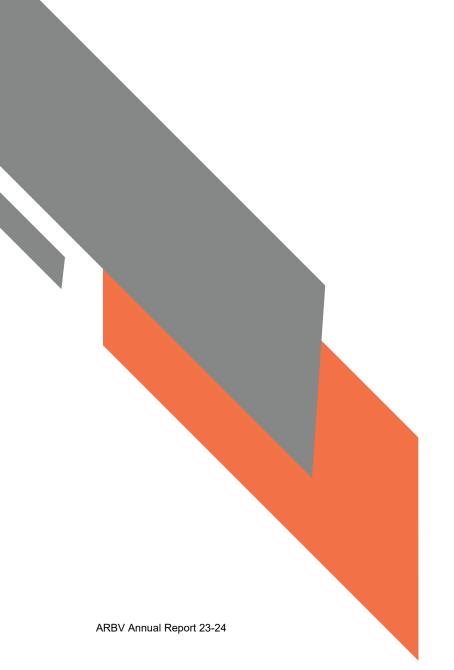
The ARBV undertakes reactive regulatory activity to respond to instances of actual or possible non-compliance. The ARBV's reactive regulatory activity may include:

- education and engagement
- informal advice about compliance or warning
- referral to the Architects Tribunal where there are concerns about an architect's fitness to practise and/or professional conduct
- suspending or cancelling registration or approval
- institution of prosecution proceedings.

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# PERFORMANCE REPORT

(non-financial) 2023-24



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# PERFORMANCE SNAPSHOT as at 30 June 2024

310

Architectural Practice
Examination
participants

390

New architect registrants

7,759

Architects registered (practising and non-practising included on the Register of Architects)

353

Requests from architects for change of class (practising and nonpractising) 161

New company and partnership registrations processed and completed

1,485

Approved company and partnerships

7

Matters referred to Architects Tribunal 49

Professional conduct assessments and investigations initiated

64

Prohibited conduct assessments and investigations initiated

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### **PRIORITY ACTIVITIES**

# Strategic Plan and Minister's Statement of Expectations

A revised Framework for Statement of Expectations for regulators came into effect in September 2022. The primary purpose of the revised Framework and its related reporting requirements was to facilitate a dialogue between Ministers, departments and regulators to identify the government's priorities and emerging risks and to establish a process for addressing these priorities though regulators' business planning processes.

In accordance with the revised approach the Minister's expectations for the ARBV have been integrated with the ARBV's established business planning processes, noting that there is substantial overlap between the strategic initiatives in the ARBV's Strategic Plan 2022-26 and the Minister's expectations set out in the Statement of Expectations dated 3 July 2024. The initiatives in orange are referred to in both documents.



ARBV Centenary live panel discussion 5 October 2023

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Objective 1 – Knowledge, capability & excellence: To support architects in the delivery of professional services for the benefit of the community and advancement of the industry.

Undertake proactive communications, education and engagement with registered and future architects about the importance and value of registration.

 The ARBV engaged in a range of proactive activities aimed at increasing registration numbers. There was more than a 5% annual increase in new registrations/approvals.

Engage with Victorian universities about preparing graduates to meet requirements for practical experience and becoming registered architects.

 The ARBV engaged with all Victorian universities that offer courses in architecture and delivered 6 pre-registration information sessions to architecture students.

Communicate the importance of fulfilling Continuing Professional Development obligations.

 The ARBV delivered 4 CPD webinars and proactively monitored architects' compliance with CPD obligations by conducting an annual audit and dealing with instances of non-compliance.

Work with the Architects Accreditation Council of Australia (AACA) to support nationally consistent accreditation and registration of architects in Australia.

 Through the AACA, the ARBV engaged with bodies including the Australian Building Codes Board about strengthening architects' compliance with the National Construction Code. The ARBV also worked with the AACA to ensure that the 2021 National Standard of Competency for Architects (NSCA) was embedded in pre-registration programs and delivered 2 information sessions about NSCA requirements.

Support, recognise and monitor high standards of architectural education in Victorian universities.

 In collaboration with the AACA, the ARBV monitored the performance of Victorian universities in meeting performance criteria in the 2021 NSCA, reviewed provider annual reports and ensured scheduled site visits occurred in accordance with accreditation review timeframes. The ARBV also participated in initiatives aimed at enhancing accreditation procedures. **Objective 2 – Community understanding:** To build community understanding of the role of architects and the ARBV.

Ensure consumers have access to the most up-to-date information about registered architects in Victoria.

 The Register of Architects is updated in real time and can be searched on the ARBV's website.

Continuously improve the ARBV's website to deliver information which enhances engagement with the community and stakeholders.

 The ARBV transitioned to a more user-friendly semi-independent website and refreshed and expanded content available on the website for consumers and architects. The latest news section of the website is regularly updated and is now featured on the homepage.

Deliver information programs about the role of the ARBV and architects for the community.

 The ARBV has increased engagement with consumers via the website, the ARBV portal and other communications, events and resources provided by the ARBV. There was more than a 100% increase in clicks on consumer-oriented material on the ARBV website.

Provide information and guidance to the public about the obligations of architects and the consumer protections available.

 Evidence of consumer-focused communications and engagement activities are captured in all of the ARBV's key strategic and operational documents and support delivery to the public of information and guidance about the obligations of architects and the consumer protections available. Guidance and information were communicated through consumer-focused activities undertaken in partnership with Open House Melbourne and on the ARBV website, including publication of a client architect agreement checklist for consumers of architectural services.



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**Objective 3 – Trusted regulator:** To demonstrate the ARBV's value as a trusted regulator, supporting the delivery of a high-quality built environment.

Strengthen the ARBV's risk-based and evidence-led approach and decision-making.

 The ARBV's Regulatory Strategy was revised and updated to expand the list of compliance obligations that could give rise to regulatory action and ensure the risk-based approach set out in the Strategy was in alignment with practice. Documents and tools supporting the implementation of the Regulatory Strategy were also revised and updated, including enhancement of the functionality of the risk tool and development of a dedicated Compliance and Enforcement Manual. For the Proactive Regulatory Strategy, detailed implementation plans and a dedicated Proactive Regulation Manual were developed.

Deliver public facing communications about the regulatory strategy that drives transparency about the ARBV's activities.

 The ARBV's public-facing Statement of Regulatory Approach was revised and updated in June 2024 and published on the ARBV's website. Reporting on the implementation of the Regulatory Strategy and the Proactive Strategic Plan has been implemented.

Improve service delivery and future activities by implementing a Service Charter and other mechanisms to obtain feedback.

 The ARBV's Service Charter is published on its website and performance against the commitments in the Service Charter was monitored and reported on.

Develop strategies to better use and optimise existing regulatory powers, while contributing to legislative reform.

The ARBV met regularly and collaborated with the
Department of Transport and Planning in 2023-24 to
progress a workplan of potential legislative
amendments and revisions to the Architects Act
1991 and Architects Regulations 2015. The ARBV
also published new guidelines under Regulation 7
about professional indemnity insurance and
supervision of unregistered employees. Written
guidance reminding all Victorian architects that a
strong architecture profession requires a culture of
compliance with all relevant laws was also
published.

Maintain effective working relationships with government, co-regulators, educational institutions and stakeholders to optimise regulatory outcomes.

• The ARBV actively collaborated on issues of local and national importance for the regulation of the architecture profession and the construction industry overall. The ARBV met regularly with the Victorian Building Authority and participated in the Design Standards Working Group. The ARBV also participated in the Small Regulator Forum and contributed to regulator improvement initiatives undertaken by the Department of Treasury and Finance. Relationships with universities were maintained through accreditation activities coordinated by the AACA and via ARBV education outreach activities and student award presentations.

Collaborate across jurisdictions with other regulators of the architecture profession.

• The ARBV regularly met with interstate regulators of the profession as part of the National Registrars Forum and attended meetings convened by the AACA at which overseas regulators of the profession were present. The ARBV also continued its collaboration with the NSW ARB to undertake further research into systemic risks in the Australian architecture sector including hosting a series of focus groups with participants from across the sector. The findings were published in the Deep Dive Report (2024) which is available on the ARBV website.



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**Objective 4 – Culture and Outcomes:** To drive positive outcomes for consumers by promoting a professional culture of accountability among architects.

Maximise the functionality of the customer relationship management system to identify trends and emerging issues relating to architects' compliance.

 Enhancements were made to the Customer Relationship Management system (CRM) to facilitate greater data capture and compliance trend reporting. Increased data and information were gathered and recorded in 2023-24 and complaints and non-compliance data were reviewed to inform and enhance targeting and scope of regulatory activities.

Engage with research and knowledge gathering about the profession to better understand systemic issues and compliance disposition.

 Eight focus groups on four systemic risks themes were held during 2023-24 and the evidence-led findings published in the Deep Dive Report (2024) on ARBV's website.

Identify regulatory focus areas as informed by data, research and knowledge gathering and publicise targeted strategies to address these focus areas.

 Targeted strategies were developed to address regulatory focus areas and information, education, and guidance about them were publicised and available to the profession. In addition to published guidelines and guidance already referred to, Q&As from CPD webinars were captured and synthesised into key themes, and responses addressing key themes periodically published in the ARBV's quarterly Update newsletter.

Improve architects' compliance by targeted regulatory activities and education to support behavioural change and encourage voluntary compliance.

 Year 1 of the ARBV's Proactive Strategic Plan was fully implemented, including a range of proactive activities designed to deter and detect noncompliance and to encourage voluntary compliance. There were high levels of participation by the profession in the ARBV's CPD webinar series. Efficiently and effectively manage and respond to complaints and non-compliance.

 In 2023-24, while continuing to manage and respond to complaints and non-compliance, a central focus was on implementing recommendations identified in a review of the ARBV's complaints and investigation function and other strategies to strengthen the function.

Continue to regulate the use of the terms - 'architect', 'architectural services', 'architectural design services' and 'architectural design'.

 Continued to monitor and respond to the prohibited use of protected terms by nonregistered persons and/or companies. A project was commenced to educate about the use of terms and to streamline enforcement in the event of contravention of the Architects Act 1991.

### Additional objectives/activities from the Minister's Statement of Expectations (not already covered above)

Maintain a high performing, focused and sustainable organisation.

 The ARBV's small, dedicated team implemented activities in accordance with the annual business plan and within the approved budget. Improved financial tracking and reporting was introduced in 2023-24, facilitating informed and timely decision-making and allowing the ARBV to optimise its resources to improve the delivery of regulatory services while also ensuring financial sustainability.

Continuously improve systems, resources, intelligence and processes as recommended by the Expert Panel to support efficient and effective delivery of regulatory services.

 In 2023-24, the ARBV collaborated with other regulators and organisations in regard to initiatives aimed at supporting better regulation. The ARBV also undertook process reviews, continued to make systems enhancements, and refined its functional structure to support the efficient and effective delivery of its regulatory services.

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### ARBV SERVICE CHARTER

The ARBV Service Charter sets out the standard of service people can expect to receive from the ARBV, including:

- how to contact us
- what you should do if you wish to make a complaint or provide feedback about your dealings with us
- how you can help us to help you
- our expected time frames for services provided.

### **OUR SERVICE COMMITMENTS:**

### Responsiveness

- We will respond promptly to your enquiries through our phone and email service.
- We aim to respond to phone enquiries and emails within 3 business days and written correspondence within 10 working days.
- We will provide accurate and up to date information in response to enquiries.
- We will manage all registration applications efficiently and finalise complete and routine applications for registration within 6 weeks.
- We will keep complainants informed about the progress of their complaint and the expected timeframe for finalisation.
- We will acknowledge complaints about the ARBV within 3 days and respond to those complaints within 4 weeks.

### **Transparency**

- We will be open and transparent about our processes.
- We will provide consistent and clear information across our communication channels.
- Our staff and Board will disclose conflicts of interest, and comply with the VPS code of conduct.
- We will give you access to your personal information if you request it.
- We will publish clear and current information on our website.

### **Quality service**

- We will give you clear and straightforward information about the ARBV, including information on how to register as an architect in Victoria, make an enquiry or complaint, or respond to a complaint.
- We will keep an up-to-date Register of Architects in Victoria.
- We will handle all complaints about the conduct of architects fairly and efficiently.
- We will keep you informed about the progress of your enquiry, application, or complaint.
- We will tailor our response to your accessibility needs where possible.
- We will provide linkages and referral to other government information relevant to your needs where reasonably practicable.

### **Confidentiality**

- We will have systems in place to protect your confidential information.
- We will treat all information received in accordance with the *Privacy and Data Protection Act 2014*.

### **Professionalism and Respect**

- Our dealings with you will be conducted with integrity, honesty and respect.
- Our staff will be informative and helpful and responsive to feedback you may wish to provide.
- When you contact us, the person who responds to your enquiry will give you their name.
- We will be inclusive and treat every member of the public equally.
- We will endeavour to ensure we are accessible for those with disabilities and culturally diverse backgrounds.

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### SERVICE CHARTER REPORTING

Approximately 10,000 enquires were received and responded to in the 2023-24 financial year. The ARBV has processes in place to track performance against service commitments. Enquiries were responded to in accordance with the timelines set out in the ARBV Service Charter.

Feedback from architects and consumers of architectural services is collected throughout the year. Each email, portal enquiry or phone call is categorised, and surveys are conducted. Feedback received is reviewed and informs systems and process enhancements.

Data gathered also provides valuable insights and helps the ARBV to identify key trends and issues. This data is used to inform and guide the delivery of the ARBV's Regulatory Strategy.

Category	Emails	Portal enquiries	Calls
Registration	2,560	241	406
Continuing Professional Development	558	28	88
Architectural Practice Examination	1,955	122	205
Professional Indemnity Insurance	489	40	171
Portal help	266	NA	82
General advice	58	NA	27
Renewal	404	NA	244
Other	1,580	172	242
Complaints and Investigation	554	NA	91
Total	8,424	603	1556

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### REGISTRATION

Registration is an important regulatory function that controls entry to the profession and provides assurance to consumers that architects possess a high standard of education and experience, adhere to prescribed standards of professional practice and hold Professional Indemnity Insurance.

### Requirements for registration

Persons seeking registration as an architect in Victoria must have been engaged for not less than 2 years in practical architectural work and attained a standard of professional practice satisfactory to the ARBV.

### **Pre-registration requirements**

The Architects Act 1991 (the Act) makes provision for the main pre-registration pathway being the Architectural Practice Examination (APE) for this purpose, as it allows candidates to be tested on their practical knowledge. The APE has been adopted by all Australian state and territory architect registration boards, providing national consistency in pre-registration examinations.

The APE is the most common pathway to registration and is held twice in each calendar year. The other pathways to registration are administered by the AACA and include the Experienced Practitioner Assessment (EPA) – for both overseas experienced and locally experienced persons, overseas mutual recognition (Asia Pacific Economic Co-operation and US architects) and the UK mutual recognition pathway, which allows for graduates and registered practitioners from the UK to seek registration.

The pathways to registration generally require the completion of a university degree for eligibility to a registration pathway.

### Fit and Proper Person (FPP) requirement

The FPP requirements for registration require registrants to answer probity questions related to their fitness to practise.

These probity questions relate to any convictions or guilty verdicts involving fraud, dishonesty, drug trafficking or violence (up to 10 years after the verdict), suspension or

cancellation of registration, licence, approval or other authorisation in the last 10 years, being subject to an order from a court or VCAT that has not been complied with, disciplinary action taken under the *Building Act 1993*, and insolvency (bankruptcy) in the last 10 years.

FPP is determined during the registration assessment and can help to provide initial insights into the risk profiling of a regulated entity. This initial understanding of risk profiles provides useful information to inform education and monitoring of newly regulated entities.

The ARBV also administers an enduring declaration at renewal for registrants to provide details of changes in their registration related to the FPP requirements contained in section 10A of the Act.

### Monitoring and compliance activities

### Compliance with Professional Indemnity Insurance (PII) requirements

Section 8B and 8C of the Act require practising architects to be covered by PII that complies with requirements set out in the Architects Insurance Ministerial Order of February 2020. The Board audits compliance with this requirement. The ARBV's CRM system enables more efficient auditing of compliance with insurance obligations.

The Registration team conduct routine audits to ensure compliance with PII requirements and to ensure that architects meet statutory requirements.

### Compliance with Continuing Professional Development (CPD) requirements

Under the Victorian Architects Code of Professional Conduct, architects must maintain their skills and knowledge. The ARBV recommends that this is achieved by complying with the National CPD framework. The framework requires architects in the practising class to complete a set number of hours of CPD activities throughout a registration year. The CPD activities undertaken must reflect the performance criteria in the National Standard of Competency for Architects (NSCA).

The ARBV monitors CPD compliance through an annual audit conducted after the renewal period to ensure CPD requirements are met.

Compliance with approval requirements Under the Act, there are requirements for companies and partnerships providing architectural services to be appropriately approved.

The ARBV monitors all entities providing architectural services to ensure they comply with the requirements of the Act. This includes ensuring that where an architect is trading through a company (e.g. as reflected by their PII policy), that the company is appropriately approved.

### Registration renewal

The ARBV continued to improve communications about the renewal process to promote compliance by registrants with the 1 July date for payment of prescribed annual fees. The CRM system has improved the overall renewal process and allowed registrants to be more actively engaged with renewal and their broader compliance obligations.

If a regulated entity fails to pay their registration renewal by the due date (which may be extended in agreed circumstances, e.g. through the Financial Hardship Policy) the ARBV may initiate steps to suspend their registration.

Numbers of suspensions relating to nonpayment of annual fees since 2019-20 are as follows:

Financial Year	Number of Suspensions	% of Total Registrants
2019-20	78	1.4%
2020-21	45	0.93%
2021-22	37	0.58%
2022-23	37	0.54%
2023-24	30	0.39%

Note: Registrants required to pay annual fees: architects (practising), approved companies and approved partnerships.

### Other registration activities

The registration function continues to deliver a range of services, including:

- Overseeing the accreditation processes administered by the AACA
- Embedding the National Standard of Competency for Architects into preregistration programs
- Delivering training to the ARBV's Panel of APE Examiners
- Collaborating with the AACA and other architect registration boards to implement improvements to relevant registration and examination procedures and processes
- Working to increase registrations, particularly among persons who meet registration requirements but are not registered as architects
- Improving communications regarding registration processes and ensuring that all relevant details are available on the website
- Contributing content for the ARBV Update provided quarterly to registrants.

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### **Registration and Architectural Practice Examination statistics**

New Registrants	2019-20	2020-21	2021-22	2022-23	2023-24
Architect Registrations	347	315	336	338	390
Company Approvals	102	87	119	120	160
Partnership Approvals	3	0	1	3	1
<b>Changing of Registration Class</b>	2019-20	2020-21	2021-22	2022-23	2023-24
Practising to Non-Practising	135	121	226	237	277
Non-Practising to Practising	82	72	105	76	76

Total Architects on Register at 30 June	2019-20	2020-21	2021-22	2022-23	2023-24
Practising	4822	5025	5276	5423	5570
Non-Practising	2005	3083	1779	1975	2189
Total	6827	8108	7055	7398	7759

Note: Due to changes in recent years in how we record Non-Practising registrants on the Register of Architects, the total in 2020-21 appears greater. This primarily relates to the treatment of Non-Practising registrants holding inactive status.

Total Companies and Partnerships on Register	2019-20	2020-21	2021-22	2022-23	As of 30 June 2024
Companies	1112	1176	1274	1362	1457
Partnerships	27	27	28	28	28

Architectural Practice Examination	2019-20	2020-21	2021-22	2022-23	2023-24
Number of Candidates	430	418	348	329	310
Successful Candidates	183	373	310	280	283
Unsuccessful Candidates	24	45	38	49	27

Note: Due to coronavirus (COVID-19), only one APE session was completed in the financial year 2019-20 leading to the postponement of 223 candidate examinations.

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### COMPLAINTS AND INVESTIGATION

The ARBV strives to protect the community interest and instil confidence in the regulation, integrity and delivery of architectural services in Victoria. Delivery of the following regulatory functions contribute to achieving these outcomes:

- regulating the professional conduct of architects, approved partnerships and approved companies
- investigating and bringing proceedings for offences against the Architects Act 1991 (known as 'prohibited conduct').

Delivery of these functions is guided by the ARBV's Regulatory Strategy, which sets out a risk-based approach to regulation, and the Minister's Statement of Expectations, which requires the ARBV to improve efficiency and effectiveness in its regulation of the architecture profession.

During 2023-24, the ARBV dedicated itself to further embedding its risk-based approach within its compliance and enforcement activities and to meeting the Minister's expectations for the management of and response to complaints and non-compliance.

### Efficient delivery of regulatory functions

During 2022-23, the ARBV commissioned a review to assess its management of complaints and investigations. The review identified opportunities for the ARBV to improve delivery of its compliance and enforcement functions by enhancing internal regulatory documents, tools and guidance materials. In 2023-24, the ARBV committed itself to realising these enhancements via 2 major projects:

Compliance and Enforcement Manual
The ARBV produced a comprehensive and practical internal guide for the compliance and enforcement activity undertaken by the Complaints and Investigation team. The manual includes a detailed explanation of all aspects of the compliance and enforcement process and provides links to relevant policies, templates, tools and other reference material. The manual embeds the ARBV's risk-based approach to regulation and enhances the efficiency of the decision-making processes involved in compliance and enforcement activity.

The main purpose of the manual is to ensure that compliance and enforcement activity is undertaken in a consistent, fair, effective and efficient manner.

### Risk Tool

The ARBV refined the tool used to guide the assessment of the static, dynamic and overall risks posed by non-compliance with acceptable standards of professional conduct and the risks posed by prohibited conduct. The risk-based approach contributes to the ARBV's compliance and enforcement activity in 2 main ways:

- by assisting in the triaging of complaints and referrals when they are first received so that they can be prioritised based on the relative risk of non-compliance, and
- to assist in the assessment of the risk associated with specific non-compliance under investigation to guide the appropriate regulatory response among those available for a particular instance of non-compliance with the regulatory framework.

### Professional conduct of architects

Under the regulatory framework architects must be competent, demonstrate professional standards and avoid engaging in unprofessional conduct. This includes but is not limited to fulfilling the compliance obligations detailed in the 'Victorian Architects Code of Professional Conduct' (the Code) contained within the *Architects Regulations 2015* (the Regulations).

The Code sets out requirements architects must comply with relating to:

- · standards of conduct
- · skills and knowledge
- approval of documents
- · contracts and agreements with clients
- administering a building contract for a client
- professional fees and costs
- provision of information to clients
- · retaining documents and record keeping
- maintaining confidentiality of client information
- disclosing conflicts of interest, referrals, and endorsements
- engendering confidence in and respect for the profession
- maintaining standards and integrity of the profession.

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The ARBV may investigate complaints received about an architect's professional conduct and/or fitness to practise. Upon receiving a complaint, the ARBV assesses the complaint to determine whether it is within the ARBV's jurisdiction, namely whether it is about an architect's professional conduct and/or fitness to practise, whether there is sufficient information to conduct an assessment and, if so, whether the conduct concerns a compliance obligation imposed on the architect under the regulatory framework. If the complaint is within the ARBV's jurisdiction and there is sufficient information to assess the complaint, the ARBV may investigate the complaint. It may also investigate architects' professional conduct and/or fitness to practise using its 'own motion' power.

Investigation into an architect's professional conduct and/or fitness to practise is in order to inform the ARBV's decision whether or not to refer the matter to the Architects Tribunal for inquiry. Where a decision is made not to refer a matter for inquiry, the ARBV may determine that other regulatory action is appropriate in the circumstances. Such action may include educative guidance, a formal written warning or written advice under regulation 8 of the Regulations.

Further information about the Architects Tribunal can be found on page 28.

In 2023-24, the ARBV saw the following movements in compliance and enforcement activity:

- The number of complaints about the professional conduct of architects increased (49 in 2023-24 compared with 26 in the previous year)
- An increase in the number of professional conduct matters initiated by the ARBV using its 'own motion' power (10 in 2023-24 compared with 2 in the previous year)
- Assessments of professional conduct matters not referred for investigation remained consistent with the previous year (21 in 2023-24 and 19 in the previous year)
- Assessments of professional conduct matters referred for investigation remained consistent with the previous year (29 in 2023-24 compared to 32 in the previous year)
- Fewer professional conduct investigations were completed overall due to the complexity of the investigations undertaken and increase in the overall caseload (13 completed in 2023-24 compared to 29 in the previous year)

- The number of referrals to the Architects
   Tribunal for inquiry was similar to the previous
   year (7 in 2023-24 compared with 8 in the
   previous year)
- The number of written advice letters about compliance issued to architects under regulation 8 of the Regulations was similar to the previous year (3 in 2023-24 compared to 5 in the previous year).

In 2023-24, the ARBV's complaint data indicates that the highest incidence of complaints about professional conduct related to the following complaint issues:

- careless or incompetent design or specifications
- failure to provide services with due skill, care and diligence
- unreasonable delays in the provision of architectural services.

### **Complex investigations 2023-24**

In April 2023, the Federal Court of Australia made a finding under the *Competition and Consumer Act 2010* (Cth) of attempted cartel conduct by an architectural company and an architect working for the company. The attempt was made when the architect, then a director of the company, contacted other architectural firms to try to persuade them not to submit a tender for the second phase of a \$250 million federally funded development. The Court imposed significant fines on both the architectural company and the former director.

During 2023-24, the ARBV obtained information and documentation from a range of sources by exercising its information gathering powers and inspecting Federal Court records. The ARBV carefully assessed the information and documentation obtained to determine whether there was evidence of contravention of the professional conduct obligations set out in the Act or the Code. The ARBV formed the view that there was sufficient evidence to conduct investigations into the professional conduct of 2 of the architects involved.

Upon completion of the investigations, the ARBV determined that an inquiry should be held into the professional conduct of each architect. The matters are now with the Architects Tribunal.

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### **Prohibited Conduct**

While the Act prohibits architects from engaging in certain unlawful conduct (e.g. working without the required insurance or falsely claiming to be covered by the required insurance), the most common potential offences dealt with by the ARBV are:

- representations by a person that they are an architect when they are not registered with the ARBV, and
- use of restricted expressions "architectural services", "architectural design services" and "architectural design' by unregistered persons or unapproved partnerships or companies.

To represent themself or be represented as an architect in Victoria, a person must be registered with the ARBV. The education and experience required for registration, coupled with the professional conduct obligations and CPD and PII requirements, contribute towards maintaining the standards and integrity of the profession and providing consumer protection.

If a person or body is not registered with the ARBV, they are not an architect in Victoria. If a non-registered person or body represents themselves or allows themselves to be represented as an architect, they are in breach of the Act's prohibited conduct provisions.

While breaches of the Act's prohibited conduct provisions may be prosecuted by the ARBV, the ARBV continues to experience significant success by engaging with those involved in prohibited conduct to provide them with an opportunity to voluntarily take action to address the conduct. In 2023-24, 100% of cases where prohibited conduct was identified were closed after the conduct was voluntarily addressed.

Work began during 2023-24 on producing education and guidance materials targeted at reducing prohibited conduct. This was prompted by a significant increase in the number of prohibited conduct cases handled (with a caseload of 83 in 2023-24 compared with a caseload of 59 in the previous year). This work will continue and be delivered in 2024-25.

### **Complaints and Investigation Statistics**

<b>Professional Conduct of Architects</b>	2019-20	2020-21	2021-22	2022-23	2023-24
Assessments and Investigations initiated*	77	67	33	26	49
Reactive (complaints)	63	63	33	24	39
Proactive (initiated by ARBV)	14	4	0	2	10
Assessments and investigations carried over from previous years**			26	26	17
Assessments and Investigations caseload***			59	52	66
Assessments completed - no investigation**			23	19	21
Assessments completed - investigation conducted**			36	32	29
Investigations completed	37	79	23	29	13
Investigations completed – not referred for inquiry	33	63	20	16	3
Investigations completed – not referred for inquiry, but written advice provided to architect (per Regulation 8)		14	2	5	3
Investigations completed - referred to Architects Tribunal	4	2	1	8	7

<sup>\*</sup> Assessments and investigations comprise complaints made to the ARBV and any 'own motion' investigations commenced by the ARBV into an architect's professional conduct or fitness to practice.

Note: Where no values are shown this indicates the category was not previously reported.

Prohibited Conduct	2019-20	2020-21	2021-22	2022-23	2023-24
Assessments and Investigations initiated	73	64	44	32	64
Investigations in which prohibited conduct was not identified		29	7	20	20
Investigations in which prohibited conduct was identified, compliance achieved without escalation		32	15	19	15
Investigations referred for prosecution advice	4	0	8	0	0
Prosecutions initiated	0	0	0	1	0
Completed prosecutions	0	0	2	1	0

Note: Where no values are shown this indicates the category was not previously reported.

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<sup>\*\*</sup>This data has not previously been included in annual reporting.

<sup>\*\*\*</sup>These figures include assessments and investigations initiated in the relevant reporting year and those carried over (i.e. not completed) from previous years. Assessments and investigations are generally completed within 12 months but may take longer if they are complex. This data has not previously been included in annual reporting.

### ARCHITECTS TRIBUNAL

Inquiries into the professional conduct and/or fitness to practise of architects are conducted by a tribunal constituted, as required from time to time, from a panel of suitably qualified people appointed by the Minister (Architects Tribunal). The Architects Tribunal constituted for an inquiry must comprise:

- one panel member who is a practising architect
- one panel member who is not an architect
- one panel member who is a representative of consumer interests.

At least one member of a Tribunal is to be a person with legal experience and knowledge.

The Architects Tribunal is independent of the ARBV. While the ARBV provides administrative assistance to the Architects Tribunal after a matter has been referred for inquiry, the ARBV is not a party to the inquiry. It is the Architects Tribunal's role to consider the available evidence to determine any allegations that are to be put to the architect, to hold the inquiry and ultimately decide whether any grounds for disciplinary action under the Architects Act has been made out, including whether:

- the architect has been careless or incompetent in their practice
- the professional standards of the architect are demonstrably lower than the standards which a competent architect should meet
- the architect is guilty of unprofessional conduct
- the architect has breached or failed to comply with any provision of the Architects Act.

See section 32 of the Architects Act 1991 for the complete list of grounds for disciplinary action.

If the Tribunal finds that a ground for disciplinary action has been proven, it may make determinations against the architect that include a caution, a reprimand, payment of a penalty, mandatory further education, the imposition of conditions on the architect's registration, and, in more serious cases, suspension or cancellation of the architect's registration.

The ARBV is required to enforce determinations made by the Tribunal.

An architect may apply to the Victorian Civil and Administrative Tribunal for a review of an Architects Tribunal determination concerning them.

In 2023-24, 7 matters were referred to the Architects Tribunal and 5 inquiries involving matters already with the Tribunal were completed. Of those 5 inquiries, grounds for disciplinary action were found to be made out by the Architects Tribunal in each inquiry. The various grounds found to be proven by the Architects Tribunal in these inquiries included:

The architect was careless or incompetent in their practice by:

- failing to apply for an extension of the expiry period for a town planning permit and facilitated the client entering a building contract in circumstances when the architect knew the town planning permit had expired
- failing to act with reasonable care when costing a project
- failing to act with reasonable care by designing a building encroaching into the airspace of a neighbouring property.

The architect was guilty of unprofessional conduct by:

- providing architectural services without having entered into a written agreement with their client or entering into a written agreement with the client which did not include the required information
- failing to provide their client with sufficient relevant information with reasonable promptness to enable the client to make an informed decision in relation to the provision of services
- failing to take reasonable steps to ensure that all information and material provided to their client was accurate and unambiguous
- failing to keep documents in accordance with the requirements of the Code
- failing to endeavour to maintain the standards and integrity of the profession of architecture with respect to their communications with the client, the client's representatives and the ARBV
- entering into an agreement with the client and an agreement with the owners of the adjacent property for the provision of architectural services when those agreements would result in an actual or potential conflict of interest.

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The architect's professional standards were demonstrably lower than the standards which a competent architect should meet by

failing to comply with the payment terms of a contract.

The determinations made against the architects included:

- cancellation of the architect's registration (1 instance)
- a caution (3 instances)
- a reprimand (2 instances)
- payment of a penalty of \$4,000 (2 instances)
- further education (1 instance)
- payment of the Tribunal's costs (4 instances of \$4,000, \$12,000, \$13,500 and \$18,000 respectively).

Please see the ARBV's Register of Disciplinary Action for more information about these inquiries.

At 30 June 2024, there were 11 matters with the Tribunal which had not yet progressed through to hearing.

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### PROACTIVE REGULATION PROGRAM

In 2023-24, the ARBV developed a Proactive Regulation Manual and completed year one of its 3-year Proactive Strategic Plan by implementing a range of proactive activities to:

- encourage voluntary compliance: particularly, through education and engagement
- detect non-compliance: especially through monitoring, intelligence-gathering and data mining and analysis
- anticipate and prevent non-compliance: through intelligence-gathering and data mining and analysis supplemented with thought leadership and engagement with a broad range of stakeholders to identify systemic risks and to prevent non-compliance from occurring.

The ARBV's proactive regulatory activities are directed at various stakeholder groups, including:

- Architects and future architects including university architecture graduates and APE candidates
- Clients and end users of architectural services
- Universities offering accredited courses in architecture
- Government bodies and co-regulators responsible for policy, law-making and regulation for the sector
- **Industry bodies** including professional membership organisations
- **Insurers** providing Professional Indemnity Insurance coverage to architects.

### **Activities delivered during 2023-24**

### Systemic Risks Research

In October and early November 2023, the ARBV again collaborated with the NSW ARB to undertake a deep dive into 4 key systemic risks identified in the earlier joint research - *Systemic Risks in the Australian Architecture Sector*, which was published in 2022. Four focus groups were conducted, which comprised a broad cross section of sectoral participants from Victoria and NSW and explored the following themes: Client-Architect Relations, Design & Construct Procurement, NCC Compliance and Disruptive Change. The insights from the focus groups were published in the *Deep Dive Report* which is available on the ARBV's website. A summary of the Deep Dive Report is enclosed on page 32-33.

### **Webinars**

The ARBV delivered quarterly CPD webinars to address key compliance risks identified through the ARBV's broader regulatory activities and to provide practical guidance regarding compliance. The webinars were very well attended. Recordings of the webinars are available on the ARBV's website.

### **New Guidelines**

New guidelines made under regulation 7 of the Regulations were published in 2023-24 which addressed Victorian architects' obligations relating to the supervision of non-registered employees and maintaining adequate Professional Indemnity Insurance.

### **Educative guidance**

In support of fostering a culture of compliance, guidance was published on the ARBV's website reminding architects of the requirement to comply with all relevant laws in the context of discharging their professional standards obligations.

### **Design Standards Working Group**

Together with other stakeholders, the ARBV participated in the Design Standards Working Group established by the Victorian Building Authority to develop guidance on the minimum standards of design documentation required for class 2 residential buildings. The Design Documentation Practice Guide for Class 2 residential buildings is expected to be finalised in 2024-25.

### University outreach program

The ARBV has contacted all 5 Victorian universities that offer accredited architecture courses in relation to providing information sessions aimed at educating students on preregistration requirements and of the value of registration. Six on-campus information sessions were delivered during the year.

### Launch of the ARBV's new semiindependent website

The ARBV launched a new semi-independent website to improve user experience and enhance search functionality. Under the previous website, a search could result in the user being directed to webpages of other government departments and agencies whereas searches are now confined to information related to the ARBV.

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### Open House Melbourne (OHM) Sponsorship

The ARBV and OHM delivered a range of events during 2023-24 to raise awareness of the ARBV's role with consumers of architectural services including:

- As part of the ARBV's centenary celebration events, OHM helped to coordinate a public presentation by an expert panel who discussed the important role of the ARBV in regulating the conduct of architects in the past, the present and into the future.
- As part of the OHM July weekend, the ARBV hosted a walking tour focusing on the evolution of architecture in Melbourne over the past 100 years. The event was cohosted by ARBV Chairperson, Dr Giorgio Marfella and Jill Garner AM, the Victorian Government Architect.
- On behalf of the ARBV, OHM produced the fourth series of the "Naked Architect". The series focuses on residential building projects and highlights the importance of maintaining good client-architect relations. The first 2 episodes are available on the ARBV's website with the third episode expected to be available in September 2024.

Grants and sponsorships by the ARBV must be linked to the objective of the advancement of architectural education as set out in section 59(1) of the Architects Act 1991 and be cognisant of the ARBV's principal role as a regulator.

### **Enduring Assets**

To mark its centenary, the ARBV commissioned Professor Julie Willis, Dean of the Faculty of Architecture, University of Melbourne to create a suite of enduring assets. Ten articles were produced, which focus on a series of firsts in the regulation of the architecture profession. The articles are available on the ARBV website.

### Legislative reform

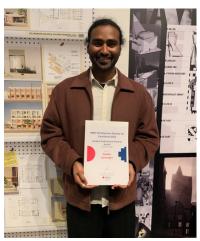
The ARBV has worked closely with the Department of Transport and Planning during the year on a range of potential legislation and regulation reform proposals to enhance the regulation of architects, including commencement of a review of the *Architects Regulations 2015* which are due to be replaced in May 2025, and of the Victorian Architects Code of Professional Conduct incorporated in the Regulations.

### **Student Awards**

The ARBV is committed to engaging with all 5 Victorian universities to further knowledge, capability and excellence in the architecture profession. The ARBV recognises the importance of education linked to the professional practice of architecture and supports universities by providing an annual award to the highest performing student in a professional practice subject. Recipients receive \$1,000 as a contribution towards their further studies or professional development. Five students received awards in the reporting period.



Dr Djordje Stojanovic and University of Melbourne award recipient Luke Costello. Photo: James Rafferty.



RMIT Award recipient Sandun Jayasinghe.

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# DEEP DIVE REPORT INTO SYSTEMIC RISKS IN THE AUSTRALIAN ARCHITECTURE SECTOR BY THE ARBV AND NSW ARB

### **PURPOSE OF RESEARCH**

### Regulation of architects:

Architecture in Australia is regulated by Architect Registration Boards (ARBs) in each State and Territory. The ARBs administer regulatory frameworks to ensure architects meet professional standards, protecting the interests of clients and end-users. The ARBV and NSW ARB oversee compliance in Victoria and NSW, respectively.

### Research into systemic risks affecting the Australian architecture sector:

In 2022, the ARBV and NSW ARB conducted a joint research project to identify systemic risks in the Australian architecture profession. This involved a desktop review of information about Australian and global construction and architecture sectors.

Findings and recommendations were compiled into the **Systemic Risks in the Australian Architecture Sector Report** (Systemic Risks Report). In 2023, focus groups were conducted to delve deeper into key areas identified in the initial research - client-architect relationships, D&C procurement, NCC compliance, and disruptive change.

Focus group participants included architects, industry bodies, clients, developers, insurers and regulatory bodies.

### Deep Dive Report into Systemic Risks in the Australian Architecture Sector (Deep Dive Report):

In June 2024, the ARBV and NSW ARB released a report combining the initial research and insights from the deep dive focus groups.

The Deep Dive Report aims to highlight key systemic risks in the Australian architecture sector. It is part of the ARBs' proactive regulatory efforts to detect and prevent non-compliance and avoid harm.

The report identifies implications of these risks for ARBs and other sectoral participants, offering recommendations to enhance outcomes for architects, clients, users of architectural services, and the public.

### **ACTIONS PROPOSED**

### The need for a systematic response:

The Deep Dive Report identifies systemic risks in the Australian architecture sector that affect the entire industry. Without effective action, these risks could lead to widespread negative outcomes.

### Action by the ARBV and NSW ARB:

The systemic nature of risks identified in the Australian architecture sector requires a coordinated response involving not only the ARBs but also industry bodies, education providers, research institutions, and other government agencies.

Various interventions are necessary to tackle different aspects of these risks, including Continuing Professional Development (CPD), guidance for architects and clients, stakeholder engagement, education, research, and legislative reform.

### Role for other bodies:

The ARBs acknowledge stakeholders' efforts in addressing recommendations in the Systemic Risks Report but stress that there is more work to be done, as highlighted in the Deep Dive Report.

Industry bodies are urged to support architects through activities such as CPD, guidance, engagement, and research.

Education providers should enhance programs to address identified educational gaps.

Research bodies can contribute by analysing key issues, while government bodies should advance legislative reforms to mitigate systemic risks in the architecture sector.

### More information:

The Systemic Risks Report (2022) and the Deep Dive Report (2024) can be found on the websites of the ARBV and the NSW ARB.

www.arbv.vic.gov.au www.architects.nsw.gov.au

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### **KEY SYSTEMIC RISKS**

The Deep Dive Report addresses systemic risks facing the Australian architecture sector that arise in the following four areas.

# Client-architect relationships and agreements

- A better understanding of roles and responsibilities of architects and clients could improve outcomes.
- Effective communication between architects and clients is crucial for a strong relationship, with room for improvement on both sides.
- The sector would benefit from a deeper understanding of communication dynamics and their impact on outcomes.
- Custom client-architect agreements appear to be widespread, but not used appropriately for managing relationships and associated risks in projects at various scales.

# **3.** NCC compliance

- There is debate among industry participants about whether National Construction Code (NCC) compliance guarantees quality built outcomes due to its focus on minimum standards.
- Roles and responsibilities for NCC compliance especially in D&C procurement, are not well understood
- Limited design scope may hinder architects from achieving NCC compliance, potentially leading to non-compliances in built outcomes due to design documentation that has limited detail.
- Engagement limitations for design services affects architects' understanding of the NCC

# **2.** D+C procurement

- Design and Construct (D&C) procurement can transfer design responsibility away from architects, potentially compromising built quality and compliance with professional standards
- D&C procurement often prioritises high-level design documentation, which, coupled with limited on-site presence, hinders architects' ability to oversee design intent during construction

## 4. Disruptive change

- The architecture profession's overall awareness and readiness for disruptive change, especially regarding climate and technology, are likely limited
- Practical challenges hindering adaptation, including lack of resources, may mean some practices are better equipped to respond to change than others.
- Adjustments to service delivery may be necessary to maintain professional standards and seize opportunities arising from disruptive change.



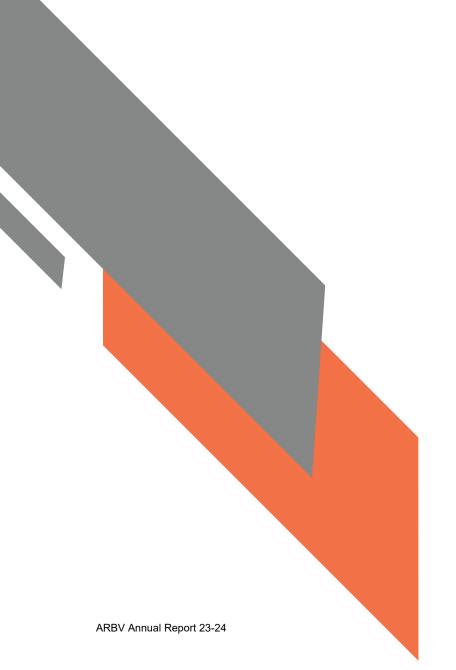




Architects Registration Board of Victoria

# PERFORMANCE REPORT

(financial) 2023-24



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### In brief

The information presented in the table below provides a financial summary for the ARBV's financial performance over a 5-year period.

\$000	2024	2023	2022	2021	2020
Total income from transactions	3,605	2,870	2,636	2,501	2,184
Total expenses from transactions	3,507	2,824	2,597	2,433	2,355
Other economic flows included in net result	30	1	0	0	0
Net result for the period	128	46	38	68	(171)
Expense from sponsorships and awards*	25	13	4	5	26
Net cash flows from operations	458	803	479	(40)	426
Total assets	4,624	4,324	3,947	3,915	3,370
Total liabilities	2,994	2,822	2,560	2,567	2,089

<sup>\*</sup> Expenses from sponsorships and awards are included in the net result for the period.

### Net result

The ARBV achieved a net surplus of \$127,684 (2023: \$46,496). This was an increase of \$81,188 compared to 2022-23 and was principally due to unexpected delays in some Tribunal inquiries leading to budgeted legal expenses falling due after the end of the financial year.

Sustaining an operating surplus is a critical financial strategy for the longer-term health of the organisation. Net assets have risen to \$1.63 million (2023: \$1.50 million) and underpins the organisation's financial viability and provides capacity to address emerging issues, new opportunities and asset replacements.

### Income

Total income from transactions for 2023-24 was \$3.61 million, an increase of \$0.74 million (2023: \$2.87 million) and included an additional \$0.63 million from annual registration fee income. This was primarily due to an increase in the applicable fees for registered architects, companies and partnerships for the period commencing 1 July 2023.

A breakdown of the major income sources is shown below. This highlights the ARBV's reliance on registration fees to support the funding of services and other business activities.

\$000	2024	2023	Movement
Annual registration fees	2,963	2,331	632
Examinations	357	321	36
Interest income	142	80	62
Other income	143	138	5
Total income from transactions	3,605	2,870	735

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### **Expenses**

Total expenditure from transactions for 2023-24 was \$3.51 million, an increase of \$0.68 million from the previous year (2023: \$2.82 million). A breakdown of expenditure by the ARBV is shown below.

\$000	2024	2023	Movement
Employee benefits	1,602	1,450	152
Contractors	279	131	148
Legal	330	202	128
Digital and information technology	309	234	75
Examinations	258	213	45
Administration	129	83	46
Depreciation and amortisation	275	213	62
Other expenses	325	298	27
Total expenses from transactions	3,507	2,824	683

### Financial position - Balance Sheet

The ARBV's financial position is demonstrated by net assets which increased in 2023-24 by the reported net result of \$0.13 million to \$1.63 million (2023: \$1.50 million). Net assets at 30 June 2024 includes \$3.97 million in cash and deposits and \$0.40 million in non-financial assets. Total assets of \$4.63 million are partially offset pay \$2.60 million in payables (includes \$2.30 million in unearned income for 2024-25 registration fees) and \$0.39 million other liabilities.

### Capital expenditure

Capital expenditure for intangible assets (CRM software enhancements) totalled \$63,301 (2023: \$44,137). In line with the ARBV policy, minor asset purchases under \$5,000 are expensed in the year of purchase.

### Significant changes or factors affecting performance

There were no significant changes or factors affecting the ARBV's performance during the reporting period.

### **Subsequent events**

As at the date of signing the annual Financial Statements there were no subsequent events requiring disclosure.

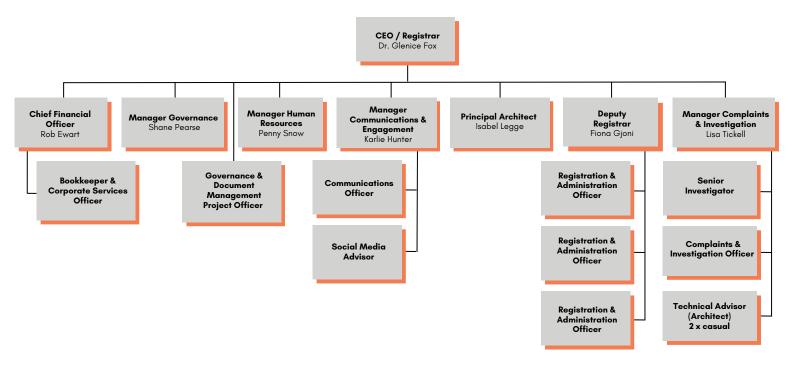
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## SECTION 2:

# GOVERNANCE AND ORGANISATIONAL STRUCTURE

### **ARBV Organisation Structure**

As at 30 June 2024



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## **GOVERNANCE**

#### **ARBV Board**

The ARBV Board is responsible for performing statutory decision-making functions and powers conferred by the *Architects Act 1991* (the Act) and the *Architects Regulations 2015*. The ARBV Board also provides leadership, strategic guidance and policy direction in addition to overseeing implementation of policies and initiatives.

With effect from 1 February 2024, the *Building Legislation Amendment Act 2023* introduced changes to governance arrangements, including changes to provisions relating to board composition. However, transitionary arrangements provide that the changes to board composition do not take effect until current board member terms expire. Section 47 of the Act, which was in force prior to the introduction of the *Building Legislation Amendment Act 2023*, provided for the Board to be comprised of ten members appointed on a representative basis with the Chairperson and Deputy Chairperson elected by the members.

During the year, the Board was assisted by a committee and a steering group. The Board is also responsible for constituting the independent Architects Tribunal to conduct inquiries concerning architects and their fitness to practise or professional conduct. The Act prohibits a person being concurrently a member of the ARBV Board and the Architects Tribunal.

The Board membership of the ARBV at 30 June 2024 was as follows:

- Dr Giorgio Marfella, PhD, M.Arch, RAIA (Chairperson)
   Representative of architects nominated by Councils of approved schools of architecture
- Sophie Cleland, B.Arch (Hons) (Deputy Chairperson)
  Architect nominated from panel submitted by the Australian Institute of Architects (AIA)
- Bruce Allen, B.Arch, M.Arch, M.B.A. Elected representative of architects
- Mark Curry, B.AppSc, BSW
   Consumer representative nominated by the Minister for Consumer Affairs (Victoria)
- Richard Drew, B.Eng (Hons), M.DesS, GradCertEng Representative of the Institution of Engineers, Institute of Surveyors, Institute of Quantity Surveyors and Royal Australian Planning Institute
- Stefan Preuss, Dipl. Ing Arch, MSc.Arch, GAICD
   Practising senior government architect nominated by the Office of Victorian Government Architect
- Sally Wills, Adv. Dip. Building Design (Architectural)
   Representative of professional building industry organisations

Directors whose terms expired on 30 June 2024 were as follows:

- Dr Giorgio Marfella
- Bruce Allen
- Sophie Cleland
- Mark Curry
- · Richard Drew, and
- Stefan Preuss

Board members whose terms expired on 30 June 2024 are eligible to apply for re-appointment subject to meeting new board composition requirements introduced by the *Building Legislation Amendment Act 2023*.

#### CEO/Registrar

The Board appoints a Registrar to deliver the operations of the organisation in accordance with the agreed strategy. Dr Glenice Fox, SJD, LLB, BA, Grad Cert in Dispute Resolution has occupied the role of CEO/Registrar since February 2021.

#### **Board Committees**

#### **Remuneration and Organisation Development Committee**

The purpose of the Remuneration and Organisation Development Committee is to assist the Board to fulfil its obligations relating to remuneration, organisation development and human resource policy and related matters, including the management of the CEO/Registrar's contract and performance review.

Members of the Remuneration and Organisation Development Committee during the year were Dr Giorgio Marfella (Chairperson), Sophie Cleland (Deputy Chairperson) and Stefan Preuss.

## Exemption from the requirement to have an Audit and Risk Committee and Internal Audit function for 2023-24

With effect from 1 July 2023, the Assistant Treasurer granted the ARBV an exemption from the requirements under clauses 3.2.1. and 3.2.2 of the Standing Directions 2018 respectively to have an Audit and Risk Committee and Internal Audit function for the 2023-24 financial year. Each year, the ARBV is required to make an application to the Assistant Treasurer for extension of these exemptions and to demonstrate that it has adequate controls in place and that the exemptions remain appropriate.

The primary function of the Audit and Risk Committee was to assist the Board to fulfil its statutory obligations relating to the *Financial Management Act 1994* (FMA) and associated Standing Directions 2018 issued by the Assistant Treasurer under Section 8 of the FMA. This function was subsumed by the Board with effect from 1 July 2023. The Board was assisted during the year by the former Independent Chair of the Audit and Risk Committee, Mr. Mark Anderson, who provided advice to the Board on audit and risk matters. Four of the eleven Board meetings held during the year focused on fulfilling its audit and risk obligations.

The following audit and risk responsibilities were subsumed by the Board:

- reviewing the effectiveness of the ARBV's internal control environment, covering effectiveness and efficiency of operations, reliability of financial reporting and compliance with applicable laws and regulations
- reviewing the annual financial statements
- reviewing the information in the report of operations on financial management, performance and sustainability
- determining the scope of the internal audits and ensure resources are adequate and used effectively, including co-ordination with external auditors
- maintaining effective communication with external auditors, consider recommendations arising from internal audits or made by external auditors and review the implementation of actions to resolve issues raised
- overseeing the effective operation of the risk management framework.

#### **Proactive Strategic Plan Implementation Steering Group**

The steering group provided strategic guidance to the CEO/Registrar and the internal Project Team to ensure delivery of the Proactive Strategic Plan and the achievement of agreed outcomes. This included monitoring implementation of the Proactive Strategic Plan to ensure effective, on-time and on-budget delivery.

Members of the Proactive Strategic Plan Implementation Steering Group during the year were board members Dr Giorgio Marfella, Sophie Cleland, Mark Curry and Richard Drew, and relevant staff members. Dr Giorgio Marfella, Sophie Cleland and staff members Dr Glenice Fox and Shane Pearse were also members of the joint working group involved in the preparation of the Deep Dive Report into Systemic Risks in the Architecture Sector, commissioned by the ARBV and NSW ARB.

For further details on the Proactive Strategic initiatives which were delivered during the year refer to the Proactive Regulation Program report on pages 30-31.

**Board and Committee Meeting Attendances** Number of meetings attended/eligible to attend in 2023-24

Name	Board	Remuneration & Organisation Development Committee	Proactive Strategic Plan Implementation Steering Group	Notes / Overall meeting attendance
Dr Giorgio Marfella (Board Chairperson)	11/11	2/2	4/4	17/17
Sophie Cleland (Board Deputy Chairperson)	10/11	2/2	4/4	16/17 (recused for 1 meeting)
Bruce Allen	11/11			11/11
Mark Curry	11/11		3/4	14/15
Richard Drew	8/11		3/4	11/15
Stefan Preuss	10/11	2/2		12/13
Sally Wills	10/11			10/11
Mark Anderson (Audit & Risk Committee Chairperson)	2/2			2/2

#### **ARBV Chairpersons and Registrars since 1923**

Chairpersons	Year
1. Edward Bates	1923 - 1931
2. William Godfrey Plus, a period 1924-1925 as acting chair.	1931 - 1934
3. Kingsley Henderson	1934 - 1939
4. John Gawler	1939 - 1946
5. Stanley Parkes	1946 - 1966
6. Harry Winbush	1966 - 1971
7. Ronald Lyon	1971 - 1975
8. R.J.Gibson	1975 - 1983
9. J.F.Swan	1983 - 1985
10. Allan Rodger	1985 - 1988
11. Peter Williams	1988 - 1997
12. Robert McGauran	1997 - 2000
13. Andrew Hutson	2000 - 2012
14. David Sainsbery	2012 - Dec 2017
15. David Islip	Dec 2017 - May 2020
16. Karen Alcock	May 2020 - May 2021
17. Dr Giorgio Marfella	May 2021 - June 2024

Registrars	Year
1. William Campbell	1923 - 1929
2. John Islip Charles Serpell was acting registrar 1942-1946 while John Islip was on leave having enlisted in the Royal Australian Air Force.	1929 - 1970
3. John Janicke	1970 - 1971
4. Tom Cranston	1971 - 1972
5. Raymond Wilson	1972 - 1972
6. Noel Bewley	1972 - 1986
7. Mary Mauthoor	1986 - 1992
8. Jeffrey Keddie	1992 - 1998
9. Michael Kimberley	1998 - 2008
10. Alison Ivey	2008 – 2018
11. Adam Toma	September 2018 – July 2020
12. Allan Bawden Interim Registrar	July 2020 - February 2021
13. Dr Glenice Fox	February 2021 -

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## SECTION 3: WORKFORCE DATA

The ARBV employed 18 staff (12.43 full time equivalent) on 30 June 2024, compared to 14 staff (10 full time equivalent) on 30 June 2023.

Employees have been correctly classified in workforce data collections. All employees, except executive officers, are covered by the ARBV Enterprise Agreement.

	2022-23		2023-24	
Classification	Number (headcount)	FTE	Number (headcount)	FTE
Executive Officer	1	1	1	1
VPS 7	1	1	0	0
VPS 6	4	3.4	5	4.2
VPS 5	3	0.6	6	2.03
VPS 4	1	0.4	1	0.4
VPS 3	4	3.6	5	4.8
VPS 2	0	0	0	0
Total	14	10	18	12.43

#### Notes:

- All figures reflect employment levels during the last full pay period in June of each year.
- Excluded from workforce data; employees on leave without pay or absent on secondment, graduates, external contractors/consultants and temporary staff employed by employment agencies.
- Ongoing employees includes people engaged on an open-ended contract of employment and executives engaged on a standard executive contract who were active in the last full pay period of June.
- "FTE" stands for Full Time Equivalent.
- The ARBV uses Victorian Public Sector (VPS) Salaries and Classification and Value Range Descriptors.

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#### Public sector values & employment principles

The ARBV has embedded the employment principles as set out in section 8 of the *Public Administration Act 2004* into its Human Resources Policies and Procedures Manual.

The manual's employment policies and practices are consistent with the principles e.g., merit and equity with regard to selection processes to ensure that applicants are assessed and evaluated fairly and equitably based on key selection criteria and other accountabilities without discrimination.

#### Occupational Health & Safety

The goal of the ARBV's Occupational Health and Safety (OH&S) Policy is to ensure all staff (and others) accessing the ARBV's premises remain safe and healthy with a continued commitment to OH&S compliance, active risks and hazards assessment and control.

The ARBV's target for 2023-2024 was for zero OH&S incidents leading to claims which was achieved. No incidents, hazards or near misses or lost time were reported during the 2023-2024 year.

The ARBV's Workcover premium rate at the completion of 2023-2024 was 0.97%. This was below the applicable State Government Administration industry classification rate of 1.05%. ARBV's performance rating of 0.97 was 2.51% better than the industry average.

#### **Workforce Inclusion Policy**

The ARBV strives to provide an inclusive working environment where equal opportunity and diversity are valued, and that reflects the communities we serve. The ARBV's commitment to diversity and inclusion is reflected in our policies and practices of valuing and supporting employees regardless of their age, ethnicity, race, abilities, religion, socioeconomic status, culture, sex, sexual orientation, and gender identity.

Due to the ARBV's size the ARBV does not have formal plans or strategies in place, for example Gender Equality Action Plan for 2022–25 or an Aboriginal Employment Plan 2020–26 or targets for gender diverse staff, as adopted by larger public sector organisations.

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## SECTION 4:

## **OTHER DISCLOSURES**

This section includes disclosures required by the Financial Management Act 1994, the Architects Act 1991, the Public Interest Disclosure Act 2012, Disability Act 2006 and the Freedom of Information Act 1982.

It also includes voluntary disclosure of additional regulatory compliance information.

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#### **Local Jobs First Act 2003**

The *Local Jobs First Act 2003* introduced in August 2018 brings together the Victorian Industry Participation Policy (VIPP) and Major Project Skills Guarantee (MPSG) policy which were previously administered separately.

Departments and public sector bodies are required to apply the Local Job first policy in all projects valued at \$3 million or more in Metropolitan Melbourne or for state-wide projects, or \$1 million or more for projects in regional Victoria.

There were no procurements initiated by the ARBV in 2023-24 falling within the provisions of the Local Jobs First Policy.

#### Social procurement

The ARBV is a very small agency and whilst it remains conscious of its obligations under the State Government's Social Procurement Framework, it is difficult for the entity to generate meaningful social value given:

- 1. the limited annual expenditure budget for goods and services, and
- 2. the nature of goods and services acquired over the course of the year.

Management continues to explore opportunities for social procurement, however, there was no expenditure of this nature in 2023-24.

#### Government advertising expenditure

There were no advertising campaigns in 2023-24 with a media spend of \$100,000 or greater (exclusive of GST).

#### **Declarations of private interests**

All ARBV Board members and the Accountable Officer have completed a declaration of private interests.

#### **Disclosure of major contracts**

The ARBV did not enter into any major contracts valued at \$10 million or above during 2023-24.

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#### **Consultancy Expenditure**

#### Details of consultancies \$10,000 or greater

In 2023-24, there were 6 consultancies where the total fees payable was \$10,000 or greater (excluding GST). The total expenditure incurred during 2023-24 in relation to these consultancies was \$121,329 (excl. GST).

Consultant	Purpose of consultancy	Start - end date	Expenditure 2023-24 (excl. GST)
Effective Governance Pty Ltd	Evaluation of the Board's performance	September 2023 - November 2023	\$20,800
Dart Legal Consulting Pty Ltd	Facilitate Focus Groups & Deep Dive Report	July 2023 - June 2024	\$28,137
Comvision Australia	Security Control Assessment	March 2024 - May 2024	\$10,000
Comvision Australia	Security Uplift Project	June 2024 - June 2024	\$14,512
Elumina Elearning Pty Ltd	Penetration testing CRM	July 2023 - September 2023	\$15,840
Elumina Elearning Pty Ltd	Penetration testing CRM mitigations	December 2023 - February 2024	\$32,040

#### Details of consultancies under \$10,000

In 2023-24 there were two consultancies engaged during the year, where the total fees payable to the individual consultancies were less than \$10,000. The total expenditure incurred during 2023-24 in relation to these consultancies was \$3,220 (excl. GST).

#### Information and communication technology (ICT) expenditure

For the 2023-24 reporting period, the ARBV had a total ICT expenditure of \$497,251 with the details shown below.

Operational ICT Expenditure	ICT Expenditure relating to projects to create or enhance ICT capabilities				
Business as usual ICT expenditure	Non-business as usual ICT expenditure	Operational expenditure	Capital expenditure		
(Total)	(Total = Operational expenditure and capital expenditure)				
\$497,251	\$102,549	\$39,248	\$63,301		

ICT expenditure refers to the ARBV's costs in providing business enabling ICT services within the current reporting period. It comprises Business as Usual (BAU) ICT expenditure and Non-Business as Usual (Non-BAU) ICT expenditure. Non-BAU ICT expenditure relates to extending or enhancing the ARBV's current ICT capabilities. BAU ICT expenditure is all remaining ICT expenditure that primarily relates to ongoing activities to operate and maintain the current ICT capability.

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Reviews and studies expenditure
During 2023-24, there were 8 reviews and studies undertaken with a total cost of \$124,549. Details of individual reviews and studies are outlined below.

Name of the review	Reasons for review/study	Terms of reference/scope	Anticipated outcomes	Estimate cost for the year (excl. GST)	Final cost if comple ted (excl. GST)	Publicly available (Y/N) and URL
Architects Registration Board of Victoria – Board Review	Evaluation of Board's performance as part of the ARBV's commitment to ensuring a superior governance system is in place	Survey input was obtained from 8 Board members, the CEO and 2 senior managers to review the Board's overall performance against the leading board practice.	To understand the overall performance of the Board, including its strengths and improvement opportunities.	\$20,800	\$20,800	No
Deep Dive into Systemic Risks in the Australian Architecture sector	To further interrogate the results of the desktop review reflected in the Systemic Risks in the Architecture Sector report jointly undertaken in 2022 by the ARBV and NSW ARB.	To share the insights gained in relation to the four themes addressed during focus group sessions and consider the implications for ARBs and other sectoral participants.	Recommendations for key stakeholders that could play a role in mitigating risks facing the Australian architecture sector to enhance outcomes for architects, clients, users of architectural services, and the public.	\$28,137	\$28,137	Yes https://www.arbv. vic.gov.au/deep- dive-report- systemic-risks- architecture- sector
Security Control Assessment	Forms part of ARBV's internal audit and business enhancement program.	Assess current IT environment against:	Provide written report including: ·Current 'information security posture' against measured controls; ·Approximate upfront and ongoing costs to mitigate each control; ·In-person meeting with all key-stakeholders to present information and discuss outcomes of the report; and ·Present costed information security uplift solution based upon the mitigations identified to be mitigated.	\$10,000	\$10,000	No
Security Uplift Project	Agreed mitigations to Security Control Assessment.	Action agreed controls in ACSC's Essential 8 Mitigation strategies and extended security measures recommended by ARBV's IT Service and Security Provider.	To meet maturity level 1 of ACSC's Essentials 8 Framework and deploy extended security measures.	\$14,512	N/A	No

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Name of the review	Reasons for review/study	Terms of reference/scope	Anticipated outcomes	Estimate cost for the year (excl. GST)	Final cost if complet ed (excl. GST)	Publicly available (Y/N) and URL
Penetration Testing CRM	Forms part of ARBV's internal audit and business enhancement program.	Perform penetration testing of ARBV's CRM and based on the level of risk, identify mitigation measures.	Receive a recommendations report to help guide business improvements.	\$15,840	\$15,840	No
Penetration Testing CRM Mitigations	Forms part of ARBV's internal audit and business enhancement program.	Develop and implement agreed mitigation measures.	Mitigation measures implemented.	\$32,040	\$32,040	No
Document Management Review	To enhance and streamline ARBV's document management system and business practices.	Undertake a document management assessment and required business enhancements.	Receive a recommendations report to help guide business improvements.	\$2,800	\$2,800	No
Review of complaints and investigation process	To enhance complaints and investigations processes and practices and ensure alignment with ARBV's risk-based Regulatory Strategy.	Assess the manner in which the ARBV manages its complaints and investigations and the extent to which these reactive regulatory activities are aligned with ARBV's risk-based Regulatory Strategy.	Receive a report to understand the current status and recommendations to help guide process and practice improvements.	\$420	\$5,500	No

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#### Freedom of Information Act 1982

The Freedom of Information Act 1982 (the Act) allows the public a right of access to documents held by the ARBV. The purpose of the Act is to extend as far as possible the right of the community to access information held by government departments, local councils, Ministers, and other bodies subject to the Act.

An applicant has a right to apply for access to documents held by the ARBV. This comprises documents both created by the ARBV or supplied to the ARBV by an external organisation or individual. Information about the type of material produced by the ARBV is available on the ARBV's website under its Part II Information Statement.

The Act allows the ARBV to refuse access, either fully or partially, to certain documents or information. Examples of documents that may not be accessed include but are not limited to cabinet documents; some internal working documents; law enforcement documents; documents covered by legal professional privilege, such as legal advice; personal information about other people; and information provided to the ARBV in-confidence.

From 1 September 2017, the Act has been amended to reduce the Freedom of Information (FOI) processing time for requests received from 45 to 30 days. However, when external consultation is required under subsections 29, 29A, 31, 31A. 33, 34 or 35, the processing time automatically reverts to 45 days. Processing time may also be extended by periods of 30 days, in consultation with the applicant. With the applicant's agreement this may occur any number of times. However, obtaining an applicant's agreement for an extension cannot occur after the expiry of the time frame for deciding a request.

If an applicant is not satisfied with a decision made by the ARBV, under section 49A of the Act, they have the right to seek a review by the Office of the Victorian Information Commissioner (OVIC) within 28 days of receiving a decision letter.

#### Making a request

FOI requests can be lodged in writing to the ARBV via email or post. An application fee of \$32.70 applies (as of 1 July 2024). Access charges may also be payable if the document pool is large, and the search for material, time consuming.

Access to documents can also be obtained through a written request to the ARBV as detailed in section 17 of the Act.

When making an FOI request, applicants should ensure requests are in writing, and clearly identify what types of material/documents are being sought.

Requests for documents in the possession of the ARBV should be addressed to: Registrar, ARBV Level 10, 533 Little Lonsdale Street, Melbourne 3000

or registrar@arbv.vic.gov.au

#### FOI statistics/timeliness

During 2023-24, the ARBV received 2 FOI applications, one of which was still being finalised after 1 July 2024.

#### **Further information**

Further information regarding the operation and scope of FOI can be obtained from the Act; regulations made under the Act; and ovic.vic.gov.au. The ARBV's Part II statement can be found on our website.

#### **Competitive Neutrality Policy**

Competitive neutrality requires government businesses to ensure where services compete, or potentially compete with the private sector, any advantage arising solely from their government ownership be removed if it is not in the public interest. Government businesses are required to cost and price these services as if they were privately owned. Competitive neutrality policy supports fair competition between public and private businesses and provides government businesses with a tool to enhance decisions on resource allocation. This policy does not override other policy objectives of government and focuses on efficiency in the provision of service.

The ARBV continues to comply with the requirements on competitive neutrality reporting as required under the Competition Principles Agreement and Competition and Infrastructure Reform Agreement.

#### **Public Interest Disclosures Act 2012**

The *Public Interest Disclosures 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, nor 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

You can make a public interest disclosure about the ARBV or its Board members, officers or employees by contacting the Independent Broad-based Anti-Corruption Commission (IBAC) details below.

The ARBV is not able to receive public interest disclosures.

The ARBV has established procedures for the protection of persons from detrimental action in reprisal for making a public interest disclosure about the ARBV, its Board members, officers or employees. You can access the ARBV's procedures on its website at: www.arbv.vic.gov.au

Alternatively, disclosures may also be made directly to IBAC.

Level 1, North Tower, 459 Collins Street

Melbourne, VIC 3000

Mail: IBAC, GPO Box 24234, Melbourne

Victoria 3001

Phone: 1300 735 135

Internet: www.ibac.vic.gov.au

Email: See the website above for the secure email disclosure process, which also provides for anonymous disclosures.

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#### **Building Act 1993**

The ARBV does not own or control any government buildings and consequently is exempt from notifying its compliance with the building and maintenance provisions of the *Building Act 1993*.

#### **Disability Act 2006**

The *Disability Act 2006* reaffirms and strengthens the rights of people with a disability and recognises that this requires support across the government sector and within the community.

The ARBV has a Disability Action Plan in place. Consistent with the plan, the ARBV's Human Resources policies e.g. Occupational Health and Safety and Equal Employment and Anti-Discrimination recognise and seek to address the rights and needs of people with disabilities.

The ARBV is committed to making reasonable adjustments for a person with a disability to ensure an inclusive and disability equitable workplace. Those adjustments include where:

- a person with a disability who applies for a job, is offered employment, or is an employee, and requires the adjustments in order to participate in the recruitment process or perform the genuine and reasonable requirements of the job
- it is necessary to ensure employees with a disability can work safely and productively
- flexibility in the working arrangements is required for example where the employee is the carer of a child under 18 with a disability.

The ARBV's Service Charter provides that the ARBV will be accessible for those with disabilities and will tailor communications to accessibility needs where possible.

Web content can be difficult for users with a disability to navigate and process. The ARBV follows the accessibility standards for vic.gov.au in relation to content on the ARBV website. The ARBV also provides multiple channels of communication to assist with access to and delivery of services. These measures help to ensure people with disabilities have the same access to information and services as others in the community.

#### Office-based environmental impacts

The ARBV is committed to reducing its environmental footprint and promoting awareness and participation amongst its employees. The use of recycled paper together with the emphasis on electronic document management and a "paperlite" approach is reducing paper and storage. Wastepaper is binned for recycling and used printer cartridges are disposed of via Officeworks e-waste recycling.

#### **Disclosure of Emergency Procurement**

Nil reports. In 2023-2024 the ARBV did not activate any Emergency Procurement in accordance with the requirements of government policy and accompanying guidelines.

#### Disclosure of procurement complaints

Nil reports. Under the Governance Policy of the Victorian Government Purchasing Board (VGPB), the ARBV must disclose any formal complaints relating to the procurement of goods and services received through its procurement complaints management system.

#### Additional information available on request

In compliance with the requirements of the Standing Directions 2018 of the Minister for Finance, details in respect of the items listed below, where applicable to the ARBV, have been retained and are available on request, subject to the provisions of the Freedom of Information Act 1982:

- (a) details of publications produced by the ARBV about itself, and how these can be obtained
- (b) details of major research undertaken by the ARBV
- (c) details of major promotional, public relations and marketing activities undertaken by the ARBV to develop community awareness of the entity and its services
- (d) details of changes in prices, fees, charges, rates and levies charged
- (e) a statement on industrial relations within the ARBV
- (f) details of all consultancies and contractors, including consultants/contractors engaged, services provided, and expenditure committed for each engagement.

The information is available on request from: Registrar, ARBV Level 10, 533 Little Lonsdale Street, Melbourne 3000 or registrar@arbv.vic.gov.au

#### Statement of availability of other information available on request

Details of the following items have been included in the ARBV's annual report, on the pages indicated below:

- (a) a list of the ARBV's major committees, the purposes of each committee, and the extent to which the purposes have been achieved (on page 39)
- (b) assessments and measures undertaken to improve the occupational health and safety of employees (on page 42).

#### Information that is not applicable to the ARBV

The following information is not relevant to the ARBV for the reasons set out below:

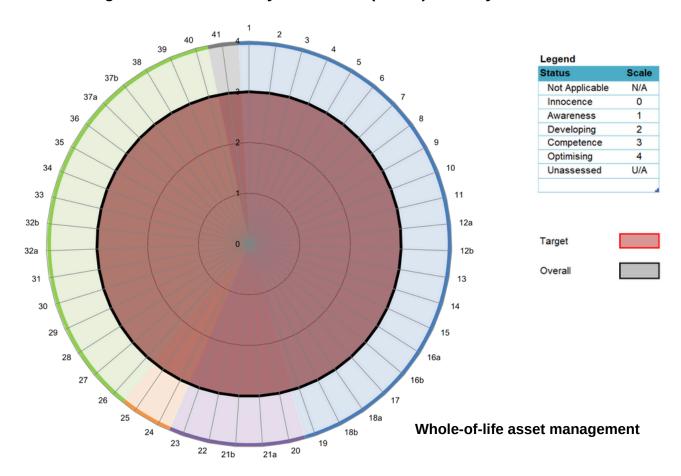
- (a) declaration of shares held by senior officers (no shares have ever been issued in the ARBV)
- (b) details of overseas visits undertaken (no ARBV members or senior executives took overseas work-related trips)
- (c) details of any major external reviews carried out on the ARBV (no major external reviews undertaken)
- (d) details of major development activities undertaken by the ARBV (no major development activities undertaken).

#### **DataVIC Access Policy**

The ARBV discloses information online and via printed publications. It also provides information services in person and/or by phone, annual report and website.

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#### Asset Management Accountability Framework (AMAF) maturity assessment



The following sections summarise the ARBV's assessment of maturity against the requirements of the Asset Management Accountability Framework (AMAF). The AMAF is a non-prescriptive, devolved accountability model of asset management that requires compliance with 41 mandatory requirements. These requirements can be found on the DTF website. The ARBV's target maturity rating is 'competence', meaning systems and processes fully in place, consistently applied and systematically meeting the AMAF requirement.

#### **Leadership and Accountability (requirements 1-19)**

The ARBV has met its target maturity level within this category. There is no material non-compliance reported in this category.

#### **Planning (requirements 20-23)**

The ARBV has met its target maturity level in this category.

#### **Acquisition (requirements 24 and 25)**

The ARBV has met its target maturity level in this category.

#### **Operation (requirements 26-40)**

The ARBV has met its target maturity level within this category.

#### **Disposal (requirement 41)**

The ARBV has met its target maturity level in this category.

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Architects Registration Board of Victoria

# THE ARCHITECTS REGISTRATION BOARD OF VICTORIA'S FINANCIAL MANAGEMENT COMPLIANCE ATTESTATION STATEMENT

I, Dr Giorgio Marfella, on behalf of the Responsible Body, certify that the Architects Registration Board of Victoria has no Material Compliance Deficiency with respect to the applicable Standing Directions under the *Financial Management Act 1994* and Instructions.

Dr Giorgio Marfella Chairperson

Giorgio Muhallo

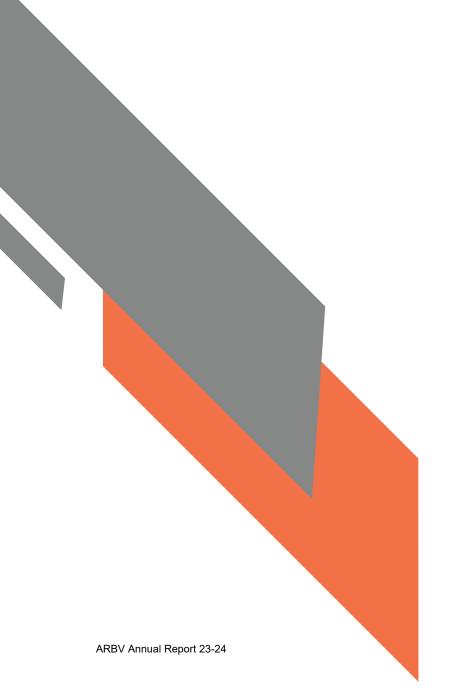
**Architects Registration Board of Victoria** 

Date signed: 19 September 2024

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## FINANCE REPORT

2023-24



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#### How this report is structured

The Architects Registration Board of Victoria (ARBV) presents its audited general purpose Financial Statements for the financial year ended 30 June 2024 providing users with information about the organisation's stewardship of resources entrusted to it. It is presented in the following structure:

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#### **Financial Statements declaration**

The attached Financial Statements for the Architects Registration Borad of Victoria (ARBV) have been prepared in accordance with Standing Direction 5.2 of the Assistant Treasurer under 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 2024 and the financial position of the ARBV as at 30 June 2024.

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 27 August 2024.

**Dr Giorgio Marfella** Chairperson

Giorgio Mulperto,

27 August 2024 Melbourne **Dr Glenice Fox**Chief Executive Officer

Rob Ewart

Chief Financial Officer



## **Independent Auditor's Report**

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

#### **Opinion**

I have audited the financial report of Architects Registration Board of Victoria (the authority) which comprises the:

- Balance sheet as at 30 June 2024
- Comprehensive operating statement for the year then ended
- Statement of changes in equity for the year then ended
- Cash flow statement for the year then ended
- Notes to the financial statements, including material accounting policy information
- Declaration in the financial statements.

In my opinion the financial report presents fairly the financial position of the authority as at 30 June 2024 and its financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the *Financial Management Act 1994* and applicable Australian Accounting Standards.

#### Basis for Opinion

I have conducted my audit in accordance with the *Audit Act 1994* which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report.

My independence is established by the *Constitution Act 1975*. My staff and I are independent of the authority in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.

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

#### Board's responsibilities for the financial report

The Board of the authority is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the *Financial Management Act 1994*, and for such internal control as the Board determines is necessary to enable the preparation of a financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Board is responsible for assessing the authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.

Auditor's responsibilities for the audit of the financial report As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the authority's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board
- conclude on the appropriateness of the Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the authority's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the authority to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

A

BENDIGO 10 September 2024 Kathie Teasdale
As a delegate for the Auditor-General of Victoria

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## **Comprehensive Operating Statement** for the financial year ended 30 June 2024

	Notes	2024 \$	2023 \$
Continuing operations		•	· ·
Revenue and income from transactions			
Annual registration fees	2.1	2,963,539	2,331,156
Examinations	2.1	356,535	320,766
Interest	2.1	141,530	79,804
Other income	2.1	143,191	137,834
Total revenue and income from transactions		3,604,795	2,869,560
Expenses from transactions			
Employee benefit expenses	3.1.1	(1,601,594)	(1,450,333)
Depreciation and amortisation	4.4.1	(274,669)	(213,085)
Interest expense	6.2.2	(7,830)	(11,057)
Other operating expenses	3.1	(1,623,229)	(1,149,295)
Total expenses from transactions		(3,507,322)	(2,823,770)
Net result from transactions (net operating balance)		97,473	45,790
Other economic flows included in net result			
Net gain on revaluation long service leave liability		30,211	706
Total other economic flows included in net result		30,211	706
Net result from continuing operations		127,684	46,496
Other economic flows – other comprehensive income:			
Other gains/(losses) from other economic flows		-	-
Comprehensive result		127,684	46,496

The accompanying notes form part of these Financial Statements.

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#### **Balance Sheet**

As at 30 June 2024

	Notes	2024 \$	2023 \$
Assets		Ф	Ψ
Financial assets			
Cash and deposits	6.1	3,974,846	3,674,627
Receivables	5.1	247,304	29,952
Total financial assets		4,222,150	3,704,579
Non-financial assets			
Property, plant and equipment	4.1	87,967	188,130
Right-of-use assets	4.2	167,083	260,339
Intangible assets	4.3	114,412	158,917
Other non-financial assets	5.3	32,116	12,419
Total non-financial assets		401,578	619,805
Total assets		4,623,728	4,324,384
Liabilities			
Payables	5.2	2,599,523	2,388,374
Lease liability	6.2	180,886	275,515
Employee related provisions	3.1.2	213,628	158,488
Total liabilities		2,994,037	2,822,377
Net assets		1,629,691	1,502,007
Equity			
Accumulated surplus		1,407,973	1,280,289
Contributed capital		221,718	221,718
Net worth		1,629,691	1,502,007

The accompanying notes form part of these Financial Statements.

#### **Cash Flow Statement**

for the financial year ended 30 June 2024

	Notes	2024 \$	2023 \$
Cash flows from operating activities		<u> </u>	•
Receipts			
Interest received		141,530	79,804
Receipts from registrations and examinations		3,258,954	3,139,929
GST receipts from Australian Tax Office		148,370	92,965
Other receipts (incl GST)		41,317	79,441
Total receipts		3,590,171	3,392,139
Payments			
Payments to suppliers and employees		(3,124,192)	(2,578,432)
Interest paid		(7,830)	(11,057)
Total payments		(3,132,022)	(2,589,489)
Net cash flows from operating activities	6.1	458,149	802,650
Cash flows from investing activities			
Purchases of non-financial assets		(63,301)	(37,836)
Net cash flows used in investing activities		(63,301)	(37,836)
Cash flows from financing activities			
Repayment of borrowings and principal portion of lease liability		(94,629)	(88,657)
Net cash flows used in financing activities		(94,629)	(88,657)
Net increase in cash and cash equivalents		300,219	676,157
Cash and cash equivalents at beginning of financial year		3,674,627	2,998,470
Cash and cash equivalents at end of financial year	6.1	3,974,846	3,674,627

The accompanying notes form part of these Financial Statements.

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## **Statement of Changes in Equity** for the financial year ended 30 June 2024

	Accumulated surplus	Contributed capital \$	Total \$
Balance at 1 July 2022	1,233,793	221,718	1,455,511
Net result for 2022-23 year	46,496	-	46,496
Balance at 30 June 2023	1,280,289	221,718	1,502,007
Net result for 2023-24 year	127,684	-	127,684
Balance at 30 June 2024	1,407,973	221,718	1,629,691

The accompanying notes form part of these Financial Statements.

#### **Notes to the Financial Statements**

#### 1. ABOUT THIS REPORT

The Financial Statements cover the ARBV as an individual reporting entity.

The ARBV is a self-funded statutory authority established by the Architects Act 1991.

Its principal address is:

Level 10 533 Little Lonsdale Street Melbourne VIC 3000

A description of the nature of the ARBV's operations and its principal activities is included in the ARBV overview, which does not form part of these Financial Statements.

#### Basis of preparation

These Financial Statements are in Australian dollars and the historical cost convention is used unless a different measurement basis is specifically disclosed in the note associated with the item measured on a different basis.

The accrual basis of accounting has been applied in preparing 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 financial information being presented. The significant judgements made in the preparation of these Financial Statements are disclosed in the notes where amounts affected by those judgements are disclosed. 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 applying Australian Accounting Standards (AAS) 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.

All amounts in the Financial Statements have been rounded to the nearest dollar.

#### **Compliance information**

These general-purpose Financial Statements have been prepared in accordance with the *Financial Management Act* 1994 (FMA) and applicable AAS, which include 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 selected and applied in these Financial Statements ensure 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 Financial Report, a glossary of terms and style conventions can be found in notes 8.8 and 8.9.

These annual Financial Statements were authorised for issue by the ARBV Chairperson, Chief Executive Officer and Chief Financial Officer on behalf of the ARBV on 27 August 2024.

#### Changes in accounting policies

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. Unless otherwise stated, all accounting policies applied are consistent with those of the prior year.

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#### 2. FUNDING DELIVERY OF OUR SERVICES

#### Introduction

Established in 1923, the ARBV administers the Architects Act 1991 (Vic) and Architects Regulations 2015 (Vic).

The Act establishes the framework for the regulation of architects in Victoria and has as its purposes to:

- provide for the registration of architects;
- provide for the approval of partnerships and companies providing architectural services;
- regulate the professional conduct of architects;
- provide a procedure for handling complaints against architects;
- regulate the use of the terms 'architect', 'architectural services', 'architectural design services' and 'architectural design'; and
- establish the Architects Registration Board of Victoria.

Income is generated from the following sources and is used to deliver ARBV's purposes.

#### 2.1 Summary of income that funds the delivery of our services

	2024	2023
	\$	\$
Annual registration fees	2,963,539	2,331,156
Applications and revocations	101,874	58,394
Examinations	356,535	320,766
Interest income	141,530	79,804
Legal fees recovered	41,000	73,095
Other income	317	6,345
Total revenue and income from transactions	3,604,795	2,869,560

#### Revenue from contracts with customers

Revenue from fees is recognised under AASB15 Revenue from Contracts with Customers. The ARBV charges an annual fee for the registration of Architects. These fees are recognised in the year to which the renewal relates. Annual registration fees paid in advance are recognised as unearned income. Examination fees are recognised when the service is provided.

#### Interest

Interest income includes interest received on cash holdings. Interest income is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

Interest income on cash holdings is recognised as it accrues.

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#### 3. THE COST OF DELIVERING SERVICES

#### Introduction

This section provides an account of the expenses incurred by the ARBV in delivering services. In section 2, the funds that enable the provision of services were disclosed and in this note the cost associated with provision of services are recorded.

#### 3.1 Expenses incurred in delivery of services

	Notes	2024	2023
		\$	\$
Employee benefit expenses			
Total employee benefit expenses	3.1.1	1,601,594	1,450,333
Other operating expenses			
Contractors		278,679	130,975
Legal expenses		329,545	201,959
Tribunal expenses		19,541	4,407
Professional services		89,989	113,245
Digital and Information technology		308,876	234,260
Examination expenses		258,070	212,783
Subscriptions (AACA)		75,714	76,820
Administration		129,204	83,421
Occupancy		78,358	52,121
Sponsorships and awards		25,000	13,091
Other operating expenses		30,253	26,213
Total other operating expenses		1,623,229	1,149,295
Total expenses incurred in delivery of services		3,224,823	2,599,628

Expenses from transactions are recognised and reported in the financial year to which the related goods and services are received.

#### 3.1.1 Employee benefits in the Comprehensive Operating Statement

Employee expenses include all costs related to employment including wages and salaries, leave entitlements, termination payments, payroll tax and WorkCover premiums.

The amount recognised in the Comprehensive Operating Statement in relation to superannuation is employer contributions for members of defined contribution superannuation plans that are paid or payable during the reporting period.

Termination benefits are payable when employment is terminated before normal retirement date, or when an employee accepts an offer of benefits in exchange for the termination of employment.

	Note	2024 \$	2023 \$
Salaries and wages, annual leave, long service leave and on-costs		1,434,767	1,320,938
Defined contribution superannuation expense		161,851	129,395
Termination benefits		4,976	-
Total employee benefit expenses		1,601,594	1,450,333

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#### 3.1.2 Employee benefits in the Balance Sheet

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave (LSL) for services rendered to the reporting date and recorded as an expense during the period the services are delivered.

	2024	2023
	\$	\$
Current provisions:		
Annual leave		
Unconditional and expected to settle within 12 months	102,521	87,532
Long service leave		
Unconditional and expected to settle within 12 months	29,442	27,033
Provisions for on-costs		
Unconditional and expected to settle within 12 months	23,522	6,565
Total current provisions for employee benefits	155,485	121,130
Non-current provisions:		
Employee benefits	49,347	32,057
On-costs	8,796	5,301
Total non-current provisions for employee benefits	58,143	37,358
Total provisions for employee benefits	213,628	158,488

Wages and salaries, annual leave and sick leave: Liabilities for wages and salaries (including annual leave and oncosts) are recognised as part of the employee benefit provision as current liabilities, because the ARBV does not have an unconditional right to defer settlements of these liabilities.

The liability for salaries and wages are recognised in the Balance Sheet at remuneration rates which are current at the reporting date. As the ARBV expects the liabilities to be wholly settled within 12 months of reporting date, they are measured at undiscounted amounts.

The annual leave liability is classified as a current liability and measured at the undiscounted amount expected to be paid, as the ARBV does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

No provision has been made for sick leave as all sick leave is non-vesting and it is not considered probable that the average sick leave taken in the future will be greater than the benefits accrued in the future. As sick leave is non-vesting, an expense is recognised in the Comprehensive Income Statement as it is taken.

Employment on-costs such as payroll tax, WorkCover premiums and superannuation are not employee benefits. They are disclosed separately as a component of the provision for employee benefits when the employment to which they relate has occurred.

Unconditional LSL is disclosed 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.

The components of this current LSL liability are measured at either:

- undiscounted 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.

**Conditional LSL** is disclosed as a non-current liability. There is a conditional right to defer the settlement of the entitlement until the employee has completed the requisite years of service. This non-current LSL 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' in the net result.

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#### 3.1.3 Employee superannuation contributions

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

		Paid contribution for the year		bution at year-end
	2024	2024 2023		2023
	\$	\$	\$	\$
Defined contribution plans				
Aware Super Future Saver	42,505	40,716	-	2,723
Other	129,508	90,090	-	8,768
Total	172,013	130,806	-	11,491

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#### 4. KEY ASSETS AVAILABLE TO SUPPORT OUTPUT DELIVERY

The ARBV controls property, plant and equipment that are utilised in fulfilling its objectives and conducting its activities. They represent the resources that have been entrusted to the ARBV to be utilised for delivery of those outputs.

#### 4.1 Property, plant and equipment

**Initial recognition**: Items of property, plant and equipment, are measured initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment.

The cost of a leasehold improvements are capitalised.

#### Subsequent measurement

Items of property, plant and equipment are depreciated on a straight-line basis over their useful lives.

Leasehold improvements are capitalised and depreciated over the shorter of the remaining term of the lease or their estimated useful lives.

	Gross carryii	ng amount	Accum deprec		Net carrying	g amount
	2024	2023	2024	2023	2024	2023
	\$	\$	\$	\$	\$	\$
Office equipment at cost	15,400	82,647	(15,400)	(71,760)	-	10,887
Leasehold improvement at cost	245,512	263,714	(157,545)	(86,471)	87,967	177,243
Net carrying amount	260,912	346,361	(172,945)	(158,231)	87,967	188,130

All these assets are classified as public administration fixed assets.

#### 4.1.1 Reconciliation of movements in carrying amounts for property, plant and equipment

2024	Office equipment	Leasehold improvements	Total
		\$	\$
Opening balance	10,887	177,243	188,130
Transferred to expenses (a)	(8,355)	(18,202)	(26,557)
Depreciation	(2,532)	(71,074)	(73,606)
Closing balance	-	87,967	87,967

2023	Office equipment	Leasehold improvements	Total
		\$	\$
Opening balance	17,204	215,698	232,902
Additions	-	18,202	18,202
Depreciation	(6,317)	(56,657)	(62,974)
Closing balance	10,887	177,243	188,130

Notes:

(a) Office equipment with a gross carrying value of \$54,723 and net carry value of \$8,355, was transferred to expenses during 2024. Leasehold improvements with a net carry value of \$18,802, was reclassified and transferred to expenses during 2024.

The ARBV's policy for recognising purchases as assets is \$5,000. During 2024 reporting period the ARBV expensed the written down value of all remaining capitalised items with a purchase cost below \$5,000. This resulted in a transfer from property, plant and equipment items with a net carrying value of \$8,355 to expenditure in the Comprehensive Operating Statement.

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#### 4.2 Right-of-use assets: building

#### Right-of-use asset acquired by lessees – initial measurement

The ARBV recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost which comprises the initial amount of the lease liability adjusted for:

- any lease payments made at or before the commencement date less any lease incentive received;
- · any initial direct costs incurred; and
- an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located.

#### <u>Right-of-use asset – subsequent measurement</u>

The ARBV depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The right-of-use assets are also subject to revaluation.

In addition, the right-of-use asset is periodically reduced by impairment losses, if any and adjusted for certain remeasurements of the lease liability.

	Gross carrying amount		Accumulated depreciation		Net carrying amount	
	2024	2023	2024	2023	2024	2023
	\$	\$	\$	\$	\$	\$
Building at fair value	466,279	466,279	(299,196)	(205,940)	167,083	260,339
Net carrying amount	466,279	466,279	(299,196)	(205,940)	167,083	260,339

#### 4.2.1 Reconciliation of movements in carrying amounts for building

	\$
Opening balance 1 July 2023	260,339
Depreciation	(93,256)
Closing balance 30 June 2024	167,083
Opening balance 1 July 2022	417,387
Depreciation	(93,256)
Prior year adjustment	(63,792)
Closing balance 30 June 2023	260,339

#### 4.3 Intangible assets

Computer software	2024	2023
	\$	\$
Gross carrying amount		
Opening balance	270,284	250,650
Additions	63,301	19,634
Disposals	(39,060)	-
Closing balance	294,525	270,284
Accumulated depreciation, amortisation and impairment		
Opening balance	(111,367)	(54,512)
Amortisation	(107,806)	(56,855)
Disposals	39,060	-
Closing balance	(180,113)	(111,367)
Net book value at end of financial year	114,412	158,917

#### Initial recognition

Purchased intangible assets are initially recognised at cost. When the recognition criteria in AASB 138 *Intangible Assets* is met, internally generated intangible assets are recognised at cost. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. Depreciation and amortisation begin when the asset is available for use, that is, when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

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#### 4.3 Intangible assets (continued)

#### Subsequent measurement

Intangible produced assets with finite useful lives, are amortised as an 'expense from transactions' on a straight-line basis over their useful lives. Produced intangible assets have useful lives of three years.

#### 4.4 Depreciation and amortisation

In line with ARBV policy, all property, plant and equipment with a purchase value of less than \$5,000 is immediately expensed. All property, plant and equipment with a purchase value of greater than \$5,000 with a finite useful life is depreciated. Depreciation is generally calculated on a straight-line basis, at rates that allocate the asset's value over its estimated useful life.

Leasehold improvements are depreciated over the shorter of the lease term and their useful lives 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.

Asset	Useful life
Computers and office equipment	4 years
Intangible assets	3 - 5 years
Leasehold improvements	Lease term

#### 4.4.1 Aggregate depreciation and amortisation recognised as an expense during the year

	2024	2023
	\$	\$
Computers and office equipment	2,533	5,162
Furniture and fittings	-	1,155
Intangible assets	107,806	56,855
Leasehold improvements	71,074	56,657
Right-of-use assets	93,256	93,256
Total	274,669	213,085

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#### 5. OTHER ASSETS AND LIABILITIES

This section sets out those assets and liabilities that arose from the ARBV's controlled operations.

#### 5.1 Receivables

	2024	2023
	\$	\$
Contractual		
Trade receivables	19,100	11,263
Sundry debtors	208,494	-
	227,594	11,263
Statutory		
GST receivable	19,710	18,689
Total receivables	247,304	29,952
Represented by		
Current receivables	242,104	23,452
Non-current receivables	5,200	6,500

**Contractual receivables** are classified as financial instruments and categorised as 'financial assets at amortised costs' (refer note 7.1 Financial instruments for recognition and measurement).

**Statutory receivables** do not arise from contracts and are recognised and measured similarly to contractual receivables (except for impairment) but are not classified as financial instruments for disclosure purposes as they do not arise from a contract.

Receivables are subject to impairment testing as described below. An expected credit loss is recognised when there is objective evidence that the debts may not be collected, and bad debts are written off when identified.

Details about the ARBV's impairment policies, exposure to credit risk and the calculation of the loss allowance are set out in Note 7.

#### Ageing analysis of contractual financial assets

2024	Carrying amount	Not past due and not impaired	Less than 1 month	Past due but not impaired
	<b>\$</b>	\$	\$	\$
Contractual financial assets				
Trade receivables	19,100	19,100	-	-
Sundry debtors	208,494	208,494	-	-
Total	227,594	227,594	-	-

2023	Carrying amount	Not past due and not impaired	Less than one month	Past due but not impaired
	\$	\$	\$	\$
Contractual financial assets				
Trade receivables	11,263	11,263	-	-
Total	11,263	11,263	-	-

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#### 5.2 Payables

	2024	2023
	<b>\$</b>	\$
Contractual		
Supplies and services	81,463	90,560
Accrued expenses	129,508	95,919
Unearned income	2,304,123	2,119,974
Other payables	5,053	9,196
Statutory		
PAYG	32,652	26,582
Payroll tax	46,376	34,206
Superannuation	-	11,937
WorkCover levy	348	-
Total payables	2,599,523	2,388,374
Represented by:		
Current payables	2,599,523	2,388,374

#### Payables consist of:

- Contractual payables: Classified as financial instruments and measured at amortised cost. Accounts payable
  represent liabilities for goods and services provided to the ARBV prior to the end of the financial year that are unpaid;
  and
- **Statutory payables**: Recognised and measured similarly to contractual payables, but not classified as financial instruments and not included in the category of financial liabilities at amortised cost, because they do not arise from contracts.

#### Maturity analysis of contractual payables

2024				Maturity dates				
	Carrying amount	Nominal amount	Less than 1 month	1 to 3 months	3 months to I year	1 - 5 years	5+ years	
	\$	\$	\$	\$	\$	\$	\$	
Supplies and services	81,463	81,463	81,463	-	-	-	-	
Other payables	134,562	134,562	134,562	-	-	-	-	
Total	216,025	216,025	216,025		-	-		

			Maturity dates				
2023	Carrying amount	Nominal amount	Less than 1 month	1 to 3 months	3 months to I year	1 - 5 years	5+ years
	\$	\$	\$	\$	\$	\$	\$
Supplies and services	124,766	124,766	124,766	-	-	-	-
Other payables	105,115	105,115	105,115	-	-	-	-
Total	229,881	229,881	229,881	-	-	-	-

Payables for supplies and services generally have settlement terms of 30 days.

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#### 5.3 Other non-financial assets

	2024	2023
	\$	\$
Current other assets		
Prepayments	32,116	12,419
Total current other assets	32,116	12,419

Other non-financial assets include pre-payments, which represent payments in advance of receipt of goods or services or the payments made for services covering a term extending beyond that financial accounting period.

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#### 6. HOW WE FINANCED OUR OPERATIONS

This section provides information on the sources of finance utilised by the ARBV during its operations, along with other information related to financing activities of the ARBV.

This section includes disclosures of balances that are financial instruments (such as cash balances). Notes 7.1 and 7.3 provide additional, specific financial instrument disclosures.

#### 6.1 Cash flow information and balances

Cash and deposits, including cash equivalents, 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 that 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 and are subject to an insignificant risk of changes in value.

	2024	2023
	\$	\$
Total cash and deposits disclosed in the Balance Sheet	3,974,846	3,674,627
Balance as per Cash Flow Statement	3,974,846	3,674,627

# Reconciliation of net result for the period to cash flow from operating activities

	2024	2023
	\$	\$
Net result for the period	127,684	46,496
Non-cash movements		
Depreciation and amortisation of non-current assets	274,669	213,085
Assets reclassified as expenses	26,556	-
Movements in assets and liabilities		
Decrease/(Increase) in receivables	(217,352)	10,620
Decrease/(Increase) in other non-financial assets	(19,696)	49,212
Increase/(Decrease) in payables	211,149	460,257
Increase/(Decrease) in provisions	55,139	22,980
Net cash flows from/(used in) operating activities	458,149	802,650

#### 6.2 Leases

The ARBV leases office premises at Level 10, 533 Little Lonsdale Street, Melbourne. The three year lease expired in April 2024 and an option for a further term of two years was exercised. Rent under the lease increases by 3.5% on the second and fourth anniversary of the commencement date. An annual interest rate of 3.5% was adopted to determine the lease liability.

	2024	2023
	\$	\$
Current liability	98,715	94,629
Non-current liability	82,171	180,886
Total lease liability	180,886	275,515

# 6.2.1 Right-of-use

Right-of-use assets are presented in note 4.2.

# **6.2.2 Amounts recognised in the Comprehensive Operating Statement**

The following amounts are recognised in the Comprehensive Operating Statement relating to leases:

	2024	2023
	\$	\$
Interest expense on lease liabilities	7,830	11,057
Depreciation expense relating to right-of-use assets	93,256	93,256
Total amount recognised in the Comprehensive Operating Statement	101,086	104,313

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# 6.2.3 Amounts recognised in the Cash Flow Statement

The following amounts relating to leases are recognised in the Cash Flow Statement:

	2024	2023
	\$	\$
Total cash outflow for leases	102,459	99,714

For any new contracts entered into, the ARBV considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the ARBV assesses whether the contract meets three key evaluations:

- whether the contract contains an identified asset, which is either explicitly identified in the contract or implicitly
  specified by being identified at the time the asset is made available to the ARBV and for which the supplier does not
  have substantive substitution rights;
- whether the ARBV has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract and the department has the right to direct the use of the identified asset throughout the period of use; and
- whether the ARBV has the right to take decisions in respect of 'how and for what purpose' the asset is used throughout the period of use.

This policy is applied to contracts entered into, or changed, on or after 1 July 2019.

#### Separation of lease and non-lease components

At inception or on reassessment of a contract that contains a lease component, the lessee is required to separate out and account separately for non-lease components within a lease contract and exclude these amounts when determining the lease liability and right-of-use asset amount.

The ARBV has not adopted this option in relation to outgoings payable to the landlord, which have been treated as lease payments for the determination of the initial lease liability and right-of-use asset.

#### Recognition and measurement of leases as a lessee

# Lease Liability - initial measurement

The lease liability is initially measured at the present value of the lease payments unpaid at the commencement date, discounted using the interest rate implicit in the lease if that rate is readily determinable or the ARBV's incremental borrowing rate.

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

- fixed payments (including in-substance fixed payments) less any lease incentive receivable;
- variable payments based on an index or rate, initially measured using the index or rate as at the commencement date:
- amounts expected to be payable under a residual value guarantee; and
- payments arising from purchase and termination options reasonably certain to be exercised.

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# 6.2.3 Amounts recognised in the Cash Flow Statement (continued)

#### Lease Liability - subsequent measurement

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

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

The ARBV has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

#### Below market/Peppercorn lease

The ARBV currently has no below market/peppercorn leases.

#### Presentation of right-of-use assets and lease liabilities

The ARBV presents right-of-use assets and lease liabilities separately in the Balance Sheet.

#### 6.3 Commitments for expenditure

There were no commitments at balance date not otherwise disclosed in the Financial Statements and notes.

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# 7. RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS

The ARBV is exposed to risk from its activities and external factors. In addition, it is often necessary to make judgements and estimates associated with recognition and measurement of items in the financial statements.

This section sets out financial instrument specific information, (including exposures to financial risks) as well as those items that are contingent in nature or require a higher level of judgement to be applied, which for the ARBV related mainly to fair value determination.

# 7.1 Financial instruments specific disclosures

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 (for example taxes, fines and penalties). Such assets and liabilities do not meet the definition of financial instruments in AASB 132 *Financial Instruments: Presentation*.

#### Categories of financial assets

#### Financial assets at amortised cost

Financial assets are measured at amortised costs if both of the following criteria are met and the assets are not designated as fair value through net result:

- the assets are held by the ARBV to collect the contractual cash flows; and
- the assets' contractual terms give rise to cash flows that are solely payments of principal and interests.

These assets are initially recognised at fair value plus any directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method less any impairment.

The ARBV recognises the following assets in this category:

- · cash and deposits;
- · receivables (excluding statutory receivables); and
- certain debt securities.

#### Financial assets at fair value through other comprehensive income

The ARBV does not hold debt or equity investments.

#### Financial assets at fair value through net result

The ARBV does not hold equity investments for trading.

Other financial assets are required to be measured at fair value through net result unless they are measured at amortised cost.

Financial assets and liabilities at fair value through net result are categorised as such at trade date, or if they are classified as held for trading or designated as such upon initial recognition. Financial instrument assets are designated at fair value through net result on the basis that the financial assets form part of a group of financial assets that are managed based on their fair values and have their performance evaluated in accordance with documented risk management and investment strategies. Financial instruments at fair value through net result are initially measured at fair value; attributable transaction costs are expensed as incurred. Subsequently, any changes in fair value are recognised in the net result as other economic flows unless the changes in fair value relate to changes in the ARBV's own credit risk. In this case, the portion of the change attributable to changes in the ARBV's own credit risk is recognised in other comprehensive income with no subsequent recycling to net result when the financial liability is derecognised.

#### Categories of financial liabilities

Financial liabilities at amortised cost are initially recognised on the date they originated. They are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial instruments are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit and loss over the period of the interest-bearing liability, using the effective interest rate method. The ARBV recognises the following liabilities in this category:

payables (excluding statutory payables).

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#### Derivative financial instruments are not held by ARBV.

#### Offsetting financial instruments

Financial instrument assets and liabilities are offset and the net amount presented in the consolidated Balance Sheet when, and only when, the ARBV has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Some master netting arrangements do not result in an offset of Balance Sheet assets and liabilities. Where the ARBV does not have a legally enforceable right to offset recognised amounts, because the right to offset is enforceable only on the occurrence of future events such as default, insolvency or bankruptcy, they are reported on a gross basis.

# Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the ARBV retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or
- the ARBV has transferred its rights to receive cash flows from the asset and either:
  - o has transferred substantially all the risks and rewards of the asset; or
  - has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

Where the ARBV has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset is recognised to the extent of the ARBV's continuing involvement in the asset.

#### Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised as an 'other economic flow' in the Comprehensive Operating Statement.

#### Reclassification of financial instruments

Subsequent to initial recognition reclassification of financial liabilities is not permitted. Financial assets are required to be reclassified between fair value through net result, fair value through other comprehensive income and amortised cost when and only when the ARBV's business model for managing its financial assets has changed such that its previous model would no longer apply.

If under rare circumstances an asset is reclassified, the reclassification is applied prospectively from the reclassification date and previously recognised gains, losses or interest should not be restated. If the asset is reclassified to fair value, the fair value should be determined at the reclassification date and any gain or loss arising from a difference between the previous carrying amount and fair value is recognised in net result.

# 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 expected credit loss 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 expected credit loss are classified as other economic flows in the net result.

# 7.1.1 Financial risk management objectives and policies

The ARBV does not enter into derivative financial instruments to manage its exposure to interest rates.

The ARBV does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The ARBV's principal financial instruments comprise:

- · cash and cash equivalents:
- · 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, financial liability and equity instrument above are disclosed in note 1 of the Financial Statements.

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# 7.1.1 Financial risk management objectives and policies (continued)

The main purpose in holding financial instruments is to prudentially manage the ARBV's financial risks within the government policy expectations. The ARBV uses different methods to measure and manage the different risks to which it is exposed. The carrying amounts of the ARBV's contractual financial assets and financial liabilities by category are disclosed below:

# **Categorisation of financial instruments**

	Notes	2024 \$	2023 \$
Contractual financial assets			· · · · · · · · · · · · · · · · · · ·
Cash and deposits	6.1	3,974,846	3,674,627
Trade receivables	5.1	227,594	11,263
Total contractual financial assets		4,202,440	3,685,890
Contractual financial liabilities			
Payables	5.2	216,025	229,881
Total contractual financial liabilities		216,025	229,881

#### 7.1.2 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:

2024	Weighted average interest rate	Carrying amount	Fixed interest rate	Variable interest rate	Non interest bearing
		\$	\$	\$	\$
Contractual financial assets					
Cash and deposits	4.41	3,974,846	-	3,974,846	-
Trade receivables	-	227,594	-	-	227,594
Total contractual financial assets		4,202,440	-	3,974,846	227,594
Contractual financial liabilities					
Payables	-	216,025	-	-	216,025
Total contractual financial liabilities		216,025	-	-	216,025
Net contractual financial assets/liabilities		3.986.415	_	3.974.846	11.569

2023	Weighted average interest rate	Carrying amount	Fixed interest rate	Variable interest rate	Non interest bearing
	%	\$	\$	\$	\$
Contractual financial assets					
Cash and deposits	3.13	3,674,627	-	3,674,627	-
Trade receivables	-	11,263	-	-	11,263
Total contractual financial assets		3,685,890	-	3,674,627	11,263
Contractual financial liabilities					
Payables	-	229,881	-	-	229,881
Total contractual financial liabilities		229,881	-	-	229,881
Net contractual financial assets/liabilities		3,456,009	-	3,674,627	(218,618)

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#### 7.1.2 Interest rate risk (continued)

#### Contractual receivables at amortised cost

2024	Current	Less than 1 month	1 to 3 months	3 months to 1 year \$	1 to 5 years \$	Total
Expected loss rate	0%	4%	15%	50%	100%	
Gross carrying amount of contracted receivables	227,594	-	-	-	-	227,594
Loss allowance	-	-	-	-	-	-

2023	Current	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Total
			\$	\$	\$	\$
Expected loss rate	0%	4%	15%	50%	100%	
Gross carrying amount of contracted receivables	11,263	-	-	-	-	11,263
Loss allowance	-	-	-	-	-	-

#### Reconciliation of the movement in the loss allowance for contractual receivables is shown as follows:

Credit loss allowance is classified as other economic flows in the net result, 2024 \$nil (2023: \$nil). Contractual receivables are written off when there is no reasonable expectation of recovery and impairment losses are classified as a transaction expense. Subsequent recoveries of amounts previously written off are credited against the same line item.

In prior years, a provision for doubtful debts is recognised when there is objective evidence that the debts may not be collected and bad debts are written off when identified. A provision is made for estimated irrecoverable amounts from the sale of goods when there is objective evidence that an individual receivable is impaired. Bad debts are considered as written off by mutual consent.

#### Statutory receivables and debt investments at amortised cost

The ARBV's non-contractual receivables arising from statutory requirements are not financial instruments. However, they are nevertheless recognised and measured in accordance with AASB 9 requirements as if those receivables are financial instruments.

The statutory receivables are considered to have low credit risk, taking into account the counterparty's credit rating, risk of default and capacity to meet contractual cash flow obligations in the near term. As the result, the loss allowance recognised for these financial assets during the period was limited to 12 months of expected losses. No loss allowance has been recognised.

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#### 7.1.3 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 financial asset is represented by the carrying amount of those assets on the Balance Sheet.

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

	Other (Minimum triple B credit rating)	Other (Not rated)	Total
	\$	\$	\$
2024			
Cash and deposits	3,974,846	-	3,974,846
Trade receivables	-	227,594	227,594
Total contractual financial assets	3,974,846	227,594	4,202,440
2023			
Cash and deposits	3,674,627	-	3,674,627
Trade receivables	-	11,263	11,263
Total contractual financial assets	3,674,627	11,263	3,685,890

# Ageing analysis of contractual financial assets

	Carrying amount	Not past due and not impaired	Less than 1 month	Past due but not impaired
		\$	\$	\$
2024				
Investments and other contractual financial assets				
Trade receivables	227,594	227,594	-	-
Total	227,594	227,594	-	-
2023				
Investments and other contractual financial assets				
Trade receivables	11,263	11,263	-	-
Total	11,263	11,263	=	_

# 7.1.4 Risks and mitigation

The risks associated with the ARBV's financial instruments and the 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.

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# 7.1.5 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 and the exposure to liquidity risk is deemed insignificant based on forecast cashflow projections.

# Maturity analysis of contractual liabilities

			Maturity	dates
	Carrying amount	Nominal amount	Less than 1 month	1 to 3 months
		\$	\$	\$
2024				
Payables				
Supplies and services	81,463	81,463	81,463	-
Other payables	134,562	134,562	134,562	_
Total	216,025	216,025	216,025	-
2023				
Payables				
Supplies and services	124,766	124,766	124,766	-
Other payables	105,115	105,115	105,115	
Total	229,881	229,881	229,881	-

Interest rate

# 7.1.6 Interest rate risk sensitivity

2024	Carrying amount	-300 basis points Net result	+300 basis points Net result
Contractual financial assets  Cash and deposits (a)	3,974,846	(119,245)	119,245
Total impact	3,974,846	(119,245)	119,245

#### Interest rate -300 basis points +300 basis points 2023 Carrying **Net result Net result Contractual financial assets** Cash and deposits (a) 3,674,627 (110,239)110,239 **Total impact** 3,674,627 (110,239)110,239

#### Note:

(a) Cash and deposits includes deposits that are exposed to floating rates movements. Sensitivities to these movements are calculated as follows:

**2024:** \$3,974,846 X (0.03) = (\$119,245); \$3,974,846 X 0.03 = \$119,245; and

**2023:** \$3,674,627 X (0.03) = (\$110,239); \$3,674,627 X 0.03 = \$110,239.

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# 7.2 Contingent assets and liabilities

As at 30 June 2024 there were no contingent assets or contingent liabilities in existence (2023 nil).

# 7.3 Fair value determination

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 due to the short-term nature of the financial instruments and the expectation that they will be paid in full.

The table in note 7.3.1 shows that the fair values of the contractual financial assets and liabilities are the same as the carrying amounts.

#### 7.3.1 Fair value of financial instruments

	Carrying	value	Fair va	lue
	2024	2023	2024	2023
	\$	\$	\$	\$
Financial assets				
Cash and deposits	3,974,846	3,674,627	3,974,846	3,674,627
Trade receivables	227,594	11,263	227,594	11,263
Total financial assets	4,202,440	3,685,890	4,202,440	3,685,890
Financial liabilities				
Payables	216,025	229,881	216,025	229,881
Total financial liabilities	216,025	229,881	216,025	229,881

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#### 8. OTHER DISCLOSURES

This section includes additional material disclosures required by accounting standards or otherwise, for the understanding of this Financial Report.

#### 8.1 Other economic flows included in net result

Other economic flows are changes in the volume or value of an asset or liability that do not result from transactions. Other gains/(losses) from other economic flows include the gains or losses from:

- the revaluation of the present value of the long service leave liability due to changes in the bond interest rates; and
- reclassified amounts from the reserves to net result due to a disposal or derecognition of the financial instrument.

	2024	2023
	\$	\$
Other gains from other economic flows		
Net gain arising from revaluation of long service liability (a)	30,211	706
Total other gains from other economic flows	30,211	706

<sup>(</sup>a) Revaluation gain due to changes in bond rates

# 8.2 Responsible persons

In accordance with the Ministerial Directions issued by the Assistant Treasurer under the *Financial Management Act* 1994 (FMA), the following disclosures are made regarding responsible persons for the reporting period.

Title	Name	Period of appointment
Minister for Planning	The Hon. Sonya Kilkenny MP	1 July 2023 to 30 June 2024
ARBV Board Chairperson	Dr Giorgio Marfella	1 July 2023 to 30 June 2024
ARBV Board Member	Mr Bruce Allen	1 July 2023 to 30 June 2024
ARBV Board Member	Ms Sophie Cleland	1 July 2023 to 30 June 2024
ARBV Board Member	Mr Mark Curry	1 July 2023 to 30 June 2024
ARBV Board Member	Mr Richard Drew	1 July 2023 to 30 June 2024
ARBV Board Member	Mr Stefan Preuss	1 July 2023 to 30 June 2024
ARBV Board Member	Ms Sally Wills	1 July 2023 to 30 June 2024
ARBV Accountable Officer	Dr Glenice Fox	1 July 2023 to 30 June 2024

#### Remuneration responsible persons

	2024	2023
	\$	\$
Short term employee benefits	265,797	253,300
Post employment benefits	28,672	25,724
Other long-term employee benefits	7,920	5,057
Total remuneration of KMP	302,389	284,081

Remuneration includes all employee benefits which were paid or are payable during the financial year. The disclosure categories include:

- short-term employee benefits: salaries, paid leave and accrued leave entitlements
- post-employment benefits: superannuation entitlements
- other long-term employee benefits: provision for long service leave

Income band	Number	Number
< \$10,000	6	8
\$10,000 to \$20,000	1	1
\$250,000 to \$260,000	-	1
\$270,000 to \$280,000	1	_

Compensation for the Minister is not included in the table above. Information on the Minister's remuneration can be referenced in the State's Annual Financial Report.

#### 8.3 Remuneration of executives

Other than the Accountable Officer detailed in note 8.2 Responsible persons, there are no other ARBV executives that require disclosure.

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#### 8.4 Related parties

The ARBV is a self-funded agency of the Government of Victoria that is the statutory authority that regulates the architectural profession in the State of Victoria.

All related party transactions have been entered into on an arm's length basis.

#### Significant transactions with government-related entities

During the year there were no related party transactions with government related entities.

Related parties of the ARBV include all key management personnel (KMP) and their close family members and personal business interests (controlled entities, joint ventures and entities they have significant influence over), and all cabinet ministers and their close family members.

The KMP's of the ARBV is the same as listed in note 8.2 Responsible persons.

#### Transactions with key management personnel and other related parties

Given the breadth and depth of State government activities, related parties transact with the Victorian public sector in a manner consistent with other members of the public e.g. stamp duty and other government fees and charges. Further employment of processes within the Victorian public sector occur on terms and conditions consistent with the *Public Administration Act 2004* and Codes of Conduct and Standards issued by the Victorian Public Sector Commission. Procurement processes occur on terms and conditions consistent with the Victorian Government Purchasing Board requirements.

The ARBV has assessed related party disclosures for the year based on reasonable enquiries made by management in relation to the portfolio ministers and their related parties and the information available to the organisation.

Architects Accreditation Council of Australia (AACA) is a related party of the ARBV. In 2023-24, ARBV responsible persons, Dr Giorgio Marfella and Dr Glenice Fox, both held the position of director for AACA (2023: Dr Giorgio Marfella).

The following transactions occurred with the AACA (inclusive of GST):

	2024	2023
	<b>\$</b>	\$
Candidate examinations	176,047	112,760
ARBV contribution to AACA	75,713	76,821
Total remuneration of auditors	251,760	189,581
Unpaid transactions at 30 June	-	_

Outside of normal citizen type transactions with the ARBV, there were no other related party transactions that involved key management personnel, their close family members and their personal business interests.

#### 8.5 Remuneration of auditors

	2024	2023
	\$	\$
Victorian Auditor-General's Office		
Audit of the financial statements	27,000	26,000
Total remuneration of auditors	27,000	26,000

# 8.6 Subsequent events

There are no matters or circumstances that have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the entity, the results of those operations, or the state of affairs of the ARBV in the future financial years. As at the date of signing the annual Financial Statements there were no subsequent events requiring disclosure.

# 8.7 Australian Accounting Standards issued that are not yet effective

Certain new and revised accounting standards have been issued but are not effective for the 2023-24 reporting period. These accounting standards have not been applied to the ARBV's Financial Statements. The ARBV is reviewing its existing policies and assessing the potential implications of these accounting standards which include:

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#### 8.7 Australian Accounting Standards issued that are not yet effective (continued)

AASB 2022-10 Amendments to Australian Accounting Standards – Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities.

AASB 2022-10 amends AASB 13 *Fair Value Measurement* by adding authoritative implementation guidance and illustrative examples for fair value measurements of non-financial assets of not-for-profit public sector entities not held primarily for their ability to generate net cash inflows.

Among other things, the Standard:

- specifies that an entity needs to consider whether an asset's highest and best use differs from its current use only when it is held for sale or held for distributions to owners under AASB 5 Non-current Assets Held for Sale and Discontinued Operations or if it is highly probable that it will be used for an alternative purpose;
- clarifies that an asset's use is 'financially feasible' if market participants would be willing to invest in the asset's
  service capacity, considering both the capacity to provide needed goods or services and the resulting costs of
  those goods and services;
- specifies that if both market selling price and some market participant data required to fair value the asset are
  not observable, an entity needs to start with its own assumptions and adjust them to the extent that reasonably
  available information indicates that other market participants would use different data; and
- provides guidance on the application of the cost approach to fair value, including the nature of costs to be included in a reference asset and identification of economic obsolescence.

This Standard applies prospectively to annual periods beginning on or after 1 January 2024, with earlier application permitted.

AASB 17 Insurance Contracts, AASB 2022-8 Amendments to Australian Accounting Standards – Insurance Contracts: Consequential Amendments and AASB 2022-9 Amendments to Australian Accounting Standards – Insurance Contracts in the Public Sector

AASB 17 replaces AASB 4 *Insurance Contracts*, AASB 1023 *General Insurance Contracts* and AASB 1038 *Life Insurance Contracts* for not-for-profit public sector entities for annual reporting periods beginning on or after 1 July 2026.

AASB 2022-9 amends AASB 17 to make public sector-related modifications (for example, it specifies the pre-requisites, indicators and other considerations in identifying arrangements that fall within the scope of AASB 17 in a public sector context). This Standard applies for annual reporting periods beginning on or after 1 July 2026.

AASB 2022-8 makes consequential amendments to other Australian Accounting Standards so that public sector entities are permitted to continue to apply AASB 4 and AASB 1023 to annual periods before 1 July 2026. This Standard applies for annual reporting periods beginning on or after 1 January 2023.

The ARBV is currently in the process of assessing the potential impact of these standards and amendments.

A number of other standards and amendments have also been issued that apply to future reporting periods, however they are not expected to have any significant impact on the financial statements in the period *of* initial application.

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#### 8.8 Glossary of technical terms

The following is a summary of the major technical terms used in this report.

**Amortisation** is the expense that results from the consumption, extraction or use over time of a non-produced physical or intangible asset.

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

Comprehensive result is the amount included in the Comprehensive Operating Statement representing total change in net worth.

**Controlled item** generally refers to the capacity of a department to benefit from that item in the pursuit of the entity's objectives and to deny or regulate the access of others to that benefit.

**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** include all costs related to employment including wages and salaries, leave entitlements, termination payments and defined contribution superannuation plans.

#### Financial asset is any asset that is either:

- cash
- an equity instrument of another entity
  - a contractual right to receive cash or another financial asset from another entity or to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.
  - A financial asset can also be a contract that will or may be settled in the entity's own equity instruments and is either:
    - a non-derivative for which the entity is or may be obliged to receive a variable number of the entity's own equity instruments
    - 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.

**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 liability is any liability that is either:

- a contractual obligation to deliver cash or another financial asset to another entity or to exchange financial
  assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity
- a contract that will or may be settled in the entity's own equity instruments and is either:
  - a non-derivative for which the entity is or may be obliged to deliver a variable number of the entity's own
    equity instruments
  - 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 in the Financial Report comprises:

- · a Comprehensive Operating Statement for the period;
- a Balance Sheet as at the end of the period;
- a Cash Flow Statement for the period;
- a Statement of Changes in Equity for the period;
- notes, comprising a summary of significant accounting policies and other explanatory information;
- comparative information in respect of the preceding period as specified in paragraph 38 of AASB 101
   Presentation of Financial Statements; and
- 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.

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#### 8.8 Glossary of technical terms (continued)

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

**Leases** are rights conveyed in a contract, or part of a contract, the right to use an asset (the underlying asset) for a period of time in exchange for consideration.

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

Net worth is calculated as assets less liabilities, which is an economic measure of wealth.

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

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

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. They include changes in physical asset revaluation surplus; share of net movement in revaluation surplus of associates and joint ventures; and gains and losses on remeasuring available-for-sale financial assets.

Payables includes short and long-term trade debt and accounts payable, grants, taxes and interest payable.

Receivables include amounts owing form 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 and fees from regulatory services.

**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 into 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.

#### 8.9 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,xxx presentation of numbers

(xxx,xxx) negative numbers

202x year

202x-2x year period

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# APPENDIX 1: DISCLOSURE INDEX

The Annual Report of the ARBV is prepared in accordance with all relevant Victorian legislations and pronouncements. This index has been prepared to facilitate identification of ARBV's compliance with statutory disclosure requirements.

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# APPENDIX 2: ACRONYMS

AACA	Architects Accreditation Council of Australia
ACA	Association of Consulting Architects
AIA	Australian Institute of Architects
APE	Architectural Practice Examination
AMAF	Asset Management Accountability Framework
ARBV	Architect Registration Board of Victoria
ArchiTeam	ArchiTeam Cooperative; a membership association for Australian architects working in small, medium, and emerging practices
CPD	Continuing Professional Development
DTF	Department of Treasury and Finance
DTP	Department of Transport and Planning
FMCF	Financial Management Compliance Framework
FPP	Fit and Proper Person
FOI	Freedom of Information
IBAC	Independent Broad-based Anti-Corruption Commission
NSCA	The National Standard of Competency for Architects
NSW ARB	New South Wales Architects Registration Board
ОНМ	Open House Melbourne
PII	Professional Indemnity Insurance
OVIC	Office of the Victorian Information Commissioner
VCAT	Victorian Civil and Administrative Tribunal

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Architects Registration Board of Victoria

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