



# Annual Report 2013-14



# Contents

<b>Chair's foreword</b> .....	<b>2</b>
<b>Towards resilience</b> .....	<b>3</b>
<b>Our structure</b> .....	<b>4</b>
<b>Our regions and districts</b> .....	<b>5</b>
<b>Our year in review</b> .....	<b>6</b>
Delivery of services.....	6
Community resilience .....	8
Community risk .....	11
Our front-line .....	13
Our people .....	16
<b>Our incident response</b> .....	<b>18</b>
<b>Our performance</b> .....	<b>21</b>
<b>Occupational health and safety</b> .....	<b>22</b>
<b>Corporate governance</b> .....	<b>24</b>
CFA Board .....	24
Board role .....	24
Board membership .....	24
Board committees .....	24
<b>Financial summary</b> .....	<b>26</b>
Discussion and analysis – comprehensive operating statement....	26
Discussion and analysis – balance sheet .....	27
Volunteer brigade activities .....	28
<b>Financial statements</b> .....	<b>29</b>
<b>Auditor-General's report</b> .....	<b>70</b>
<b>Risk management attestation</b> .....	<b>72</b>
<b>Insurance attestation</b> .....	<b>73</b>
<b>Additional information</b> .....	<b>74</b>
Powers, duties and responsibilities .....	74
Contributions .....	77
Disclosure index.....	78
Relevant legislation and policies.....	80
CFA consultancies 2013-14.....	82

# Chair's foreword

Dear Minister

A key focus for CFA during 2013-14 has been to work closely with our emergency management partners to achieve the State Government's objective of building a more integrated and collaborative approach to emergency management across Victoria. CFA was an active partner in leading a number of initiatives identified in the *Fire Services Reform Action Plan*, which is a key component of the Government's 2012 White Paper Victorian Emergency Management Reform.

CFA also worked with the Fire Services Commissioner, Department of Justice and partner agencies to prepare for the establishment of Emergency Management Victoria (EMV) on 1 July 2014, the creation of the Emergency Management Commissioner and the development of an *Emergency Management Strategic Action Plan*. This is intended to drive the Government's emergency management reform agenda, set priorities for the sector and assist Government investment decision-making based on improved interoperability across the sector.

Following the Victorian Auditor-General's report *Managing Emergency Services Volunteers* in February 2014, the CFA Board commissioned the development of a Volunteerism Strategy to more formally recognise the special requirements needed to sustain and build our volunteer capacity both now and into the future. In forming the Strategy, CFA is working together with sector partners and Volunteer Fire Brigades Victoria (VFBV) to ensure it captures the true spirit of volunteering in our sector.

Also during the year, CFA worked closely with consultants commissioned by the Minister to both review the financial requirements of CFA to ensure its viability and to review the make-up of the CFA Board with the aim of moving from a broader representational Board to a smaller skills-based Board.

CFA's vehicle fleet was enhanced during 2013-14 and the continuation of the Government's Rural Fire Stations Program funded the replacement or upgrade of 95 rural fire stations across the State of Victoria.

Our operational members were faced with a challenging fire season which included a number of long-running fires across the State. On 9 February, CFA and partner agencies were involved in the suppression of a fire that occurred in the Hazelwood open cut coal mine. The fire was difficult to extinguish and raised serious health implications for both firefighters and local residents. The Government established an independent inquiry to investigate key aspects of the fire.

The CFA Board worked closely with the Executive Leadership Team to oversee important management changes, including major organisational change that will see the reduction from eight to five regions with each under the command of an Assistant Chief Officer and the rationalisation of support service delivery. The CFA Board also endorsed the second year *Annual Plan*, together with the sign-off of a new People Strategy and the commissioning of a new Asset Strategy and a Service Delivery Strategy. Work also continued to upgrade Fiskville Training College and other training grounds around the State.

CFA is one of the world's largest volunteer-based emergency service organisations and every day volunteers and career firefighters provide service and protection to over three million homes and properties.

On behalf of the CFA Board, I wish to thank our volunteers, their families and their employers for their dedicated commitment to their local communities. Equally, I wish to thank all our operational and support staff for their diligence and hard work over the past year. It is the cooperation of volunteers, staff and communities that will continue to keep Victorians safe from fire and other emergencies.

On behalf of the Board, I thank you for your support as Minister and commend this annual report to you.



**Claire Higgins**

# Towards resilience

CFA is a volunteer and community-based fire and emergency services organisation

## Our Mission

To protect lives and property

## Our Vision

To work together with communities to keep Victorians safe from fire and other emergencies

## Our Values

Discretion, commitment, agility, attentiveness, compassion, clarity, courage and determination

The CFA Board and the Executive Leadership Team continue to pursue the adoption of a more strategic approach to the planning and management of the organisation. In 2013, the Board approved an overarching five-year corporate strategy *CFA Strategy 2013-18: Towards Resilience* and has subsequently endorsed the People Strategy and consequential Health, Safety and Environment Strategy. Currently, new or revised strategies under development are the Volunteerism Strategy, Asset Strategy and Service Delivery Strategy.

Underpinning each strategy is the State Government's White Paper *Victorian Emergency Management Reform*, the *Fire Services Reform Action Plan* and, more recently, *Emergency Management Victoria's Emergency Management Strategic Action Plan Interim 2014-2015*. The White Paper outlines the Government's vision for emergency management reform and emphasises the need for shared responsibility in dealing with fire emergencies across Victoria. The *Fire Services Reform Action Plan* and now the *Emergency Management Strategic Action Plan* are driving forward the Government's emergency management reform agenda and setting future priorities. CFA contributed to the development of both plans and we recognise the opportunities they offer for improving the overall management and operation of the emergency management sector.

The CFA Strategy *Towards Resilience* confirms our commitment to achieve the Government's reform agenda based on a more collaborative approach to emergency management in Victoria. It recognises that we operate in a dynamic environment and we need to keep pace with change, yet be mindful of financial imperatives. It strikes a balance between meeting our current service delivery priorities and working closely with our partner emergency service agencies to better meet future challenges.

The CFA Strategy is advanced through priority initiatives we commit to in annual plans. This Annual Report outlines what we have achieved against the *2013-14 CFA Annual Plan*, which is structured around our five strategic priorities:

- delivery of services
- community resilience
- community risk
- our front-line
- our people.

A central premise of CFA's Strategy is the first priority of the Government's White Paper: building community resilience and community safety. Resilient communities have high levels of social capital essential to address the challenges of an emergency. A key focus of CFA activities in recent years has been to build resilience in targeted

communities so the communities are more prepared for, and better able to respond to and recover from fires and other emergencies, while always learning from experience.

During the year, the Executive Leadership Team pursued several important change programs to streamline and enhance service delivery across the organisation. Reducing the number of CFA regions from eight to five will help to rationalise the delivery of support services to our front-line brigades, with each region to be placed under the command of an Assistant Chief Officer. Other key initiatives in 2013-14 included the redevelopment of CFA's financial recording and reporting systems, the ongoing review and redevelopment of the training of operational members and the ongoing redevelopment of Fiskville Training College following the 2012 Joy Report *Understanding the Past to Inform the Future*.

We also began an evaluation of the Bushfires Program, implemented in response to the 2009 Victorian fires, to understand its effectiveness and value.

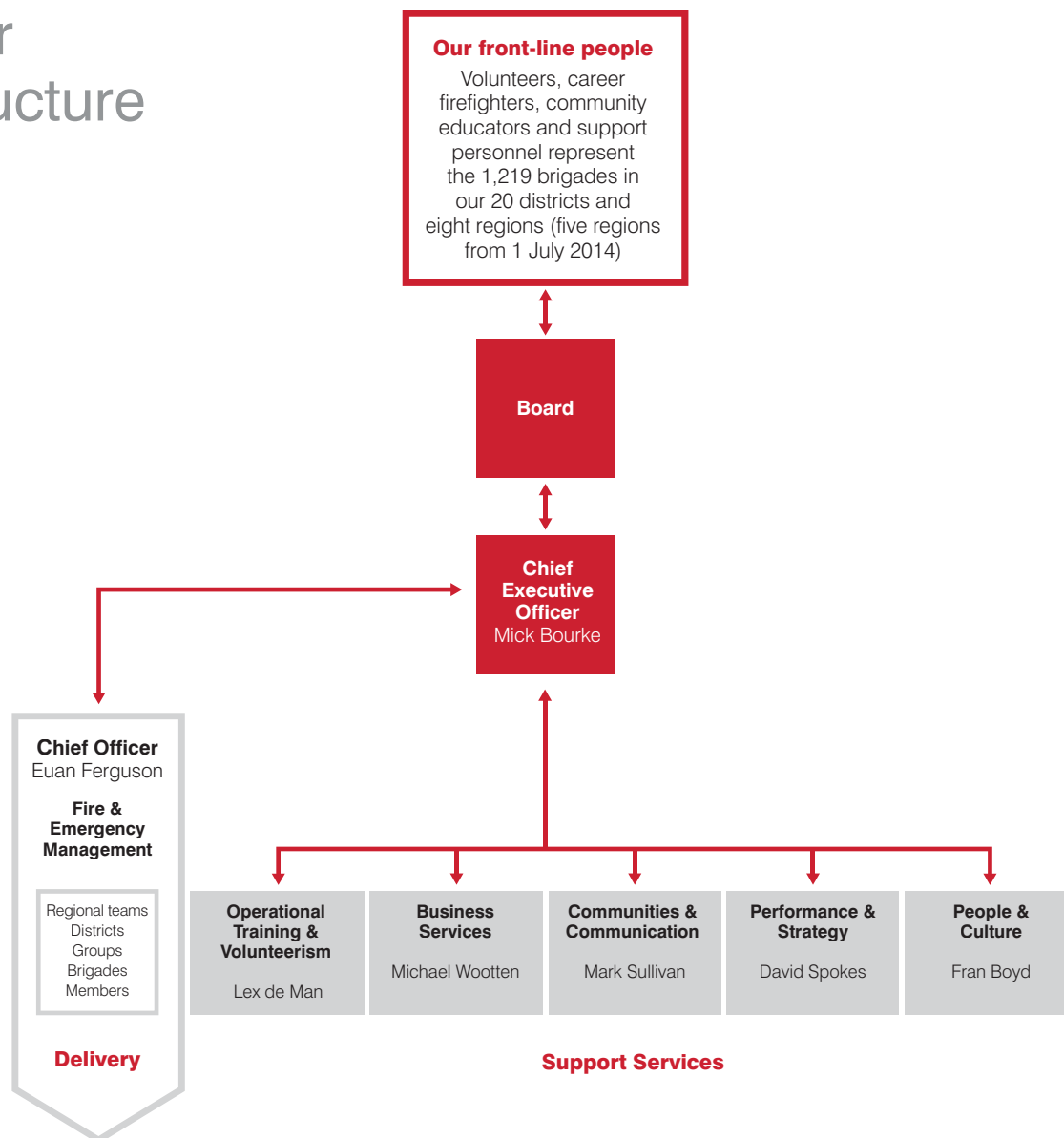
Another 46 career firefighters were recruited under CFA's Project 2016 and more than 2,700 volunteers were also welcomed into the ranks. In another boost to the capacity of our front-line members, the Incident Management Team Training Project trained, in partnership with other agencies, more than 4,600 people. In total, we ran more than 420 incident management team and leadership courses, exercises and other training activities.

By the end of June 2014, 11 districts had completed the Regional Radio Dispatch Service transition of districts to operational service and are now using the Regional Mobile Radio network for dispatch services.

CFA also put four aerial pumpers and four heavy hazmat vehicles through a commissioning process to better respond to the changed risk environment in regional centres.

At an operational level, the 2013-14 summer was challenging, with heatwave conditions, numerous lightning strike fires and the enormous challenge of the Hazelwood open cut mine fire. This was one of the largest, longest-running and most complex fires in the State's history. Career firefighters and volunteers mobilised in their thousands. Agencies worked together over 45 days to combat the fire, communicate with the local community and offer support. Vital help was received from MFB, interstate and overseas. Given its significance for the State, the Government established an independent inquiry into the mine fire, chaired by His Honour Justice Bernard Teague AO.

# Our structure



## Our profile

Services in 2013-14	
Total incidents	41,917
Total brigade turnouts	82,831
Total Fire Ready Victoria meetings/workshops	889
Home/Street Bushfire Advice Service sessions	2,360
Community Fireguard sessions	536
School and youth program sessions	1,238
CFA members	
Volunteers: operational	38,335
support <sup>1</sup>	21,365
<b>Total volunteers<sup>2</sup></b>	<b>59,700</b>
Staff: operational	900
support staff	924
<b>Total staff</b>	<b>1,824</b>

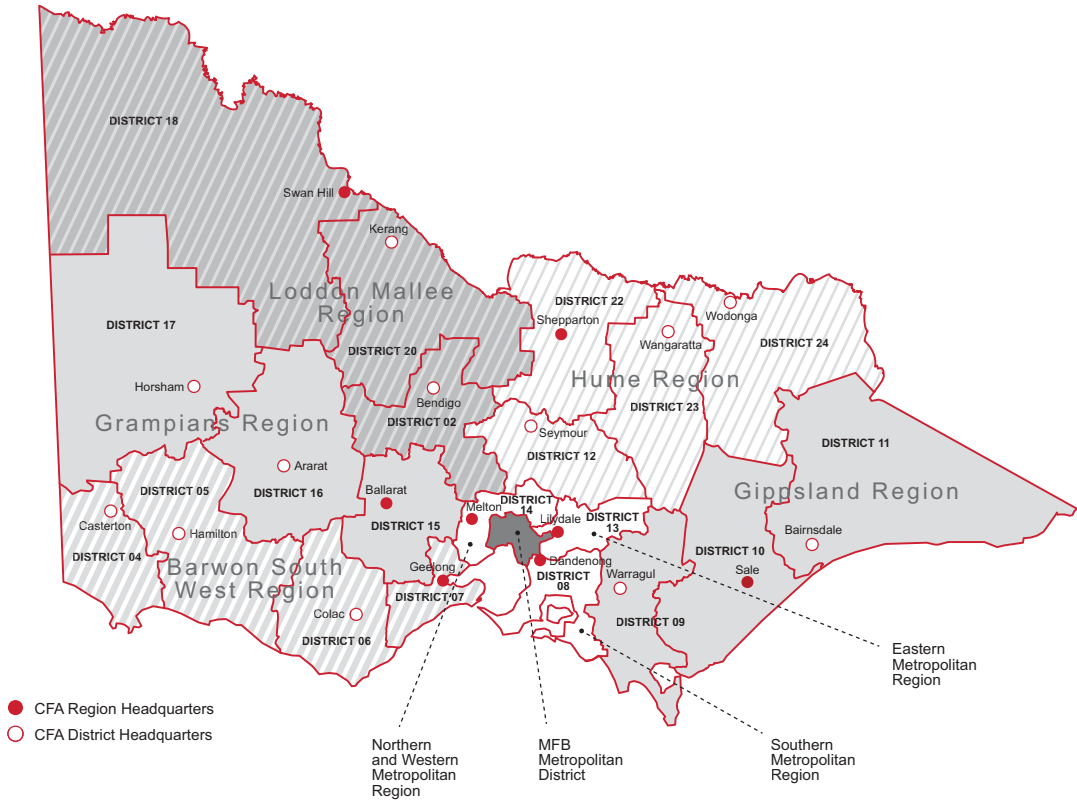
Brigades	
CFA brigades	1,179
Forestry industry brigades	23
Coast guard brigades	17
<b>Total</b>	<b>1,219</b>
Buildings	
Fire stations	1,223
Headquarters and offices	37
Training grounds	8
Mechanical workshops	13
Communications workshop	1
State Logistics Centre	1
Protective equipment centre	1
Residences	22

Vehicles	
Pumper tankers	50
Pumpers	266
Tankers	1,822
Field operations vehicles	14
Rescue vehicles	31
Aerial firefighting vehicles	12
Hazmat vehicles	14

1. Including Junior members  
2. 900 volunteers are also CFA staff members

# Our regions and districts

REGIONS  
UP TO  
30 JUNE 2014



REGIONS  
FROM  
1 JULY 2014



# Our year in review



## **1 DELIVERY OF SERVICES**

A collaborative service delivery approach that addresses risk and improves public safety

### **Complete development of a long-term service delivery strategy**

CFA continued to consolidate and introduce improved organisational arrangements, systems and operations aimed at improving the way we work, provide support to our fire brigades and groups, and deliver services to the Victorian community. We consulted extensively with internal and external stakeholders about critical drivers for future service delivery. Through this process, it was agreed that a sector-wide approach, led centrally, was required. As the Chief Officer undertakes the preparation of a new Service Delivery Strategy for CFA, the organisation is mindful that any such Strategy will need to be consistent with, and supportive of, any broader sector-wide approach that will evolve from the forthcoming three-year rolling *Emergency Management Strategic Action Plan* required pursuant to the *Emergency Management Act 2013*.

### **Complete the 'Creating our Future Together' program to meet future sustainability and service delivery needs**

The Creating our Future Together organisational change initiative reached a significant milestone at the end of the 2013-14 financial year, with CFA preparing to move from eight to five regions and each region to be the responsibility of an Assistant Chief Officer (ACO).

These changes follow the consolidation of CFA's operational service delivery capability under the Chief Officer following the creation of the Fire and Emergency





Management (F&EM) Directorate in 2011. A critical aim of these changes is to free up our front-line people from performing support activities so they can focus on what they do best – protecting lives and property.

The introduction of these changes has been guided by extensive volunteer and staff consultation.

Work has started on setting up an improved integrated business model to support these changes. The new business model aims to resolve workflow fragmentation and duplication which will increase CFA's efficiency and effectiveness. A vital driver of the support service design process is the current development of a Service Delivery Strategy that will more clearly define CFA's front-line service delivery functions.

Transition to the consolidated five regions will commence in July 2014. The five new ACOs will lead the delivery of fire and emergency management services in each newly-established region including planning, prevention, preparedness, response and operational recovery responsibilities.

### **Review, realign and integrate our asset strategies to meet emergency service delivery needs**

As part of the new Fire and Emergency Management Training Strategy, a project to upgrade the infrastructure of regional training campuses and begin the standardisation of training delivery is well advanced. Construction at the five field training campuses to provide breathing apparatus rooms, classrooms and amenities is complete. The new Sunraysia training campus in Mildura is being built and should be operational by October 2014.

Three new prototype mobile hot fire training props have been providing accessible and practical training to brigades around Victoria. More than 800 members have been involved in skills maintenance courses using the props. Due to their success, an additional seven mobile hot fire props have been ordered.

CFA maintains 1,219 brigades and a variety of other assets across the State that need to be fit for purpose and ready for use as required. CFA's Asset Strategy is being revised to ensure that CFA has, now and into the future, an adequate and efficient mix of physical assets to meet normal operational activity and deal adequately with major incidents and large campaign fires. The Strategy will set out the framework needed to control CFA's extensive portfolio of land and buildings, fleet, equipment,

technology and personal protective equipment and clothing. It will position CFA to respond more strategically to future environmental, demographic and population growth challenges.

Given the Government's commitment to achieving greater interoperability between emergency sector agencies as outlined in its White Paper, CFA is an active partner in the development of an emergency services shared assets strategy to be led by Emergency Management Victoria from July 2014. The aim of this sector-wide strategy is to promote greater interoperability and standardisation across the sector and provide better value for money.

### **Identify the research questions we need answered and develop and implement strategic research and knowledge management strategies to address them**

The need for improved evidence-based decision-making has become more important in determining CFA priorities. During 2013-14, a knowledge and innovation policy was developed to drive a renewed focus on the transparent use of evidence in making good decisions, applying knowledge and fostering new ideas. Using knowledge strategically can drive change through initiatives such as sharing case studies on what works, what doesn't and what's promising in different fire and emergency management situations; retaining and sharing local knowledge about problems, solutions and successes; sharing ideas to apply solutions to new problems in creative ways; and retaining the insights and experiences of CFA members before they leave.

Using a research scan undertaken in 2012-13, a corporate research register was developed to better coordinate and draw knowledge from past and current research being undertaken across the organisation. This is managed through a strategic research coordination group that also directs our ongoing commitment to the Bushfire and Natural Hazards Cooperative Research Centre (BNHCRC).



## 2 COMMUNITY RESILIENCE

Victorians share emergency risk mitigation through capable community response and committed partnerships

### Building community resilience

Community resilience, or the continued ability of a community to withstand and recover from adversity, has become a key policy issue at all levels of government in Australia and overseas. Research and our own experiences are helping to build our understanding about what communities can do to build resilience and what agencies in the emergency management sector, such as CFA, should be doing to support communities. Currently within CFA, there is a strong focus on informing communities about their risk and encouraging them to undertake prevention and preparedness activities. In the coming year, CFA with our partner agencies will be defining our resilience-building roles and focusing on how existing programs and resources can be better leveraged to build resilience.

### Evaluate community perception of risk, their capability to deal with events, including effectiveness of safety programs and community expectations of CFA

Risk perception is an important focus of CFA's annual research into the attitudes and preparedness of households in high-risk areas. Two key aspects of risk perception – likelihood and consequence – are regularly monitored. Extensive work has been undertaken in recent years to explore how risk perception varies between individuals in high-risk locations and the impact of these differences in terms of willingness to prepare for, and respond to fires.

# Service delivery is increasingly becoming more focused on specific risk areas with tailored approaches to hazards

Capability to deal with incidents includes a range of related concepts including the information needs of individuals in high-risk areas and the level of knowledge and understanding of key fire safety messages. These concepts are regularly assessed through research. Communities expect CFA to respond to fires and provide them with information. Work is underway to look at community expectations in relation to other service delivery areas and how these expectations may be changing over time.

A complete evaluation of the Bushfires Program, implemented in response to the 2009 Victorian Bushfires Royal Commission was carried out during 2013-14 to review and understand the effectiveness, impact and value of all projects and special initiatives funded by government.

## **Identify and implement targeted solutions to fire safety that meet local risk and capability needs**

Service delivery is increasingly becoming more focused on specific risk areas with tailored approaches to hazards. Research by CSIRO in 2012 showed that 87 per cent of all bushfire deaths occur within 150 metres of the hazard.

Using a combination of the Victorian Fire Risk Register (VFRR) and vegetation mapping, CFA has identified 100,000 residential properties at heightened risk based on their proximity to the bush. Armed with this information, one method of risk mitigation has been for CFA members to approach these households to advise them of their risk and encourage them to leave early.

This year we also sent postcards and emails to around 100,000 properties of people who had moved into a high-risk area within the past 12 months. This campaign aims to encourage residents to register for information and assistance from CFA through *My CFA*, a service that sends people bushfire safety information and details about services tailored to their local area and risk profile. This customer-focused approach supplements regional service delivery as we continue to monitor and develop the preparedness levels of at-risk communities.

Advice about local bushfire risks and resources continues to be provided to targeted communities through Community Information Guides. This year 25,000 copies of 55 updated guides were printed and distributed.

The Summer Roadshow visited 45 communities with the aim of providing, via mobile education buses, timely local information to tourists who were often not aware of

bushfire issues. The buses were also used extensively during the Grampians and Hazelwood mine fires, providing a highly-visible point for the community to access information. Personnel from Ambulance Victoria, the Department of Health and the Environment Protection Authority, among others, joined CFA members on the buses to provide comprehensive advice to the Morwell community during the Hazelwood mine fire.

Victoria's business sector has also been targeted with the development of the *Bushfire Safety Business Guide*. This publication gives advice to help businesses prepare for and deal with the impact of a bushfire.

New brigade management team (BMT) roles have been defined including assigning team members with responsibility for community engagement. These roles are now supported with resource materials and participation at the annual Community Engagement and Fire Awareness State Forum.

New resources and support materials have been developed for teachers and students to complement the Fire Safe Kids and Fire Safe Youth programs. The *Fire Ready Kit* has been updated and a number of practical new publications have been developed.

CFA delivered information at 384 community events, in addition to the numerous initiatives by our brigades at a local level. Brigades also delivered 2,203 Street Bushfire Advice Service sessions in property areas rated 'extreme' in the VFRR.

A Koori Inclusion Action Plan was drafted this year. Its aim is to promote inclusion of Indigenous people and their various perspectives throughout everything CFA does from volunteerism and employment to partnerships and service delivery. We have begun implementing key actions such as Koori cultural awareness training for CFA members, commissioning Koori artwork, and making a film that captures CFA's commitment to Koori inclusion.

## **Define and evaluate the profile of events that were dealt with by the community without, or prior to, agency response**

In 2013 the Fire Services Commissioner (FSC) initiated a review of the community response to the bushfire threat in areas affected by three of the most significant fires in the 2012-13 fire season: Chepstowe, Aberfeldy and Donnybrook Road. CFA collaborated with the FSC in the data collection and analysis phases of the review.

## Brigades delivered 2,203 Street Bushfire Advice Service sessions in property areas rated 'extreme' in the VFRR

The research looked at how people in fire-affected communities prepared for and responded to the bushfire threat. It included interviews with residents in the fire-affected areas and running stakeholder workshops.

The findings showed that, regardless of the scale of the incident, the type of fire or the level of agency response, people will respond in different ways with different motivations and therefore agency interventions must consider all community needs to ensure that optimal safety outcomes are achieved. With this in mind, CFA hosted seminars around the State to encourage thoughtful consideration of these findings and how they can influence our service delivery.

CFA also undertook post-incident analysis of some of the largest fires in the 2013-14 fire season. The analysis of the Kilmore, Grampians and Gippsland bushfires focused on vegetation management, community preparedness and how well houses stood up to fire. The level of community preparedness varied significantly. Where vegetation had been reduced near houses, the houses were more likely to survive the fire. The findings of research and post-incident analyses will be used to review current prevention and community preparedness programs, with the aim of continuous improvement.





### **3 COMMUNITY RISK**

Improved planning and management practices advance resilience in the built and natural environment

#### **Develop policy position and advocate on strategic and settlement planning**

A new approach to dealing with strategic and settlement planning is being developed, which recommends that development be directed to locations of lower bushfire risk. This avoids placing more people and new communities in high- or extreme-risk locations where the bushfire risk cannot be reduced to an acceptable level. There are many benefits to this approach, including: a reduction in the number of complex planning applications assessed by CFA; a reduction in the cost of construction; early identification of service delivery needs for CFA; and improved safety for firefighters responding to emergencies. The new approach also advocates that development should only proceed in high bushfire risk areas if the implementation of appropriate bushfire mitigation (such as the inclusion of a buffer, use of perimeter roads, etc) can reduce the overall risk to an acceptable level. This approach occurs at the earliest stage of planning, prior to the creation of individual allotments and community expectation regarding individual development rights. CFA has communicated this new approach through training sessions across Victoria for council officers and CFA staff and on the CFA website.

# CFA continued to review the efficacy of its planned burning operations

## **Review CFA's referral authority function and identify improvement opportunities**

CFA reviewed its statutory planning role as a referral authority and has streamlined processes and reduced red tape consistent with the State Government's policy of reducing the regulatory burden for Victorian businesses.

CFA supported the development and delivery of the Victorian Tertiary Bushfire Course run by the University of Melbourne, along with an accreditation for consultants involved with bushfire-related planning applications such as those involving the BMO, to improve the development of planning applications.

Schedules have been developed for areas within the BMO assessed by CFA as having lower and relatively uniform risk. People wanting to build are provided with a standardised package of bushfire protection measures that remove the requirement for referral of their applications to CFA for assessment.

CFA has now drafted schedules covering around 35,000 allotments and anticipates the final number will be around 45,000.

## **Increase our involvement in cross-agency risk reduction activities and training (includes reduction burning with the Department of Environment and Primary Industries)**

CFA continued to review the efficacy of its planned burning operations. This included the consolidation of the Vegetation Management Program which provides technical, logistical and administrative support to brigades involved in planned burning. CFA also continued to support DEPI's planned burning program.

These initiatives have led to a doubling of planned burning undertaken by CFA brigades on private land over the past two years and a considerable CFA contribution to DEPI burns on public land. This year CFA participated in 336 planned burns totalling 3,628 hectares and 1,371 kilometres of roads in the country area of Victoria. CFA also provided support for more than 30 DEPI planned burns on public land.

CFA also undertook a study of both the barriers and the support necessary to increase participation in planned burning. The study was based on broad consultation with CFA volunteers and staff, DEPI and local government. Following consultation, an implementation plan was completed that specified the actions CFA will take to increase our contribution to planned burning on public land over the next three years. Critical areas to improve include the delivery of training, resource coordination and communications activities. The objective is to increase our capability, capacity and participation.





## 4 OUR FRONT-LINE

Our people and processes drive efficient, effective and sustainable front-line service delivery

### **Develop a statewide volunteerism framework that guides decision-making and enhances CFA as a volunteer and community-based organisation**

The State Government's White Paper, the *Jones Report of Inquiry into the Effect of Arrangements made by the Country Fire Authority on its Volunteers*, and the Victorian Auditor-General's report *Managing Emergency Services Volunteers* have highlighted the need for a Volunteerism Strategy to be developed. The CFA Strategy is being developed in consultation with the SES to ensure that a consistent, sector-wide approach is being taken. It will complement initial work undertaken to address a number of recommendations of the Jones Inquiry and the CFA Volunteer Support Program where 60 people have been employed to engage with volunteers and their brigades.

CFA's draft Volunteerism Strategy, also being developed in collaboration with Volunteer Fire Brigades Victoria (VFBV), is based on the experience of volunteer services and communities. It aims to encourage the contribution of volunteers, enhance their role in service delivery and strengthen connections between volunteers and communities.

In relation to volunteer training, a review of the current Minimum Skills training program (the skills required before a firefighter can attend a fire) was undertaken. As a result, two new programs were developed during 2013-14: a Recruit Program and Bushfire Skills Program. The Recruit Program is an all-hazards training program, and before new volunteer firefighters can respond to a bushfire they

# In 2013-14, the Government's Rural Fire Stations program funded the replacement or upgrade of 95 rural fire stations

must complete the Bushfire Skills Program.

A Fire and Emergency Management Roles Pathway map has been developed to provide members with an overview of operational and incident management team roles and, ultimately, volunteer career development pathways.

A pilot is underway to boost brigade sustainability. The aim of the Brigade Sustainability Pilot is to work directly with catchment, district and regional leadership teams to support brigades identified as being at risk to develop local initiatives, strategies and possible solutions to improve brigade viability, both now and in the longer term. The pilot supports the implementation of Membership Classification, a key input towards brigade sustainability and growth which supports and organises brigades and their members in a way that is relevant in today's environment, as well as providing flexibility for the future.

## **Deliver on current key special funded programs and projects**

Following the 2009 bushfires and the Victorian Bushfires Royal Commission (VBRC) recommendations, CFA initiated a range of projects and programs over the four years to June 2014. Progress on delivery has been monitored by the Bushfires Royal Commission Implementation Monitor. Fifty-two of the 57 CFA VBRC projects were completed by June 2014. Three projects relating to radio communications were not completed in 2013-14. These projects have been re-scoped to deliver a new statewide, multi-hazard, digital, interoperable, command channel radio system in 2014-15. Two other projects, Volunteer Workforce Management – Human Capital Management System and Volunteer Firefighter Mobile Training Infrastructure, are continuing into 2014-15.

In 2013-14, the Regional Radio Dispatch Service (RRDS) project began the transition of districts to the new operational radio dispatch service. By the end of June 2014, 11 districts had completed the transition and are now using the Regional Mobile Radio (RMR) network for dispatch services. All brigades will complete the transition before the start of the 2014-15 Fire Danger Period.

The Common Doctrine project, which CFA led on behalf of the Fire Services Commissioner, continues to develop a standard approach to managing and responding to emergencies while improving both how our people work together and safety outcomes for the community. Considerable progress has been made in three phases. Phase 1 piloted a standard multi-agency process to

develop Common Doctrine for a range of hazards in nine distinct subject areas (for example, evacuation and dynamic risk assessment). The next phase built on the pilot by focusing on broad doctrine (for example, principles and policy statements) with the support of a wide range of agency members. Phase 3 involves interpreting the fundamental principles within specific risk environments. The Common Doctrine team is working collaboratively to reach agreement on best practice and has identified significant consistency between agencies about fundamental principles. The new Common Doctrine will set a solid platform for providing a more integrated and responsive service to the community and greater safety for our people.

Project 2016's prime objective is to support our front-line volunteers by increasing the number of permanent career firefighter and officer positions in CFA as determined by the Chief Officer. Since 2010, 181 career firefighters have been added to our workforce and 160 additional permanent operational positions established. This year 46 additional career firefighters were recruited.

To support the deployment of additional staff, Project 2016 also provided for additional infrastructure works including the building or modification of 11 fire stations for use as integrated brigades, and improvements to student and instructor accommodation and showering facilities at Fiskville Training College. Other key achievements of Project 2016 include the acquisition of land for Warrnambool Fire Station; the beginning of 24-hour staffing of Rowville Fire Station and day staffing at Ocean Grove; and the completion of modifications to Pakenham and Wodonga fire stations.

In 2013-14, the Government's Rural Fire Stations program funded the replacement or upgrade of 95 rural fire stations across the State, improving access to fit-for-purpose facilities for volunteer brigades. An additional 47 rural stations, including three co-located CFA and SES facilities are on schedule for completion by November 2014.

The Incident Management Team Training Project (IMTTP) began in October 2010 and ended on 30 June 2014. It addressed a number of the 2009 Victorian Bushfires Royal Commission recommendations about the improvement of training and performance of incident management personnel.

In partnership with DEPI, MFB, SES and the FSC, the IMTTP trained over 4,600 personnel across more than 420 incident management team and leadership courses,





exercises and other training activities. The development of incident management personnel was based on a learning-by-doing approach. As well as incident management coursework, participants gained experience in a variety of contexts and learned from the knowledge and experience of others. Other highlights of the IMTTP included the accreditation of 58 CFA Level 3 incident controllers.

Seven new field operations vehicles were deployed in 2013-14. These are the latest generation of command vehicles that provide CFA and partner agencies with increased capability. The vehicles are equipped with a satellite communication link which directly connects to CFA's network and gives firefighters in the field reliable access to the State incident-networked computer drives and automatic updates from eMap, CFA's operational mapping solution.

Two new mobile command vehicles (MCVs) underwent significant testing during the commissioning stage including field testing at the Hazelwood mine fire. During this testing, the vehicle transmitted live thermal images from the mine to the Incident Control Centre in Traralgon and the State Control Centre. The MCVs use satellite communication, which provides CFA with more reliable data communication.

During this financial year, CFA put four aerial pumpers and four heavy hazmat vehicles through a commissioning process. These vehicles allow CFA to better respond to the changed risk environment in regional centres. The aerial pumpers offer state-of-the-art elevated water stream capability suitable for medium rise and broad-acre factory fires. The new heavy hazmat vehicles have advanced gas monitoring equipment, increasing CFA's hazmat capability in rural areas.

### **Assess current training effectiveness and implement improved methods, tools and curricula accordingly**

CFA's approach to training is strategically driven by the broad scope of our service delivery requirements to the community. The Fire and Emergency Management Training Strategy 2013-18 outlines the Chief Officer's goals and approach to operational training over five years.

Initiatives implemented to boost training effectiveness include developing structural firefighting training materials and the *State Operational Training Guide*. The guide is being developed in consultation with CFA members and subject experts. In addition, a new recognition-of-prior-learning process has been developed within the skills

recognition process and an enhanced Crew Leader (Bushfire) Program developed.

### **Implement data management improvements and analysis capability**

In collaboration with Monash University Injury Research Institute, CFA began a data management project. The project focused on the ability to measure CFA's performance against long-term outcomes: to appropriately define evaluation outcome measures for the VBRC projects; and the quality and management of CFA data. Valuable insights and actions derived from the project include access to useful external data; recommended structural improvements to current data sets; and the identification of data analysis skills within CFA. Phases 1 and 2 of the project finished in June 2014 and an implementation plan is expected to be in place for 2014-15 to finalise the project.



## **5 OUR PEOPLE**

Our people are safe, respected, capable, engaged and share a common purpose

### **Identify the current and future leadership and service delivery capability profile for CFA and target recruitment and development activities to address the gaps**

During 2013, the Board approved a new Leadership Framework for leaders across all levels of CFA. The Leadership Framework aims to provide a shared understanding of what it means to be a leader at CFA, and identifies the attributes and behaviours required of leaders, whether volunteer, staff, front-line or support. It also pinpoints the leadership required to deliver our strategic priorities and focuses on building leadership capability for the future. The Framework lays out what our people can expect from our leaders, what we hold our leaders accountable for, and how we will develop and support them.

### **Renegotiate employment agreements to meet future service delivery requirements**

All CFA Enterprise Bargaining Agreements expired in 2013 and are currently being renegotiated. CFA has made considerable progress in clarifying allowable matters for our agreements. We are working to ensure that we have the flexibility to meet future service delivery requirements and that we are considered an employer of choice.

In January 2014 the Federal Court handed down its decision regarding proceedings between CFA and the United Firefighters Union (UFU). The case was heard in April 2013 following initiation of proceedings by the UFU

# The *People Strategy 2014-16* outlines key policies, initiatives and programs that help build the capability of our people



alleging that CFA had breached the 2010 Operational Staff Enterprise Agreement by not observing a number of provisions relating to the number, recruitment and allocation of CFA operational staff, and whether some of the clauses including those relating to lateral entry were legally enforceable. CFA submitted that it had the right to determine the number of staff it employed, how it chose to recruit staff and where it chose to deploy its resources. CFA was successful in these arguments.

events have been highly valued by members.

An online HeadsUP tool containing resources to support wellbeing was made accessible to all members. Also well received has been the year-long personal development program conducted by Chief Officer Euan Ferguson, with one volunteer selected from each CFA district.

## **Embed our values into people processes, recruitment, development, performance and recognition**

In February 2014, the CFA Board endorsed the CFA *People Strategy 2014-16*. It outlines key policies, initiatives and programs that help build the capability of our people and focuses on five priorities: leadership; culture; health, safety and environment; people sustainability; and people capability. The Strategy is supported by the Health, Safety and Environment Strategy and the Leadership Framework. These three documents, together with the Volunteerism Strategy being developed, are the foundation on which CFA will improve the leadership, safety and capability of its people.

In recognition of our members, the presentation of National Emergency Medals around Victoria was a highlight of 2013-14. The Australian Honours and Awards Secretariat gave its approval for CFA to award 5,450 medals to members who performed recognised duties during the February 2009 bushfires. These presentation

# Our incident response

## Major incidents

In the past 12 months, CFA and partner agencies worked together to face a fire season dominated by heatwaves and a number of large, long-running fires in bushland that challenged our resources. In addition, there were numerous fast-moving, destructive grassfires and the complex and unique fire and hazardous materials incident at the Hazelwood coal mine.

In March, the State Government announced there would be an independent inquiry into the Hazelwood mine fire to examine the circumstances of the fire, the emergency response to the fire, and the response and support provided to Morwell and other affected communities. The Board of Inquiry is scheduled to report by the end of August 2014.

The fire season began with significant fires in New South Wales in October 2013. A large Victorian contingent was dispatched to support our NSW colleagues, mostly in the Blue Mountains. Subsequently, when significant fires

occurred in Victoria in late January, we received strong support from our interstate and overseas colleagues (more than 2,500 personnel in total), with the last colleagues leaving Victoria in early April 2014.

CFA members also continued to respond to numerous significant structure fires, hazardous material incidents and some challenging rescues, a number of which occurred in confined spaces.

Table 1 shows when each district had a Total Fire Ban during the 2013-14 fire season, and Table 2 compares the number of Total Fire Ban days over the past five years.

Figure 1 gives the total number of incidents for the past five years, and Figure 2 gives a breakdown of incidents by type for the 2013-14 year.

Table 3 is a list of major incidents attended by CFA during 2013-14.

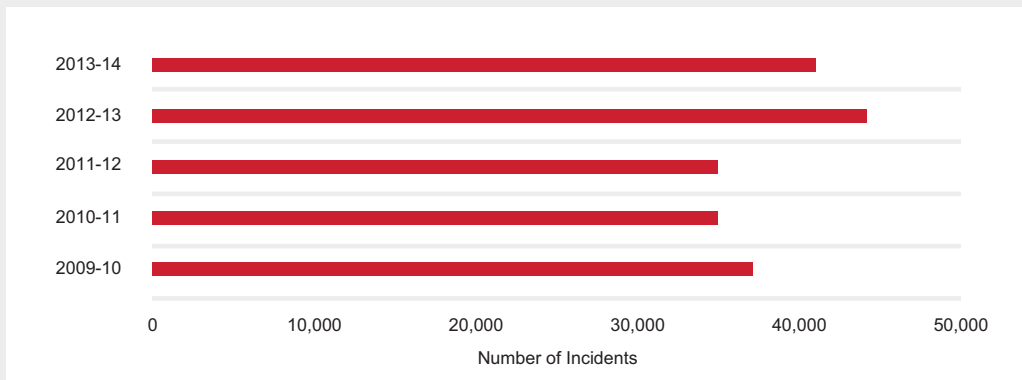
**Table 1:** Days of Total Fire Ban 2013-14

Date	Total Fire Ban District
7 November 2013	Mallee
2 December 2013	Mallee
19 December 2013	Mallee, Wimmera and Northern Country
20 December 2013	Mallee, Northern Country and North East
28 December 2013	Mallee, Wimmera, South West, Northern Country, North Central, Central and North East
1 January 2014	Mallee, Wimmera and Northern Country
14 January 2014	Mallee, Wimmera, South West, Northern Country, North Central, Central and West and South Gippsland
15 January 2014	Whole State of Victoria
16 January 2014	Whole State of Victoria
17 January 2014	Whole State of Victoria
18 January 2014	Mallee, Wimmera, Northern Country, North East, East Gippsland and West and South Gippsland
28 January 2014	Whole State of Victoria
2 February 2014	South West, North Central and Central
3 February 2014	Whole State of Victoria
8 February 2014	Whole State of Victoria
9 February 2014	Whole State of Victoria
11 March 2014	Mallee, Wimmera, South West and Central

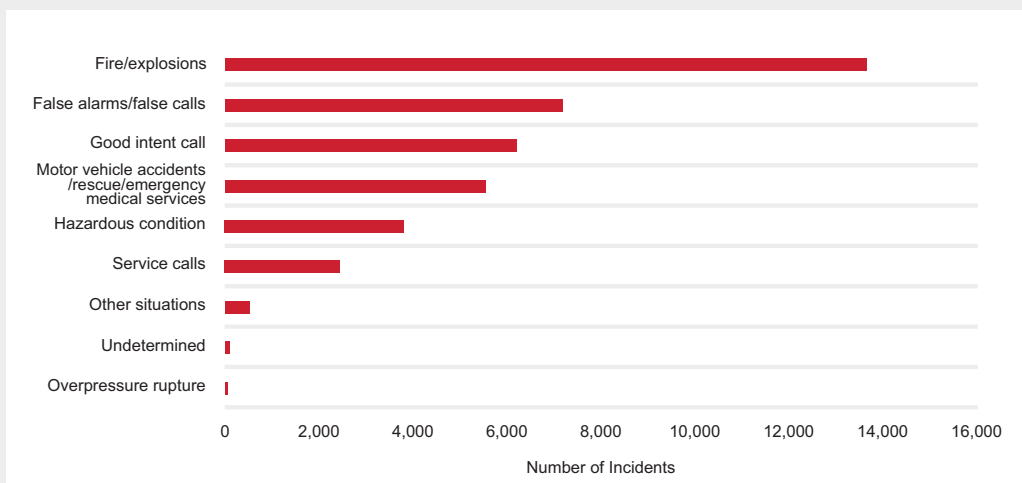
**Table 2:** Number of Total Fire Ban days declared 2009 to 2014

Declaration	2009-10	2010-11	2011-12	2012-13	2013-14
Whole of state	1	0	0	2	6
Partial	10	2	9	15	11
Total	11	2	9	17	17

**Figure 1:** Total emergency incidents reported



**Figure 2:** 2013-14 incident response by type



Note: This breakdown is based on completed, signed-off incidents and excludes incomplete incident reports or reports that have not been classified.

**Table 3:** Major incidents 2013-14

<b>Date</b>	<b>Incident Type</b>	<b>Location</b>	<b>Incident size/description</b>
11 July	Hazardous materials	Tyabb	Petrol tanker rollover. Trains stopped in area
7 September	Structure fire	Kerang	Hotel fire. Half of building destroyed, with remainder damaged by smoke and water
19 September	Structure fire	Dandenong South	Carpet and flooring factory fire
4 October	Structure fire	Seaford	Trampoline centre fire. Significant damage to centre and roof
9 October	Rescue	Diamond Creek	Male patient trapped in unused mine shaft. Rescued and brought to surface
29 October	Hazardous materials	Longwarry	Chemical fumes leaking from tank
31 October	Structure fire	Dunkeld	Convention centre at Royal Mail Hotel destroyed
20 November	Hazardous materials	Corio	Fuel leak at Shell Refinery
27 November	Rescue	Cloverlea	Confined space rescue of three people from tank
4 December	Rescue and non-structure fire	Black Range	Vehicle accident involving three trucks on Western Highway
26 December	Grass and scrub fire	Toolleen	1,050 hectares
14 January	Structure fire	Newtown	Significant damage to assets in factory
14 January	Grass and scrub fire	Dromana	9 hectares. Café at historic estate destroyed
14 January	Grass and scrub fire	Kangaroo Ground	13 hectares
14 January	Bushfire	Wyperfeld National Park	56,543 hectares
14 January	Bushfire	Big Desert Wilderness Park	29,896 hectares
15 January	Bushfire	Grampians-Northern Complex	55,100 hectares
16 January	Bushfire	Goongerah-Deddick Trail	165,806 hectares
17 January	Grass and scrub fire	Epping	Multiple grass and scrub fires along Hume Highway
20 January	Grass and scrub fire	Holbrook (NSW)	1,400 hectares
21 January	Grass and scrub fire	Jingellic (NSW)	250 hectares
21 January	Structure fire	Murchison	Damage to workshops at HM Dhurringile Prison
22 January	Structure fire	Mildura	Supermarket destroyed
5 February	Grass and scrub fire	Stonyford	571 hectares
6 February	Structure fire	Ballarat	Activity centre destroyed
7 February	Grass and scrub fire	Morwell-Hernes Oak	2,788 hectares. Impacts to Maryvale Mill and power stations
9 February	Grass and scrub fire	Gisborne	2,800 hectares
9 February	Grass and scrub fire	Jack River	2,894 hectares
9 February	Grass and scrub fire	Warrandyte	15 hectares
9 February	Grass and scrub fire	Mickleham-Kilmore	22,877 hectares
9 February	Grass and scrub fire	Wunghnu	9,283 hectares
9 February	Fire and hazardous material	Hazelwood	407 hectares. Protracted event
18 February	Structure fire	Port Albert	Port Albert Hotel destroyed
9 April	Structure fire	Buchan	Caves Hotel destroyed
11 April	Fire and hazardous materials	Derrinallum	Protracted event due to explosives on site
3 June	Hazardous materials	Cobden	2,000 litres of ammonia released

# Our performance

CFA contributes to the State Government's performance measures for the emergency management sector as detailed in the Victorian Government's Budget Papers (refer to the Emergency Management Capability output). This forms part of the Department of Justice's 'Supporting the State's Fire and Emergency Services' output group. The Budget Papers report statewide performance.

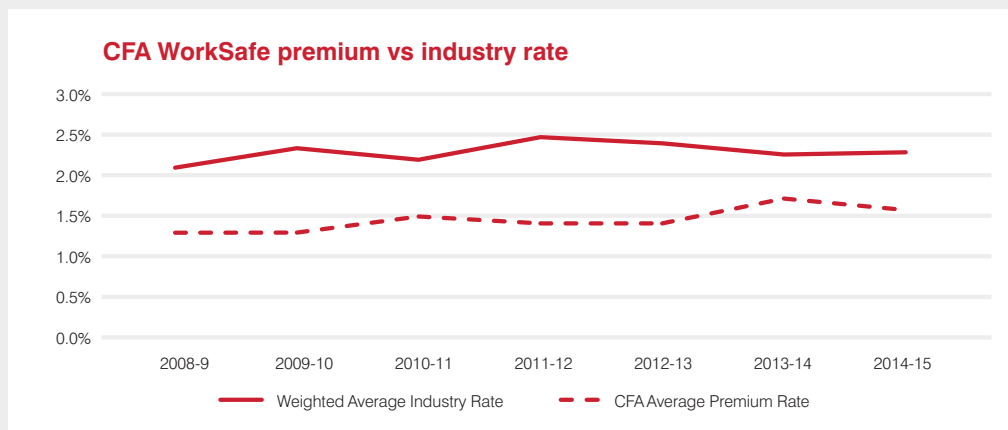
Table 4 shows CFA's actual performance together with measures reported in Budget Paper No. 3. CFA adheres to the national requirements for counting rules, which is normal for fire and emergency service organisations.

**Table 4:** Emergency management capability

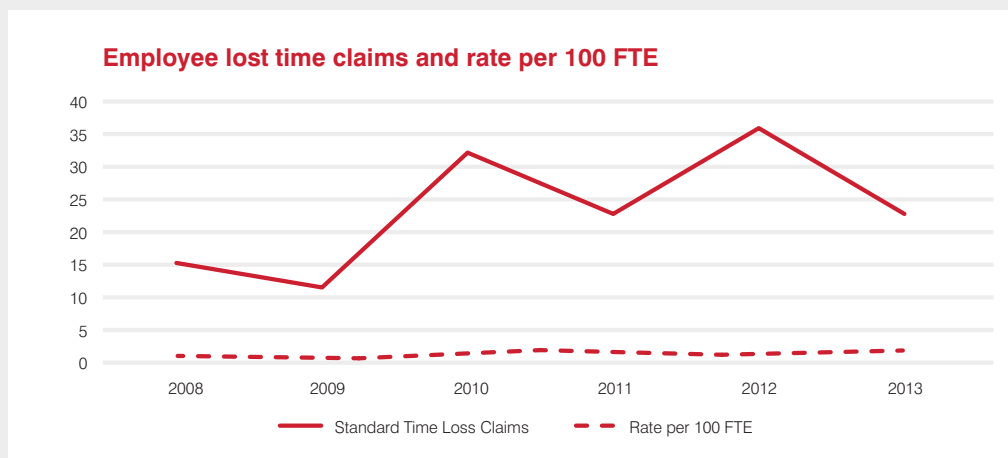
<b>Major Outputs/Deliverables</b>	<b>Unit of Measure</b>	<b>2013-14 Target</b>	<b>2013-14 Actual</b>
<b>Performance measures</b>			
<b>Quantity</b>			
1. Permanent operational staff	number	830	900
2. Permanent support staff	number	950	924
3. Volunteers – operational	number	37,000 - 40,950	38,335
4. Volunteers – support	number	18,000 - 19,000	21,365
<b>Quality</b>			
5. Road crash rescue accredited brigades/units	number	23	23
6. Level 3 Incident Controller trained staff and volunteers	number	40	58
7. Structural fire confined to room of origin A23 type incident 110-119 where K20 Extent of Flame Damage is (1,2,3*100)	per cent	70	73
A23 type incident 110-129 where K20 Extent of Flame Damage is (1,2,3*100)	per cent	70	82
<b>Timelines</b>			
8. Emergency response times meeting benchmarks – structural fires	per cent	90	88
9. Emergency response times meeting benchmarks – road accident rescue	per cent	90	94

# Occupational health and safety

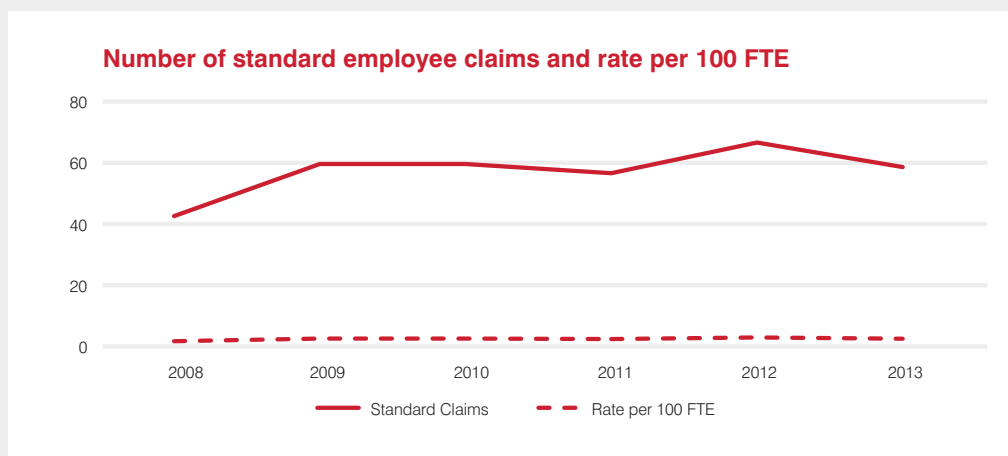
CFA's premium rate shows a positive trend and continues to perform better than industry's overall performance rate.



The lost time claims trend per 100 full-time equivalents indicates a slight reduction

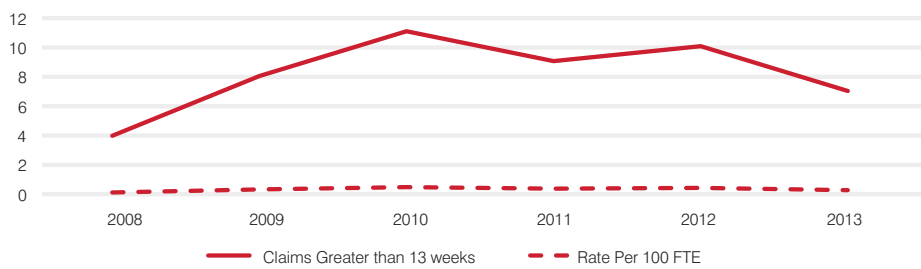


The trend for standard claims per 100 full-time equivalents is maintaining a consistent trend.



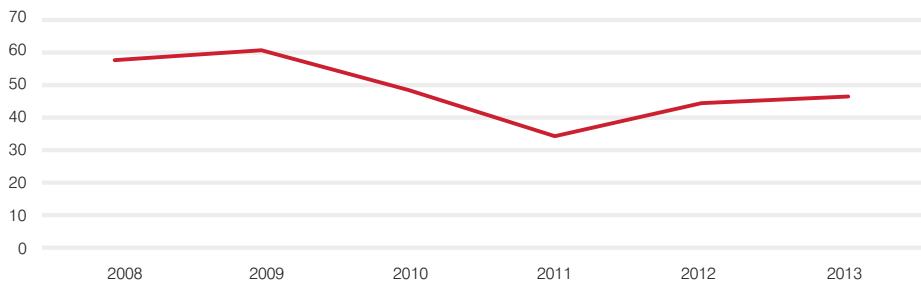


### Employee claims with time loss of 13 weeks or greater and rate per 100 FTE



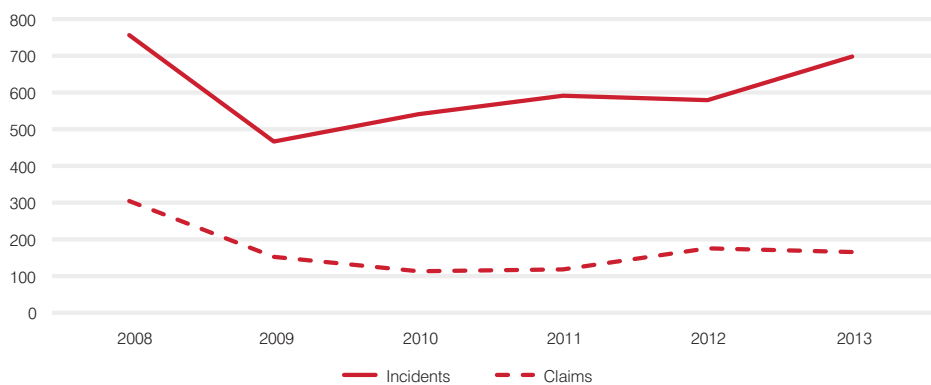
The time lost claims in excess of 13 weeks is now trending in a positive manner.

### Volunteer lost time claims



The volunteer lost time claims frequency sees a slight increase which reflects the activity level over the previous two fire seasons.

### Volunteer claims and incident trends



The increase in reported incidents is considered positive as members continue to understand the importance of reporting. The comparable claim trend, however, shows a slight reduction.

# Corporate governance

In addition to requirements in legislation, CFA has formalised Board and Committee governance arrangements in a Governance Framework. The Governance Framework is reviewed annually by the Board.

## CFA Board

CFA's Board is constituted under the *Country Fire Authority Act 1958* (Vic) (The Act).

The Board is accountable to the Minister for Police and Emergency Services.

Since the start of the 2013-14 financial year, the Board has consisted of 10 members. The Act prescribes those bodies that can nominate people for consideration by the Governor-in-Council for appointment to the Board. The nominating bodies for the year ended 30 June 2014 include the Minister administering the *Environment Protection Act 1970* (Vic), the Municipal Association of Victoria and Volunteer Fire Brigades Victoria. During the year, the Minister for Police and Emergency Services initiated an independent review of the make up and skills requirement of the Board. The review recommended a move away from a representational board to a skills-based board. It is understood the new board arrangements will be put in place during 2014-15.

In addition to the requirements of the Act, Board members are required to observe CFA's Code of Conduct and other requirements specified by CFA's Governance Framework. Board members are required to disclose any conflict or pecuniary interests and to submit an annual Declaration of Private Interests.

## Board role

The Board sets the corporate objectives and strategies through the CFA Strategic Plan and the Annual Plan.

The Board is responsible for CFA's overall performance, ensuring appropriate risk management strategies are in place and that CFA complies with relevant legislation, the Government's requirements and its corporate objectives.

The Board's primary role involves:

- developing and implementing strategic plans to meet CFA's legislated responsibility
- policy formulation
- ensuring that systems and processes for proper accountability and managing risk are in place
- monitoring the performance of CFA
- ensuring its compliance obligations are met.

## Board membership

Board members during 2013-14 were:

- Claire Higgins (Chair); appointed 2 October 2013, formerly Deputy and Acting Chair
- John Peberdy (Deputy Chair); appointed 2 October 2013
- Ross Coyle; re-appointed 15 April 2014
- Paul Denham; re-appointed 6 November 2013
- Michael Freshwater; appointed 13 August 2013
- Peter Harmsworth AO; re-appointed 26 June 2013
- Reid Mather; re-appointed 31 December 2013
- Don Robertson; re-appointed 6 November 2013
- Mike Taylor AO; re-appointed 6 November 2013
- Michael Tudball AFSM; re-appointed 6 November 2013

## Board committees

The Board has four committees appointed to undertake specific tasks on its behalf.

### Finance, Risk and Audit Committee

The Finance, Risk and Audit Committee's role is to provide a formal forum for communication between the Board and management on all financial, risk, information technology, audit, knowledge management and compliance matters.

CFA's internal audit function is undertaken by PricewaterhouseCoopers, whose representatives report to the Finance, Risk and Audit Committee at each of its meetings.

The Committee receives advice from the Auditor-General, who is responsible for auditing CFA's annual financial statements.

Members of the Finance, Risk and Audit Committee during 2013-14 were:

- Michael Tudball (Chair)
- Claire Higgins
- Mike Taylor
- John Peberdy
- Mark Anderson (independent member).

### People, Remuneration and Culture Committee

The People, Remuneration and Culture Committee was established to provide the Board with direction, endorsement and monitoring of people, remuneration and culture strategies and policies.

The Committee oversees the implementation of the CFA People Strategy including leadership, culture, people sustainability and people capability.

Members of the People, Remuneration and Culture Committee during 2013-14 were:

- John Peberdy (Chair)
- Claire Higgins
- Peter Harmsworth
- Michael Freshwater
- Paul Denham.

### Service Delivery Committee

The Service Delivery Committee was established to assist the Board in discharging its duties in relation to the overall performance and quality of services delivered in the prevention and suppression of fires and in responding to other emergencies.

The Committee also provides a strategic overview of community engagement and education initiatives.

Members of the Service Delivery Committee during 2013-14 were:

- Ross Coyle (Chair)
- Claire Higgins
- Mike Taylor
- Michael Tudball
- Don Robertson.

### Health, Safety and Environment Committee

The Health, Safety and Environment Committee was established to oversee and review health, safety and environment risk matters arising from CFA's activities and the impact of these activities on employees, volunteers, contractors, suppliers and the communities and environments in which CFA operates.

Members of the Health, Safety and Environment Committee during 2013-14 were:

- Peter Harmsworth (Chair)
- Claire Higgins
- Don Robertson
- Reid Mather
- Rob Sheers (independent member).

**Table 4:** Board members' attendance at meetings

	Board Meetings	Finance, Risk and Audit	People, Remuneration and Culture	Service Delivery	Health, Safety and Environment
<b>Number of meetings to 30 June 2014</b>	<b>11</b>	<b>5</b>	<b>3</b>	<b>3</b>	<b>5</b>
Claire Higgins	11	4	3	2	5
John Peberdy <sup>1</sup>	8	2	3	-	-
Ross Coyle	11	-	-	-	-
Paul Denham	11	-	2	-	-
Michael Freshwater <sup>2</sup>	9	-	3	-	-
Peter Harmsworth	11	-	3	-	5
Reid Mather	11	-	-	-	5
Don Robertson	10	-	-	3	5
Mike Taylor	11	4	-	2	-
Michael Tudball	11	4	-	2	-

<sup>1</sup> John Peberdy ceased to be a board member on 30 June 2013, but was re-appointed 2 October 2013.

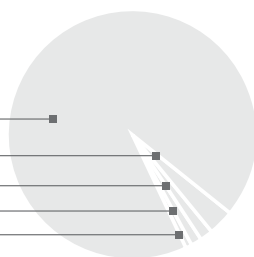
<sup>2</sup> Michael Freshwater was not appointed until 13 August 2013.

# Financial summary

## Discussion and analysis – comprehensive operating statement

### Income

<b>Total Income: \$501.1m</b>
Grants \$466.3m
Sales of goods and services \$15.6m
Other income \$9.0m
Interest \$6.4m
Contributions \$3.9m



### Income

In 2013-14, CFA received the majority of its income through grants under the Fire Services Property Levy arrangements.

Prior to 1 July 2013, CFA's fire services were funded by contributions from the State Government and levies collected by insurance companies in the proportion of 22.5 per cent and 77.5 per cent respectively. The levies collected by insurance companies were paid directly to CFA and accounted for as Contributions.

On 1 July 2013, the levy on insurance premiums was abolished and replaced by a property-based levy collected by councils. This levy is paid to the Consolidated Fund and CFA is paid by the Department of Justice which is accounted for as a grant.

Total income for the 2013-14 year was \$501.1m, which is an increase of \$25.4m from the previous year's total of \$475.7m. Reasons for the increase in total income are an increase in grants and contributions of \$29.8m mainly due to fire season costs, a decrease in sales of goods and services of \$0.5m, a decrease in other income of \$1.8m, and a decrease in interest income of \$2.1m due to lower cash balances and lower interest rates.

The Comprehensive Operating Statement and note 2(e) disclose the movement in brigade cash and deposits over the financial period.

### Government and statutory funding

CFA received grants and contributions amounting to \$470.2m (2012-13 \$440.3m). Under the *Country Fire Authority Act 1958* (the Act), CFA received funding of annual expenditure from the State Government under

the new property-based levy arrangements. CFA also received residual 2012-13 contributions of \$3.9m from insurance companies under Section 80A of the Act (which relates to property located in Victoria but insured offshore).

### Sales of goods and services

CFA received \$15.6m during the year from the provision of goods and services to external bodies (2012-13 \$16.0m). This includes the provision of external training services, fire protection fees, dangerous goods inspections, fire and equipment maintenance services and charges for hazardous materials incidents.

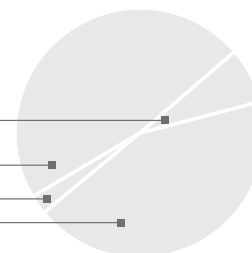
### Other income and interest

Other income during the year totalled \$9.0m (2012-13 \$10.8m). The decrease of \$1.8m was due to a reduction in contributions from other government entities (\$2.8m), reduced amounts from amendments to 2012-13 on-shore insurance company contributions (\$0.7m) and other miscellaneous items (\$0.6m). This was offset by an increase in brigade assets (including donations) of \$2.3m.

Interest income for the year totalled \$6.4m (2012-13 \$8.5m). The decrease was the result of lower cash and investment balances available for deposit compared to 2012-13, and lower interest rates.

### Expenses

<b>Total Expenses: \$500.3m</b>
Depreciation and amortisation \$37.5m
Employee expenses \$236.1m
Grants \$12.2m
Other expenses \$214.4m



### Expenses

Total expenses for the 2013-14 year were \$500.3m compared to \$457.0m for 2012-13. This overall increase of \$43.3m can be attributed to rises in employee expenses (\$16.5m), depreciation and amortisation (\$2.8m), other expenses (\$27.3m) and a decrease in grants paid (\$3.3m).

### Employee expenses

During 2013-14 employee expenses totalled \$236.1m (2012-13 \$219.6m). The increase of \$16.5m due mainly to an increase in salaries of \$11.1m, employee support of \$4.0m due to 2013-14 fire season major incident costs, EBA increases and additional firefighters.

## Depreciation and amortisation

The written down value of CFA's assets at cost or valuation, including land, buildings, leasehold improvements, vehicles, plant and machinery totalled \$1,082.2m (2012-13 \$1,011.5m). Depreciation expense totalled \$37.5m during 2013-14 (2012-13 \$34.7m) and increased due to the net investment in property, plant and equipment.

## Other expenses

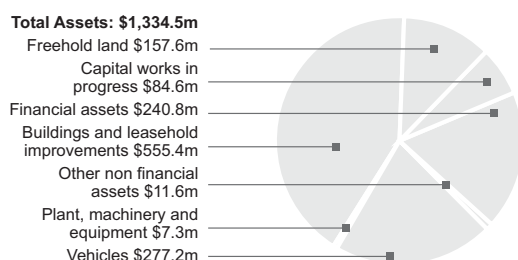
CFA spent \$214.4m on general operating costs and other expenses during 2013-14 (2012-13 \$187.1m). This was an increase of \$27.3m over the previous year which was largely due to an increase in major incident expenditure of \$15.1m, expenditure on Victorian Bushfires Royal Commission projects (VBRC - \$9.5m), and the rollout of the Regional Radio Dispatch Service (RRDS - \$6.4m). These increases are offset by a decrease in contractor payments to external services (ESTA) of \$4.5m.

## Grants

CFA spent \$12.2m on grants during 2013-14 (2012-13 \$15.6m). This was a decrease of \$3.3m over the previous year which was due to lower payments to the Office of the Emergency Services Commissioner.

# Discussion and analysis – balance sheet

## Assets



## Total Assets

Total assets at 30 June 2014 were \$1,334.5m compared to the 30 June 2013 total of \$1,288.6m. The major elements of the year-on-year variation (\$45.9m) were a decrease in financial assets (\$24.7m), an increase in buildings and leasehold improvements (\$43.4m), an increase in land (\$3.1m), a decrease in plant and equipment (\$0.3m), the

acquisition of new emergency response and transport vehicles (\$17.7m) and an increase in capital works in progress (\$6.6m). There was no change to other non-financial assets.

## Financial assets

Financial assets totalled \$240.8m (2012-13 \$265.5m) and comprised money owed to CFA including trade receivables, other receivables and GST recoverable (\$8.4m), cash at bank and deposits (\$121.3m) and investments and other financial assets (\$111.0m).

## Committed funds

Cash and deposits, and investments, are held for specific purposes and comprise brigade cash held for local initiatives, and carry over amounts for projects such as:

- VBRC and Bushfires Portfolio programs
- Capital works – land and buildings
- Regional Radio Dispatch Service
- Volunteer Emergency Services Equipment Program.

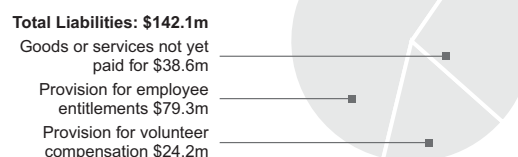
## Non-financial assets

Non-financial assets totalled \$1,093.7m (2012-13 \$1,023.2m) comprising property, plant and equipment (\$1,082.2m), other non-financial assets including inventories and goods held in store (\$9.9m) and prepayments made by CFA (\$1.6m).

Plant and equipment includes computer hardware, general plant, and communications equipment to a total value of \$7.3m (2012-13 \$7.6m).

At the end of the year, the value of expenditure on capital works such as buildings, emergency response vehicles, and plant and equipment which were not yet completed, totalled \$84.6m (2012-13 \$78.0m).

## Liabilities



## Total liabilities

Total liabilities at 30 June 2014 amounted to \$142.1m

compared to the previous year's total of \$120.5m. The increase of \$21.6m was due to increases in amounts accrued in relation to payables (\$17.5m) and the provisions for employee benefits and volunteer compensation (\$4.2m).

#### **Goods or services not yet paid for**

At the end of the year a total of \$38.7m was owed for goods or services already provided but not yet paid for. This was an increase of \$17.5m over the corresponding figure last year (2012-13 \$21.2m) largely due to year-end outstanding creditors relating to major incidents of \$7.6m, and other payables and accruals of \$6.9m.

#### **Provision for employee entitlements**

A total of \$79.3m (2012-13 \$78.1m) is accrued for annual leave and long service leave payments to staff.

#### **Provision for volunteer compensation**

Based on previous claims and actuarial calculations, a total of \$24.2m has been estimated to allow for compensation payments for injuries to volunteers up to 30 June 2014. This is an increase of \$3.0m compared to the figure at 30 June 2013 and includes claims handling expenses.

## **Volunteer brigade activities**

The major assets of CFA volunteer brigades – Land, Buildings, Plant & Equipment, and Bank/Cash Equivalents – are recognised as assets by CFA in the Annual Financial Statements. New brigade assets and Bank/Cash Equivalents are included annually in CFA's financial statements. Bank/Cash Equivalents were brought to account for the first time in the 2006-07 accounts. The cash balances are funds which have been accumulated by brigades over many decades, predominantly for the replacement of existing capital equipment and the purchase of supplementary equipment in their respective brigades. They appear as Other Income in the Operating Statement and as Bank/Cash equivalents in the Balance Sheet. Bank/Cash Equivalents are brought to account with the basis of calculation being the balances held by Brigades as at 31 March 2014, adjusted for known income and expenditure to 30 June 2014.

The brigades are funded by CFA and supplemented by community fundraising and donations. Brigade costs borne by CFA are included in the expense analysis of the Annual Financial Statements, either by specific

reference (e.g. Volunteer Compensation, Other Volunteer and Brigade Support, Grants to Volunteer Associations) or by inclusion (under the appropriate expense heading) with CFA's other costs of a similar nature (e.g. Depreciation, Building Operating and Maintenance, Motor Vehicle, Training and Skills Maintenance, Uniforms and Equipment). As the majority of brigade transactions are thus included in CFA's accounts, the remaining separate revenues and expenses of brigades are not reflected in CFA's financial statements.

In order to comply with the *Income Tax Assessment Act 1997*, relating to tax deductible gifts, the CFA and Brigades Donations Fund was established under a Trust Deed dated 7 June 2004. The trustees are responsible for the preparation of separate financial statements which are subject to independent audit and the financial transactions of the fund are consolidated into CFA's Annual Financial Statements.

CFA volunteer brigades also receive support under the State Government's Volunteer Emergency Services Equipment Program (VESEP). VESEP assists eligible emergency service organisations by providing contributory funding for vehicles and equipment.

CFA also provides brigades with access to an extended credit facility to support brigade-related small asset acquisition programs.

#### **CFA and Brigades Donations Trust Fund**

CFA provided regular and accurate reports of the Trust's operations and financial status to the satisfaction of the Trustees. A total of 1,213 brigades/groups were registered with the Trust at 30 June 2014.

The Trust received donations of \$4.7m during the 2013-14 financial year compared with \$4.3m during 2012-13.

The 30 June 2014 Trust bank balance was \$1.5m (\$0.5m cash at bank and \$1.0m short term deposit) compared with \$1.5m on 30 June 2013.

# Financial statements

## **Accountable officers' and chief finance and accounting officer's declaration**

We certify that the attached financial statements for Country Fire Authority (CFA) have been prepared in accordance with *Standing Directions 4.2 of the Financial Management Act 1994*, applicable Financial Reporting Directions, Australian Accounting Standards including interpretations and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and notes forming part of the financial statements, presents fairly the financial transactions during the year ended 30 June 2014 and financial position of CFA at 30 June 2014.

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 report for issue on 18 August 2014



18 August 2014  
C L Higgins  
Chair



18 August 2014  
M Bourke  
Chief Executive Officer



18 August 2014  
N McCormick CA  
Executive Manager Financial Services

**Comprehensive operating statement**  
for the financial year ended 30 June 2014

	Notes	2014 \$'000	2013 \$'000
<b>Income from transactions</b>			
Contributions	2(a)	3,855	421,092
Grants	2(b)	466,298	19,186
Interest	2(c)	6,391	8,491
Sales of goods and services	2(d)	15,562	16,046
Other income	2(e)	9,011	10,846
<b>Total income from transactions</b>		<b>501,117</b>	<b>475,661</b>
<b>Expenses from transactions</b>			
Employee expenses	3(a)	236,098	219,583
Depreciation and amortisation	3(b)	37,538	34,700
Grants and other transfers	3(c)	12,244	15,579
Other operating expenses	3(d)	214,381	187,075
<b>Total expenses from transactions</b>		<b>500,261</b>	<b>456,937</b>
<b>Net result from transactions (net operating balance)</b>		<b>856</b>	<b>18,724</b>
<b>Other economic flows included in net result</b>			
Net gain/(loss) on non-financial assets	4(a)	(2,181)	(3,919)
Doubtful debts provision gain/(loss) on revaluation	4(b)	18	(84)
Long service leave expense gain/(loss) on revaluation	4(b)	(114)	461
<b>Total other economic flows included in net result</b>		<b>(2,277)</b>	<b>(3,542)</b>
<b>Net result</b>		<b>(1,421)</b>	<b>15,182</b>
<b>Comprehensive result</b>		<b>(1,421)</b>	<b>15,182</b>

The comprehensive operating statement should be read in conjunction with the accompanying notes.



## Balance sheet

as at 30 June 2014

	Notes	2014 \$'000	2013 \$'000
<b>Assets</b>			
<b>Financial assets</b>			
Cash and deposits	16(a)	121,342	121,575
Receivables	5	8,421	22,876
Investments	6	111,000	121,000
<b>Total financial assets</b>		<b>240,763</b>	<b>265,451</b>
<b>Non-financial assets</b>			
Inventories	7	9,876	10,454
Property, plant and equipment	8	1,082,249	1,011,499
Other non-financial assets	9	1,609	1,228
<b>Total non-financial assets</b>		<b>1,093,734</b>	<b>1,023,181</b>
<b>Total assets</b>		<b>1,334,497</b>	<b>1,288,632</b>
<b>Liabilities</b>			
Payables	10	38,655	21,248
Provisions	11	103,446	99,226
<b>Total liabilities</b>		<b>142,101</b>	<b>120,474</b>
<b>Net assets</b>		<b>1,192,396</b>	<b>1,168,158</b>
<b>Equity</b>			
Accumulated surplus		443,511	444,932
Physical asset revaluation surplus	17	431,932	431,932
Contributed capital		316,953	291,294
<b>Net worth</b>		<b>1,192,396</b>	<b>1,168,158</b>
Commitments for expenditure	13		
Contingent assets and contingent liabilities	14		

The balance sheet should be read in conjunction with the accompanying notes.

## Statement of changes in equity

for the financial year ended 30 June 2014

	\$'000	\$'000	\$'000	\$'000
	Physical Asset			
	Revaluation Surplus	Accumulated Surplus	Contributed Capital	Total
<b>Balance at 1 July 2012</b>	431,932	429,750	277,966	1,139,648
Net result for the year	0	15,182	0	15,182
Capital appropriations	0	0	13,328	13,328
<b>Balance at 30 June 2013</b>	<b>431,932</b>	<b>444,932</b>	<b>291,294</b>	<b>1,168,158</b>
Net result for the year	0	(1,421)	0	(1,421)
Capital appropriations	0	0	25,659	25,659
<b>Balance at 30 June 2014</b>	<b>431,932</b>	<b>443,511</b>	<b>316,953</b>	<b>1,192,396</b>

The statement of changes in equity should be read in conjunction with the accompanying notes.

## Cash flow statement

for the financial year ended 30 June 2014

	Notes	2014 \$'000	2013 \$'000
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Contribution and grant receipts from State Government		481,374	85,910
Receipts from other entities		23,139	358,882
Goods and Services Tax recovered from the ATO*		31,287	28,858
Interest received		6,372	8,501
Other receipts		10,026	11,670
<b>Total receipts</b>		<b>552,198</b>	<b>493,821</b>
<b>Payments</b>			
Payments of grants and other transfers		(12,244)	(15,579)
Payments to suppliers and employees		(464,993)	(435,813)
<b>Total Payments</b>		<b>(477,237)</b>	<b>(451,392)</b>
<b>Net cash flows from operating activities</b>	<b>16(b)</b>	<b>74,961</b>	<b>42,429</b>
<b>Cash flows from investing activities</b>			
Proceeds from/(Payments for) investments		10,000	(121,000)
Purchases of non-financial assets		(116,888)	(117,383)
Proceeds from sale of non-financial assets		6,035	4,007
<b>Net cash flows used in investing activities</b>		<b>(100,853)</b>	<b>(234,376)</b>
<b>Cash flows from financing activities</b>			
Owner contributions by State Government		25,659	13,328
<b>Net cash flows from financing activities</b>		<b>25,659</b>	<b>13,328</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(233)</b>	<b>(178,619)</b>
Cash and cash equivalents at the beginning of the financial year		121,575	300,194
<b>Cash and cash equivalents at the end of the financial year</b>	<b>16(a)</b>	<b>121,342</b>	<b>121,575</b>

The above cash flow statement should be read in conjunction with the accompanying notes.

Note:

\* Goods and Services Tax is presented on a net basis.

## Notes to the financial statements

for the year ended 30 June 2014

Notes to the financial statements	Page
Note 1. Summary of significant accounting policies	34
Note 2. Income from transactions	44
Note 3. Expenses from transactions	45
Note 4. Other economic flows included in net result	46
Note 5. Receivables	47
Note 6. Investments and other financial assets	47
Note 7. Inventories	47
Note 8. Property, plant, and equipment	49
Note 9. Other non-financial assets	52
Note 10. Payables	52
Note 11. Provisions	53
Note 12. Superannuation	54
Note 13. Commitments for expenditure	55
Note 14. Contingent assets and contingent liabilities	56
Note 15. Financial instruments	56
Note 16. Cash flow information	63
Note 17. Reserves	63
Note 18. Trust account balances	64
Note 19. Responsible persons	65
Note 20. Remuneration of executives and payments to other personnel	66
Note 21. Remuneration of auditors	67
Note 22. Glossary of terms and style conventions	67

### Note 1. Summary of significant accounting policies

These annual financial statements represent the audited general purpose financial statements for the Country Fire Authority (CFA) for the period ended 30 June 2014. The purpose of the report is to provide users with information about the CFA's stewardship of resources entrusted to it.

#### (a) Statement of compliance

These general purpose financial statements have been prepared in accordance with the Financial Management Act 1994 (FMA) and applicable Australian Accounting Standards (AAS) which include Interpretations, issued by the Australian Accounting Standards Board (AASB). In particular, they are presented in a manner consistent with the requirements of the AASB 1049 *Whole of Government*

and *General Government Sector Financial Reporting*.

Where appropriate, those AAS paragraphs applicable to not-for-profit entities have been applied.

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

To gain a better understanding of the terminology used in this report, a glossary of terms and style conventions can be found in Note 22.

These annual financial statements were authorised for issue by the Board of CFA on 18 August 2014.

#### (b) Basis of accounting, preparation and measurement

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

These financial statements are presented in Australian dollars, the functional and presentation currency of CFA.

In the application of AASs, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

The judgements and assumptions made by management that have significant effects on the financial statements and estimates relate to:

- the fair value of land, buildings, plant and equipment
- assumptions for employee benefit provisions based on likely tenure of existing staff, patterns of leave claims, future salary movements and future discount rates (refer to Note 1(k)).
- actuarial assumptions for volunteer compensation provisions based on assessment of outstanding claims (refer to Note 1(k)).

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The report has been prepared in accordance with the

historical cost convention. Exceptions to the historical cost convention are:

- non-current physical assets which, subsequent to acquisition, are measured at a revalued amount being their fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent impairment losses. Revaluations are made with sufficient regularity to ensure that the carrying amounts do not materially differ from their fair value;
- the fair value of an asset is based on its depreciated replacement value; and
- certain liabilities that are calculated with regard to actuarial assessments.

Consistent with AASB 13 *Fair Value Measurement*, CFA determines the policies and procedures for both recurring fair value measurements such as property, plant and equipment, in accordance with the requirements of AASB13 and the relevant Financial Reporting Directions.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For the purpose of fair value disclosures, CFA has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

In addition, CFA determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. The Valuer-General Victoria (VGV) is CFA's independent valuation agency.

CFA, in conjunction with VGV, monitors changes in the fair value of each asset and liability through relevant data sources to determine whether revaluation is required.

### **(c) Reporting Entity**

The financial statements cover the CFA which is a statutory authority and operates under the *Country Fire Authority Act 1958* (CFA Act 1958). Its principal address is: 8 Lakeside Drive, Burwood East Vic 3151. The financial statements include all transactions of the CFA and Brigades Donations Trust Fund. A description of the

nature of CFA's operations and its principal activities is included in the Report of Operations which does not form part of these financial statements.

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

#### **Comprehensive operating statement**

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

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

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

Refer to Note 22 Glossary for the definitions of 'net result from transactions', 'other economic flows included in net result' and 'other economic flows - other comprehensive income'.

#### **Balance sheet**

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

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

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

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

#### **Cash flow statement**

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

#### **Rounding**

Amounts in the financial statements have been rounded to the nearest \$1,000, unless otherwise stated. Figures in the financial statements may not equate due to rounding. Please refer to the end of Note 22 for a style convention for explanations of minor discrepancies resulting from rounding.

### **Change in accounting policy**

Subsequent to the 2012-13 reporting period, the following new standard AASB 13 has been adopted in the current period with its financial impact detailed below. Revised Standard AASB 119 as described below has had no impact as CFA was already compliant with the measurement and disclosure requirement.

### **AASB 13 Fair Value Measurement**

AASB 13 establishes a single source of guidance for all fair value measurements. AASB 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under Australian Accounting Standards when fair value is required or permitted. CFA has considered the specific requirements relating to highest and best use, valuation premise, and principal (or most advantageous) market. The methods, assumptions, processes and procedures for determining fair value were revisited and adjusted where applicable. In light of AASB 13, CFA has reviewed the fair value, and the assessment has not materially changed the fair values recognised.

However, AASB 13 has predominantly impacted the disclosures of CFA. It requires specific disclosures about fair value measurements and disclosures of fair values, some of which replace existing disclosure requirements in other standards, including AASB 7 *Financial Instruments: Disclosures*.

The disclosure requirements of AASB 13 apply prospectively and need not be applied in comparative information before first application. Consequently, the 2012-13 comparatives of these disclosures have not been provided except for financial instruments, of which the fair value disclosures are required under AASB 7 *Financial Instruments: Disclosures*.

### **AASB 119 Employee Benefits**

The revised AASB 119 changes the definition of short-term employee benefits. These were previously benefits that were expected to be settled within 12 months after the end of the reporting period in which the employees render the related service. However, short-term employee benefits are now defined as benefits expected to be settled wholly within 12 months after the end of the reporting period in which the employees render the related service. There have been no changes to the classification of short or long-term benefits, therefore CFA is already compliant with the measurement and disclosure requirements.

### **(e) Income from transactions**

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

### **Grants**

Effective 1 July 2013, with the introduction of the new property-based fire levy, contributions are fully (100 per cent) funded by the Consolidated Fund and are now classified as Grants.

Grants from third parties (other than contributions by owners) are recognised as income in the reporting period in which the grant is receivable or received.

### **Interest**

Interest income is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

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

#### **Income from the supply of services**

Income from the supply of services is recognised by reference to the stage of completion of the services being performed. The income is recognised when:

- the amount of the income, stage of completion and transaction costs incurred can be reliably measured; and
- it is probable that the economic benefits associated with the transaction will flow to CFA.

Under the stage of completion method, income is recognised by reference to labour hours supplied or to labour hours supplied as a percentage of total services to be performed.

#### **Income from sale of goods**

Income from the sale of goods is recognised by CFA when:

- the significant risks and rewards of ownership of the goods have transferred to the buyer;
- CFA retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of income, and costs incurred or to be incurred in respect of the transaction can be reliably measured; and
- it is probable that the economic benefits associated with the transaction will flow to CFA.

### **Other income**

#### **CFA and Brigades Donations Trust Fund**

CFA has responsibility for transactions and balances relating to the CFA and Brigades Donations Trust Fund, the purpose of which is to receive and distribute donations received by or on behalf of CFA Brigades. Refer also Note 1(r) for further details.

### **(f) Expenses from transactions**

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

## Employee expenses

Refer to the section in Note 1(k) regarding employee benefits.

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

### Superannuation

The amount recognised in the comprehensive operating statement is the employer contributions for members of both defined benefit and defined contribution superannuation plans that are paid or payable during the reporting period.

The Department of Treasury and Finance (DTF) in their Annual Financial Statements disclose on behalf of the State as the sponsoring employer, the net defined benefit cost related to the members of these plans. Refer to DTF's Annual Financial Statements for more detailed disclosures in relation to these plans.

## Depreciation

All infrastructure assets, buildings, plant and equipment and other non-current physical assets (excluding items under operating leases, assets held-for-sale and investment properties) that have a limited useful life are depreciated. Depreciation is generally calculated on a straight-line basis, at rates that allocate the asset's value, less any estimated residual, over its estimated useful life.

Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period.

The following are the estimated useful lives for each asset class for both current and prior years:

Asset class	Useful life
Buildings at fair value	52 - 67 years
Leasehold improvements	4 - 50 years
Plant, equipment and vehicles	3 - 20 years

## Interest expense

Interest expenses are recognised as expenses in the period in which they are incurred. Refer to Glossary of terms and style conventions in Note 22 for an explanation of interest expense items.

## Grants and other transfers

Grants and other transfers to third parties (other than contribution to owners) are recognised as an expense in the reporting period in which they are paid or payable.

They include transactions such as: grants, subsidies, personal benefit payments made in cash to individuals; other transfer payments made to State owned agencies and local government. Refer to Note 22 for an explanation of grants and other transfers.

## Other operating expenses

### Supplies and services

Supplies and services generally represent cost of goods sold and the day-to-day running costs, including maintenance costs incurred in the normal operations of CFA. These items are recognised as an expense in the reporting period in which they are incurred. The carrying amount of any inventories held for distribution are expensed when distributed.

### Bad and doubtful debts

Refer Note 1(i) Impairment of financial assets.

### Fair value of assets provided free of charge or for nominal consideration

Contributions of resources provided free of charge or for nominal consideration are recognised at their fair value when the transferee obtains control over them, irrespective of whether restrictions or conditions are imposed over the use of the contributions, unless received from another government department or agency as a consequence of a restructuring of administrative arrangements. In the latter case, such a transfer will be recognised at its carrying value.

### (g) Other economic flows included in the net result

Other economic flows measure the change in volume or value of assets or liabilities that do not result from transactions.

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

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

#### Revaluation gains/(losses) of non-financial physical assets

Refer to Note 1(j) Revaluations of non-financial physical assets.

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

Any gain or loss on the sale of non-financial assets is recognised at the date that control of the asset is passed to the buyer and is determined after deducting from the proceeds the carrying value of the asset at that time.

#### Impairment of non-financial assets

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

If there is an indication of impairment, the assets concerned are tested as to whether their carrying value

exceeds their recoverable amount. Where an asset's carrying value exceeds its recoverable amount, the difference is written off by a charge to the comprehensive operating statement except to the extent that the write-down can be debited to an asset revaluation surplus amount applicable to that class of asset.

It is deemed that, in the event of the loss of an asset, the future economic benefits arising from the use of the asset will be replaced unless a specific decision to the contrary has been made. The recoverable amount for most assets is measured at the higher of depreciated replacement cost and fair value less costs to sell. Recoverable amount for assets held primarily to generate net cash inflows is measured at the higher of the present value of future cash flows expected to be obtained from the asset and fair value less costs to sell.

#### *Net gain/(loss) on financial instruments:*

Net gain/(loss) on financial instruments includes realised and unrealised gains and losses from revaluations of financial instruments that are designated at fair value through profit and loss or held-for-trading, impairment and reversal of impairment for financial instruments at amortised cost, and disposals of financial assets.

#### **Revaluations of financial instruments at fair value**

The revaluation gain/(loss) on financial instruments at fair value excludes dividends or interest earned on financial assets, which is reported as part of income from transactions.

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

Other gains/(losses) from other economic flows include the gains or losses from reclassification of amounts from reserves and/or accumulated surplus to net result and from the revaluation of long service leave liability due to change in bond interest rates.

### **(h) Financial instruments**

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

#### **Loans and receivables**

Loans and receivables are financial instrument assets with fixed and determinable payments that are not quoted on an active market. These assets are initially recognised at fair value plus any directly attributable transaction

costs. Subsequent to initial measurement, loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Loans and receivables category includes cash and deposits (refer to Note 1(i)), trade receivables, loans and other receivables, but not statutory receivables.

#### **Financial liabilities at amortised cost**

Financial instrument liabilities are initially recognised on the date they are 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.

### **(i) Financial Assets**

#### **Cash and deposits**

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, which are held for the purpose of meeting short term cash commitments rather than for investment purposes, and which are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

For cash flow statement presentation purposes, cash and cash equivalents include bank overdrafts, which are included as borrowings on the balance sheet.

#### **Receivables**

Receivables consist of:

- contractual receivables, which include mainly debtors in relation to goods and services, and
- statutory receivables, which include predominantly amounts owing from the Victorian Government and Goods and Services (GST) input tax credits recoverable.

Contractual receivables are classified as financial instruments and categorised as loans and receivables (refer to Note 1(h) Financial instruments for recognition and measurement). Statutory receivables, are recognised and measured similarly to contractual receivables (except for impairment), but are not classified as financial instruments because they do not arise from a contract.

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

For the measurement principle of receivables, refer to Note 1(h).



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

Investments may be classified in the following categories:

- financial assets at fair value through profit or loss;
- loans and receivables;
- held-to-maturity; and
- available-for-sale financial assets.

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition. Any dividend or interest earned on the financial asset is recognised in the comprehensive operating statement as a transaction.

### **Impairment of financial assets**

At the end of each reporting period, the CFA assesses whether there is objective evidence that a financial asset is impaired. All financial instrument assets, except those measured at fair value through profit or loss, are subject to annual review for impairment.

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

The amount of the allowance is the difference between the financial asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

In assessing impairment of statutory (non-contractual) financial assets, which are not financial instruments, professional judgement is applied in assessing materiality using estimates, averages and other computational methods in accordance with AASB 136 *Impairment of Assets*.

### **(j) Non-financial assets**

#### **Inventories**

Inventories include goods and other property held either for sale or for distribution at zero or nominal cost, or for consumption in the ordinary course of business operations.

Inventories held for distribution are measured at cost, adjusted for any loss of service potential. All other inventories are measured at the lower of cost and net realisable value.

Cost is assigned to high value, low volume inventory items on a specific identification of cost basis. Cost for all other inventory is measured by the financial system on the basis of weighted average cost.

#### **Property, plant and equipment**

All non-financial physical assets, are measured initially

at cost and subsequently revalued at fair value less accumulated depreciation and impairment. Where an asset is acquired for no or nominal cost, the cost is its fair value at the date of acquisition. Assets transferred as part of a machinery of government change are transferred at their carrying amount. More details about the valuation techniques and inputs used in determining the fair value of non-financial physical assets are discussed in Note 8 Property, plant and equipment.

Non-financial physical assets such as heritage assets are measured at fair value with regard to the property's highest and best use after due consideration is made for any legal or physical restrictions imposed on the asset, public announcements or commitments made in relation to the intended use of the asset. Theoretical opportunities that may be available in relation to the asset are not taken into account until it is virtually certain that the restrictions will no longer apply. Therefore, unless otherwise disclosed, the current use of these non-financial physical assets will be their highest and best use.

The fair value of heritage assets and other non-financial physical assets that CFA intends to preserve because of their unique historical, cultural or environmental attributes, is measured at the replacement cost of the asset less, where applicable, accumulated depreciation (calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset) and any accumulated impairment. These policies and any legislative limitations and restrictions imposed on their use and/or disposal may impact their fair value.

The fair value of infrastructure systems and plant, equipment and vehicles, is normally determined by reference to the asset's depreciated replacement cost. For plant, equipment and vehicles, existing depreciated historical cost is generally a reasonable proxy for depreciated replacement cost because of the short lives of the assets concerned.

The cost of constructed non-financial physical assets includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads.

For the accounting policy on impairment of non-financial physical assets, refer to impairment of non-financial assets under Note 1(g) Impairment of non-financial assets.

#### **Leasehold Improvements**

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

#### **Revaluations of non-financial physical assets**

Non-financial physical assets are measured at fair value

on a cyclical basis, in accordance with the Financial Reporting Directions (FRDs) issued by the Minister for Finance. A full revaluation normally occurs every five years, based on the asset's government purpose classification, but may occur more frequently if fair value assessments indicate material changes in values. Independent valuers are used to conduct these scheduled revaluations and any interim revaluations are determined in accordance with the requirements of the FRDs. Revaluation increases or decreases arise from differences between an asset's carrying value and fair value.

Net revaluation increases (where the carrying amount of a class of assets is increased as a result of a revaluation) are recognised in 'other economic flows - other comprehensive income' and accumulated in equity under the revaluation surplus. However the net revaluation increase is recognised in the net result to the extent that it reverses a net revaluation decrease in respect of the same class of property, plant and equipment previously recognised as an expense (other economic flows) in the net result.

Net revaluation decrease is recognised in 'other economic flows - other comprehensive income' to the extent that a credit balance exists in the asset revaluation surplus in respect of the same class of property, plant and equipment. Otherwise, the net revaluation decreases are recognised immediately as other economic flows in the net result. The net revaluation decrease recognised in 'other economic flows - other comprehensive income' reduces the amount accumulated in equity under the asset revaluation surplus.

Revaluation increases and decreases relating to individual assets within a class of property, plant and equipment are offset against one another within that class but are not offset in respect of assets in different classes. Any asset revaluation surplus is not transferred to accumulated funds on derecognition of the relevant asset.

## Other non-financial assets

### Prepayments

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

## (k) Liabilities

### Payables

Payables consist of:

(1) contractual payables, such as accounts payable, and unearned income including deferred income from concession arrangements. Accounts payable represent liabilities for goods and services provided to CFA prior to the end of the financial year that are unpaid, and arise when CFA becomes obliged to make future payments in

respect of the purchase of those goods and services and;

(2) statutory payables such as goods and services tax and fringe benefits tax payables.

Contractual payables are classified as financial instruments and categorised as financial liabilities at amortised cost (refer to Note 1(h)). Statutory payables are recognised and measured similarly to contractual payables, but are not classified as financial instruments and not included in the category of financial liabilities at amortised cost, because they do not arise from a contract.

### Provisions

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

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

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

### Employee benefits

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

#### (1) Wages and salaries and annual leave

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

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

- undiscounted value - if CFA expects to wholly settle within 12 months; or
- present value - if CFA does not expect to wholly settle within 12 months.

#### (2) Long service leave

Liability for LSL is recognised in the provision for employee benefits.

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

The components of this current LSL liability are measured at:

- nominal value - component that CFA expects to wholly settle within 12 months; and
- present value - component that CFA does not expect to wholly settle within 12 months.

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

Any gain or loss following revaluation of the present value of non-current LSL liability is recognised as a transaction, except to the extent that a gain or loss arises due to changes in bond interest rates for which it is then recognised as an other economic flow (refer to Note 1(g) Other economic flows included in net result).

### (3) Termination benefits

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

#### *Employee benefits on-costs*

Employee benefits on-costs (payroll tax, workers compensation, superannuation) are recognised separately from the provision for employee benefits.

#### **Volunteer compensation**

The Provision for Volunteer Compensation is the accrued liability after allowing for anticipated recovery from insurance in respect of all outstanding registered Volunteer Compensation claims at 30 June 2014.

Outstanding claims are assessed on an actuarial basis. Future payments are projected using the Payment Per Claim Incurred (PPCI) method and the Payment Per Active Claim (PPAC) for older non-large weekly benefit claims and they allow for the potential additional liability arising from claims Incurred But Not Reported (IBNR), Incurred But Not Enough Reported (IBNER) and reopened

claims. The portion of the liability which is expected to be paid later than 12 months after balance date has been classified as Non-Current and is stated at present value.

In preparing the volunteer compensation provision as at 30 June 2014, CFA received additional information concerning claims handling expenses. Following receipt of this additional information, CFA has adjusted its accounting estimate of the provision for volunteer compensation to include claims handling expenses.

### **(l) Leases**

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

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and rewards incidental to ownership. Leases of property, plant and equipment are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership from the lessor to the lessee. All other leases are classified as operating leases.

#### **Operating leases**

CFA leases property under non-cancellable operating leases expiring over the period of one to in excess of thirty years. Operating lease payments, including any contingent rentals, are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern of the benefits derived from the use of the leased asset. The leased asset is not recognised in the balance sheet.

### **(m) Equity**

#### **Contributions by owners**

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

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

### **(n) Commitments for expenditure**

Commitments for future expenditure include operating and capital commitments arising from contracts. These commitments are disclosed by way of a note (refer to Note 13) at their nominal value and inclusive of the goods and services tax (GST) payable. In addition, where it is considered appropriate and provides additional relevant information to users, the net present values of significant individual projects are stated. These future expenditures

cease to be disclosed as commitments once the related liabilities are recognised in the balance sheet.

#### **(o) Contingent assets and contingent liabilities**

Contingent assets and contingent liabilities are not recognised in the balance sheet, but are disclosed by way of a note (refer to Note 14) and, if quantifiable, are measured at nominal value. Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively.

#### **(p) Accounting for GST**

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

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet. Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the taxation authority, are presented as operating cash flow.

Commitments and contingent assets and liabilities are also stated inclusive of GST (refer to Note 1(n) and Note 1(o)).

#### **(q) Events after reporting date**

Assets, liabilities, income or expenses arise from past transactions or other past events. Where the transactions result from an agreement between CFA and other parties, the transactions are only recognised when the agreement is irrevocable at or before balance date. Adjustments are made to amounts recognised in the financial statements for events which occur after the reporting date and before the date the statements are authorised for issue, where those events provide information about conditions which existed at the reporting date. Note disclosure is made about events between the balance date and the date the statements are authorised for issue where the events relate to conditions which arose after the reporting date and which may have a material impact on the results of subsequent years.

#### **(r) Volunteer brigade policies**

##### **Volunteer brigade cash and deposits**

Volunteer brigade cash and deposits are brought to account at 30 June 2014, as part of the ongoing consolidation of brigade activities with CFA's financial activities. In accordance with Australian Accounting Standard AASB118, the movement has been disclosed as Income in the Comprehensive Operating Statement Note 2(e) and as an increase in financial assets in the Balance Sheet (Note 16).

The basis of calculation for brigade cash and cash equivalents was the balance as at 31 March 2014, adjusted for known income and expenditure to 30 June 2014.

##### **Volunteer brigade land and buildings**

CFA acknowledges the significant contributions made by volunteer brigades to the capital value of their fire stations. It has 1,219 volunteer brigades and many of these have made substantial improvements to their fire stations and property over a number of decades. The value of these improvements is taken into account when the five yearly Valuer General's valuation occurs and the aggregate amount is then included in future financial statements. Where practical the value of major community funded projects is taken up at fair value when the improvement is carried out.

##### **Volunteer brigade vehicles**

CFA fully recognises the major community contribution by bringing to account, at cost less accumulated depreciation, fire fighting vehicles acquired by volunteer brigades (brigade vehicles) and plant and equipment valued at over \$5,000.

Brigade vehicles are defined as any fire fighting or support vehicles, including transport vehicles owned by a registered brigade or group which comes under the control of CFA for operational purposes.

##### **(s) AASs issued that are not yet effective**

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2014 reporting period. The Department of Treasury and Finance assesses the impact of these new standards and advises departments and other entities of their applicability and early adoption where applicable.

As at 30 June 2014 the following standards and interpretations that are applicable to CFA had been issued but are not mandatory for the financial year ending 30 June 2014. Standards and Interpretations that are not applicable to the Authority have been omitted. CFA has not early-adopted these standards.

Standard/ Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 9 <i>Financial Instruments</i>	This standard simplifies requirements for the classification and measurement of financial assets resulting from Phase 1 of the IASB's project to replace IAS 39 <i>Financial Instruments: Recognition and Measurement</i> (AASB 139 <i>Financial Instruments: Recognition and Measurement</i> ).	1 Jan 2017	The preliminary assessment has identified that the financial impact of available for sale (AFS) assets will now be reported through other comprehensive income (OCI) and no longer recycled to the profit and loss.  While the preliminary assessment has not identified any material impact arising from AASB 9, it will continue to be monitored and assessed.
AASB 10 <i>Consolidated Financial Statements</i>	This Standard forms the basis for determining which entities should be consolidated into an entity's financial statements. AASB 10 defines 'control' as requiring exposure or rights to variable returns and the ability to affect those returns through power over an investee, which may broaden the concept of control for public sector entities.  The AASB has issued an <i>Australian Implementation Guidance for Not-for-Profit Entities – Control and Structured Entities</i> that explains and illustrates how the principles in the Standard apply from the perspective of not-for-profit entities in the private and public sectors.	1 Jan 2014 (not-for-profit entities)	For the public sector, AASB 10 builds on the control guidance that existed in AASB 127 and Interpretation 112 and is not expected to change which entities need to be consolidated.  Ongoing work is being done to monitor and assess the impact of this standard.
AASB 1055 <i>Budgetary Reporting</i>	AASB 1055 extends the scope of budgetary reporting that is currently applicable for the whole of government and general government sector (GGS) to NFP entities within the GGS, provided that these entities present separate budget to the parliament.	1 July 2014	This Standard is not applicable to CFA as no budget disclosure is required.

In addition to the new standards above, the AASB has issued a list of amending standards that are not effective for the 2013-14 reporting period (as listed below). In general, these amending standards include editorial and references changes that are expected to have insignificant impacts on public sector reporting. The AASB Interpretation in the list below is also not effective for the 2013-14 reporting period and is considered to have insignificant impacts on public sector reporting.

- AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)*.
  - AASB 2011-7 *Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards*.
  - 2013-1 *Amendments to AASB 1049 – Relocation of Budgetary Reporting Requirements*.
  - 2013-3 *Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets*.
  - 2013-7 *Amendments to AASB 1038 arising from AASB 10 in relation to consolidation and interests of policy holders*
- 2013-9 *Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments*
  - AASB Interpretation 21 *Levies*.

## Note 2. Income from transactions

	2014	2013
	\$'000	\$'000
<b>(a) Contributions</b>		
State government	0	80,229
Insurance companies	0	322,251
Owners and insurance intermediaries	3,855	17,041
Commonwealth government	0	1,571
<b>Total contributions</b>	<b>3,855</b>	<b>421,092</b>
<b>(b) Grants</b>		
Property-based fire levy	424,056	0
Summer fire safety campaign	0	3,600
Supplementary funding	41,657	15,076
Valuing volunteers funding	585	510
<b>Total grants</b>	<b>466,298</b>	<b>19,186</b>
<b>(c) Interest</b>		
Interest from financial assets not at fair value through comprehensive operating statement:		
Interest on bank deposits	344	1,379
Interest on term deposits	6,047	7,112
<b>Total interest revenue</b>	<b>6,391</b>	<b>8,491</b>
<b>(d) Sales of goods and services</b>		
Sale of goods	3,790	4,084
Rendering of services	11,772	11,962
<b>Total revenue from sale of goods and services</b>	<b>15,562</b>	<b>16,046</b>
<b>(e) Other income</b>		
Fair value of brigade assets introduced		
Cash and donations*	5,205	3,038
Buildings at fair value	50	0
Vehicles, plant and equipment	1,502	1,433
	6,757	4,471
Rental income	387	410
Other (Aggregate of immaterial items)	1,867	5,965
<b>Total other income</b>	<b>9,011</b>	<b>10,846</b>
<b>Total income from transactions</b>	<b>501,117</b>	<b>475,661</b>

Note:

\*Net increase in funds raised by brigades (including donations).

### Note 3. Expenses from transactions

	2014	2013
	\$'000	\$'000
<b>(a) Employee expenses</b>		
Salaries	194,701	183,733
Superannuation (Note 12)	16,203	15,925
Other on-costs (payroll tax, fringe benefits tax, workcover premium)	14,533	13,307
Employee support	10,661	6,618
<b>Total employee expenses</b>	<b>236,098</b>	<b>219,583</b>
<b>(b) Depreciation and amortisation</b>		
Depreciation of property, plant and equipment		
Buildings	9,706	9,428
Leasehold improvements	394	297
Vehicles	25,533	23,025
Other plant and equipment	1,905	1,950
<b>Total depreciation and amortisation</b>	<b>37,538</b>	<b>34,700</b>
<b>(c) Grants and other transfers</b>		
Grants to volunteer brigade associations	1,322	1,233
Grants to Victorian local government	324	350
Grants to Office of the Emergency Services Commissioner / Department of Justice	6,967	6,315
Grants to Fire Services Commissioner	3,631	7,681
<b>Total grants and other payments</b>	<b>12,244</b>	<b>15,579</b>
<b>(d) Other operating expenses</b>		
Supplies and services:		
Uniforms and equipment	10,988	8,111
Printing and stationery	3,932	2,821
Contract payments to external services: ESTA	43,661	48,221
Contract payments to external services – other	0	5
Volunteer compensation and insurance	8,121	8,000
Other volunteer and brigade support	2,240	1,669
External training and skills maintenance	2,846	1,985
Aircraft hire	13,607	8,003
Hire fees – plant, equipment and vehicles	6,937	4,382
Consultants fees	140	310
Audit fees (Note 21)	443	379
Publicity/advertising	1,462	5,526
Buildings operating and maintenance	11,155	9,172
Motor vehicle operating and maintenance	14,476	16,257
Computer equipment and systems	6,138	5,452
Radio replacement	822	3,653

	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>
Communications and alarms	18,205	10,531
Other operating and maintenance	12,268	7,583
Brigade donations distributed	4,650	4,262
<b>Total supplies and services</b>	<b>162,091</b>	<b>146,322</b>
<b>Fair value of assets and services provided free of charge or for nominal consideration</b>		
Buildings at fair value	384	0
<b>Total fair value of assets and services provided free of charge or for nominal consideration</b>	<b>384</b>	<b>0</b>
<b>Operating lease rental expenses</b>		
Minimum lease payments	7,221	7,004
<b>Total operating lease rental expenses</b>	<b>7,221</b>	<b>7,004</b>
<b>Subtotal</b>	<b>169,696</b>	<b>153,326</b>
Bad and doubtful debts from transactions	29	18
Cost of goods sold / distributed	5,776	6,053
Legal fees	2,758	2,668
General expenses	8,593	4,731
Contributions to other emergency organisations	716	706
Contractors	24,189	18,670
Catering - operational	2,624	908
<b>Total other operating expenses</b>	<b>214,381</b>	<b>187,075</b>

#### **Note 4. Other economic flows included in net result**

<b>(a) Net gain/(loss) on non-financial assets</b>		
Net gain/(loss) on disposal of property plant and equipment	(2,181)	(3,919)
<b>Total net gain/(loss) on non-financial assets</b>	<b>(2,181)</b>	<b>(3,919)</b>
<b>(b) Other gains/(losses) from other economic flows</b>		
Doubtful Debts provision gain/(loss) on revaluation	18	(84)
Net gain/(loss) arising from revaluation of long service leave liability*	(114)	461
<b>Total other gains/(losses) from other economic flows</b>	<b>(96)</b>	<b>377</b>

Note:

\* Revaluation gain/(loss) on LSL liability is due to changes in the discount bond rates.



## Note 5. Receivables

	2014	2013
	\$'000	\$'000
<b>Current receivables</b>		
<b>Contractual</b>		
Trade receivables	2,644	18,974
Other receivables	931	899
Provision for doubtful contractual receivables	(80)	(98)
	3,495	19,775
<b>Statutory</b>		
GST recoverable	4,698	2,926
Other receivables	228	175
<b>Total receivables</b>	<b>8,421</b>	<b>22,876</b>
<b>(a) Movement in the provision for doubtful contractual receivables</b>		
<b>Balance at beginning of the year</b>	(98)	(14)
Receivables written off during the year as uncollectible	11	2
Receivables recovered during the year	37	61
(Increase)/decrease in provision recognised in the comprehensive operating statement	(30)	(147)
<b>Balance at end of the year</b>	<b>(80)</b>	<b>(98)</b>
<b>(b) Ageing analysis of contractual receivables</b>		
Please refer to Note 15 for the ageing analysis of contractual receivables.		
<b>(c) Nature and extent of risk arising from contractual receivables</b>		
Please refer to Note 15 for the nature and extent of credit risk arising from contractual receivables.		

## Note 6. Investments and other financial assets

<b>Current investments</b>		
Term deposits		
Australian dollar term deposits greater than three months*	111,000	121,000
<b>Total current investments</b>	<b>111,000</b>	<b>121,000</b>

Note:

\* See also Note 16 (a).

## Note 7. Inventories

<b>Current Inventories</b>		
Supplies and consumables:		
At cost	9,876	10,454
<b>Total Inventories</b>	<b>9,876</b>	<b>10,454</b>

## Note 8. Property, plant and equipment

Public Safety & Environment purpose group

2014

2013

\$'000

\$'000

<b>Table 8.1: Gross carrying amount and accumulated depreciation</b>		
<b>Freehold Land</b>		
At fair value	23,188	19,432
At independent valuation 2011	134,461	135,031
	<u>157,649</u>	<u>154,463</u>
<b>Buildings</b>		
At fair value	129,463	72,230
Less: Accumulated depreciation	(2,430)	(1,139)
At independent valuation 2011	452,508	456,413
Less: Accumulated depreciation	(26,391)	(18,173)
Net carrying amount	<u>553,150</u>	<u>509,331</u>
<b>Leasehold improvements – at fair value</b>	13,561	13,510
Less: Accumulated depreciation	(11,246)	(10,852)
Net carrying amount	<u>2,315</u>	<u>2,658</u>
<b>Vehicles – at fair value</b>	483,891	450,489
Less: Accumulated depreciation	(206,703)	(191,017)
Net carrying amount	<u>277,188</u>	<u>259,472</u>
<b>Other plant and equipment – at fair value</b>	70,587	69,008
Less: Accumulated depreciation	(63,287)	(61,384)
Net carrying amount	<u>7,300</u>	<u>7,624</u>
<b>Property, plant and equipment in the course of construction – at cost</b>	84,647	77,951
<b>Net carrying amount of property, plant and equipment</b>	<b><u>1,082,249</u></b>	<b><u>1,011,499</u></b>

## Note 8. Property, plant and equipment (continued)

**Table 8.2: Movements in carrying amounts at fair value and cost**

Reconciliations of the carrying amounts of each class of property, plant and equipment at the beginning and end of the current financial year are set out below.

	Freehold land at fair value	Buildings at fair value	Leasehold improvements at fair value	Vehicles at fair value	Other Plant & Equipment at fair value	*In the course of construction at cost	Total
<b>Carrying amount</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Balance at 30 June 2012</b>	<b>149,132</b>	<b>486,719</b>	<b>1,572</b>	<b>232,862</b>	<b>7,209</b>	<b>59,249</b>	<b>936,743</b>
Additions	0	0	0	0	0	117,382	117,382
Disposals	(492)	(2,808)	0	(4,626)	0	0	(7,926)
Transfers to fixed assets	5,823	34,848	1,383	53,046	2,147	(97,247)	0
Brigade assets recognised (Note 2(e))	0	0	0	1,215	218	(1,433)	0
Depreciation expense (Note 3(b))	0	(9,428)	(297)	(23,025)	(1,950)	0	(34,700)
<b>Balance at 30 June 2013</b>	<b>154,463</b>	<b>509,331</b>	<b>2,658</b>	<b>259,472</b>	<b>7,624</b>	<b>77,951</b>	<b>1,011,499</b>
Fair value of assets provided for nil consideration	0	(384)	0	0	0	0	(384)
Additions	0	0	0	0	0	116,888	116,888
Disposals	(570)	(3,324)	0	(4,321)	0	0	(8,215)
Transfers to fixed assets	3,756	57,183	51	46,175	1,474	(108,640)	0
Brigade assets recognised (Note 2(e))	0	50	0	1,395	107	(1,552)	0
Depreciation expense (Note 3(b))	0	(9,706)	(394)	(25,533)	(1,905)	0	(37,538)
<b>Balance at 30 June 2014</b>	<b>157,649</b>	<b>553,150</b>	<b>2,315</b>	<b>277,188</b>	<b>7,300</b>	<b>84,647</b>	<b>1,082,249</b>

Note:

\*All asset transactions are capitalised via the Work in Progress accounts.

### Restricted assets

CFA owns one heritage listed building at depreciated replacement cost of \$350,000 and other fire station sites located within a heritage overlay but are not registered. Heritage assets cannot be modified nor disposed of without formal ministerial approval.

**Table 8.3: Fair value measurement hierarchy for assets as at 30 June 2014**

Assets measured at fair value	(\$'000)			
	Carrying amount as at 30 June 2014	Fair value measurement at end of reporting period using:*		
		Level 1	Level 2	Level 3
Freehold Land - specialised	157,649	0	0	157,649
Buildings - specialised	552,800	0	0	552,800
Heritage asset	350	0	0	350
<b>Total of buildings at fair value</b>	<b>553,150</b>	<b>0</b>	<b>0</b>	<b>553,150</b>
Leasehold improvements	2,315	0	0	2,315
Vehicles	277,188	0	0	277,188
Other plant and equipment	7,300	0	0	7,300
<b>Total land, buildings, plant and equipment</b>	<b>997,602</b>	<b>0</b>	<b>0</b>	<b>997,602</b>

Note:

\*Classified in accordance with the fair value hierarchy, see Note 1(b). There have been no transfers between levels during the period.

### Land and buildings

For CFA the highest and best use of its property is considered by the valuers to be for the continued use as specialised purpose assets for the fulfilment of community service obligations (CSO).

The market approach to valuation of specialised land is used although it is adjusted for the CSO to reflect the specialised nature of the land being valued. Under this valuation method, the assets are compared to recent comparable sales or sales of comparable assets which are considered to have nominal or no added improvement value.

The CSO adjustment is a reflection of the valuer's assessment of the impact of restrictions associated with an asset to the extent that is also equally applicable to market participants. This approach is in light of the highest and best use consideration required for fair value measurement, and takes into account the use of the asset that is physically possible, legally permissible, and financially feasible. As adjustments of CSO are considered as significant unobservable inputs, specialised land are classified as Level 3 assets.

For CFA's specialised buildings, the depreciated replacement cost method is used, adjusting for the associated depreciations. As depreciation adjustments are considered as significant, unobservable inputs in nature, specialised buildings are classified as Level 3 fair value measurements.

An independent valuation of CFA's specialised land and specialised buildings was performed by the Valuer-General Victoria. The valuation was performed using the market

approach adjusted for CSO. Where land is zoned for Public Purposes, a separate allowance has been made in the valuation for CSO. The effective date of the valuation is 30 June 2011.

### Leasehold improvements

Leasehold Improvements are held at fair value. When leasehold improvements are specialised in use, such that they are rarely sold other than as part of a going concern, fair value is determined using the depreciated replacement cost method.

### Vehicles

Vehicles are valued using the depreciated replacement cost method. CFA acquires new vehicles and at times disposes of them before the end of their economic life. The process of acquisition, use and disposal in the market is managed by experienced fleet managers at CFA who set relevant depreciation rates during use to reflect the utilisation of the vehicles.

### Plant and equipment

Plant and equipment is held at fair value. When plant and equipment is specialised in use, such that it is rarely sold other than as part of a going concern, fair value is determined using the depreciated replacement cost method.

There were no changes in valuation techniques throughout the period to 30 June 2014.

For all assets measured at fair value, the current use is considered the highest and best use.

**Table 8.4: Reconciliation of Level 3 fair value**

	Freehold Land at fair value	Buildings at fair value	Leasehold Improvements at fair value	Vehicles at fair value	Other Plant & Equipment at fair value	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Opening balance at 1 July 2013</b>	<b>154,463</b>	<b>509,331</b>	<b>2,658</b>	<b>259,472</b>	<b>7,624</b>	<b>933,548</b>
Purchases	3,756	57,233	51	47,570	1,581	110,191
Sales	(570)	(3,708)	0	(4,321)	0	(8,599)
Transfers into Level 3	0	0	0	0	0	0
Transfers out of Level 3	0	0	0	0	0	0
<b>Gains or losses recognised in net result</b>						
Depreciation	0	(9,706)	(394)	(25,533)	(1,905)	(37,538)
Impairment loss	0	0	0	0	0	0
<b>Subtotal</b>						
<b>Closing Balance at 30 June 2014</b>	<b>157,649</b>	<b>553,150</b>	<b>2,315</b>	<b>277,188</b>	<b>7,300</b>	<b>997,602</b>
<b>Unrealised gains or (losses) included in net result</b>	0	0	0	0	0	0

**Table 8.5: Valuation techniques and significant unobservable inputs (Level 3 Valuations)**

Asset Class	Valuation technique	Significant unobservable inputs	Range (average)	Sensitivity of fair value measurement to changes in significant unobservable inputs
Specialised land	Market approach	Cost per unit	\$1k - \$5.010m (\$154k)	A significant increase or decrease in cost per unit would result in a significantly higher or lower fair value.
		Community Service Obligation (CSO), public use adjustment	Allowance of 20% for CSO valuation	A significant increase or decrease in the CSO adjustment would result in a significantly lower (higher) fair value.
Specialised buildings	Depreciated replacement cost	Cost per unit	\$4k - \$6.112m (\$408k)	A significant increase or decrease in cost per unit would result in a significantly higher or lower fair value.
		Useful life of specialised buildings	52 - 67 years (59 years)	A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation.
Leasehold improvements	Depreciated replacement cost	Cost per unit	\$7k - \$4.858m (\$387k)	A significant increase or decrease in cost per unit would result in a significantly higher or lower fair value.
		Useful life of Leasehold Improvements	4 - 50 years (27 years)	A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation.
Vehicles	Depreciated replacement cost	Cost per unit	\$1k - \$1.735m (\$136k)	A significant increase or decrease in cost per unit would result in a significantly higher or lower fair value.
		Useful life of vehicles (transport and emergency response)	5 - 20 years (13 years)	A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation.
Other plant and equipment	Depreciated replacement cost	Cost per unit	\$1k - \$2.202m (\$14k)	A significant increase or decrease in cost per unit would result in a significantly higher or lower fair value.
		Useful life of plant and equipment	3 - 10 years (6 years)	A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation.

## Note 9. Other non-financial assets

	2014	2013
	\$'000	\$'000
<b>Current other assets</b>		
Prepayments	1,209	695
<b>Total current other assets</b>	<b>1,209</b>	<b>695</b>
<b>Non-current other assets</b>		
Prepayments	400	533
<b>Total non-current other assets</b>	<b>400</b>	<b>533</b>
<b>Total other assets</b>	<b>1,609</b>	<b>1,228</b>

## Note 10. Payables

<b>Current payables</b>		
<b>Contractual</b>		
Trade payables	11,451	3,863
Amounts payable to government and agencies	4,520	2,028
Other payables and accruals	19,415	12,514
	<b>35,386</b>	<b>18,405</b>
<b>Statutory</b>		
FBT payable	175	235
GST Payable	176	211
Other taxes payable	2,918	2,397
	<b>3,269</b>	<b>2,843</b>
<b>Total Payables</b>	<b>38,655</b>	<b>21,248</b>
<b>(a) Maturity analysis of contractual payables</b>		
Please refer to Note 15 for the ageing analysis of contractual payables.		
<b>(b) Nature and extent of risk arising from payables</b>		
Please refer to Note 15 for the nature and extent of risks arising from payables.		

## Note 11. Provisions

	2014	2013
	\$'000	\$'000
<b>Current provisions</b>		
Employee benefits * (Note 11(a)) - annual leave		
Unconditional and expected to be settled within 12 months **	20,964	19,391
Unconditional and expected to be settled after 12 months +	4,552	6,649
Employee benefits * (Note 11(a)) - long service leave		
Unconditional and expected to be settled within 12 months **	1,666	1,707
Unconditional and expected to be settled after 12 months +	34,561	32,429
	61,745	60,176
Provisions related to employee benefit on-costs (Note 11(a))		
Unconditional and expected to be settled within 12 months **	5,145	4,816
Unconditional and expected to be settled after 12 months +	7,346	7,495
	12,491	12,311
Volunteer compensation (Note 1(k))	4,743	4,063
<b>Total current provisions</b>	<b>78,978</b>	<b>76,550</b>
<b>Non-current provisions</b>		
Employee benefits * (Note 11(a))	4,296	4,759
Provisions related to employee benefit on-costs (Note 11(a))	745	825
Volunteer compensation (Note 1(k))	19,427	17,092
<b>Total non-current provisions</b>	<b>24,468</b>	<b>22,676</b>
<b>Total provisions</b>		
Employee benefits (Note 1(k)), (Note 11(a))	79,276	78,071
Volunteer compensation (Note 1(k))	24,170	21,155
	<b>103,446</b>	<b>99,226</b>
<b>(a) Employee benefits and related on-costs</b>		
<b>Current employee benefits</b>		
Annual leave entitlements	25,517	26,040
Unconditional long service leave entitlements	36,228	34,136
<b>Non-current employee benefits</b>		
Conditional long service leave entitlements	4,296	4,759
<b>Total employee benefits</b>	<b>66,040</b>	<b>64,935</b>
Current on-costs	12,491	12,311
Non-current on-costs	745	825
<b>Total on-costs</b>	<b>13,236</b>	<b>13,136</b>
<b>Total employee benefits and related on-costs</b>	<b>79,276</b>	<b>78,071</b>

Notes:

\* Employee benefits consist of amounts for annual leave and long service leave accrued not including on-costs

\*\* The amounts disclosed are nominal amounts

+ The amounts disclosed are discounted to present values

<b>(b) Movement in provisions</b>				
	Employee benefits 2014	On-costs 2014	Volunteer compensation 2014	Total 2014
(\$'000)				
<b>Opening balance</b>	<b>64,935</b>	<b>13,136</b>	<b>21,155</b>	<b>99,226</b>
Additional provisions recognised	27,986	4,679	7,772	40,437
Reductions arising from payments	(26,975)	(4,599)	(4,757)	(36,331)
Effect of changes in the discount rate	94	20	0	114
<b>Closing balance</b>	<b>66,040</b>	<b>13,236</b>	<b>24,170</b>	<b>103,446</b>
Current	61,744	12,491	4,743	78,978
Non-current	4,296	745	19,427	24,468
	<b>66,040</b>	<b>13,236</b>	<b>24,170</b>	<b>103,446</b>

## Note 12. Superannuation

Employees of CFA are entitled to receive superannuation benefits and CFA contributes to both defined benefit and accumulation contribution plans managed by the Emergency Services Super Superannuation Scheme (ESSS). The defined benefit plan provides benefits based on years of service and final average salary.

CFA does not recognise any defined benefit liability in respect of the plans because CFA has no legal or constructive obligation to pay future benefits relating to its employees; its only obligation is to pay superannuation contributions as they fall due. The Department of Treasury and Finance recognises and discloses the State's defined benefit liabilities in its financial report.

However, superannuation contributions paid or payable for the reporting period are included as part of employee benefits in the comprehensive operating statement of CFA. There were no superannuation contributions outstanding at 30 June 2014. The name and details of each of the major employee superannuation funds and contributions made by CFA are as follows:

	2014 \$'000	2013 \$'000
<b>Fund</b>		
<b>Defined benefits schemes</b>		
Emergency Services Superannuation Scheme (ESSS)	10,355	10,171
Other	63	63
<b>Accumulation Schemes</b>		
Emergency Services Superannuation Plan (ESS Plan)	5,535	5,474
Others	250	217
<b>Total (Note 3(a))</b>	<b>16,203</b>	<b>15,925</b>



## Note 13. Commitments for expenditure

	2014	2013
	\$'000	\$'000
<b>(a) Commitments</b>	<i>Nominal value</i>	<i>Nominal value</i>
<b>Capital expenditure commitments</b>		
Plant, equipment and vehicles	43,283	14,799
<b>Total capital expenditure commitments</b>	<b>43,283</b>	<b>14,799</b>
<b>Non-cancellable operating lease commitments:</b>		
Land and buildings including regional and administration offices, mechanical workshops, training grounds and computer equipment.	36,257	39,580
<b>Total operating lease commitments</b>	<b>36,257</b>	<b>39,580</b>
<b>Other expenditure commitments</b>		
Emergency Services Telecommunications Authority (ESTA) agreement commitments:	343,033	421,616
Emergency Management Victoria (EMV) agreement commitments:	43,120	0
Other service payments	64,477	68,472
<b>Total other expenditure commitments</b>	<b>450,630</b>	<b>490,088</b>
<b>Total commitments for expenditure (inclusive of GST)</b>	<b>530,170</b>	<b>544,467</b>
<b>(b) Other service provider contract commitments</b>		
(i) Metropolitan Mobile Radio Services CFA has entered into a contract with the Metropolitan Fire Brigade as a third party to its contract with the service provider. Base level Service Fees for 2013-14 were \$0.129m (\$0.157m 2013).		
(ii) Personal Protective Clothing CFA has entered into various contracts with service providers of personal protective clothing. Costs incurred for 2013-14 were \$5.402m (\$2.989m 2013). Future commitment timelines are not shown as the amounts are dependent on actual product usage or service provision which varies from year to year.		
<b>(c) Commitments payable</b>		
<b>Capital expenditure commitments payable</b>		
Payable:		
Not longer than one year	43,283	14,799
<b>Total capital expenditure commitments</b>	<b>43,283</b>	<b>14,799</b>
<b>Non-cancellable operating lease payables:</b>		
Not longer than one year	6,270	7,027
Longer than one year and not longer than five years	16,464	16,815
Longer than five years	13,523	15,738
<b>Total lease commitments</b>	<b>36,257</b>	<b>39,580</b>
<b>Other expenditure commitments</b>		
Not longer than one year	62,143	51,916
Longer than one year and not longer than five years	204,910	199,524
Longer than five years	183,577	238,648
<b>Total other expenditure commitments</b>	<b>450,630</b>	<b>490,088</b>
<b>Total commitments for expenditure (inclusive of GST)</b>	<b>530,170</b>	<b>544,467</b>
Less GST recoverable from the Australian Taxation Office	(48,197)	(49,497)
<b>Total commitments for expenditure (exclusive of GST)</b>	<b>481,973</b>	<b>494,970</b>

## Note 14. Contingent assets and contingent liabilities

### Contingent Asset

At 30 June 2014, CFA is pursuing a substantial claim for unpaid insurance contributions pursuant to s.80A of the *Country Fire Authority Act 1958*. Due to the complexity of issues associated with legal matters and their discretionary nature, quantification of the financial effect cannot be readily estimated and it is therefore impractical to do so.

### Contingent Liabilities

CFA has the following unquantifiable contingent liabilities.

(i) At 30 June 2014, CFA is included as a party in a number of legal proceedings. Due to the diversity of issues associated with these legal matters and their discretionary nature, quantification of the financial effect cannot be reliably estimated and it is therefore impractical to do so.

(ii) In June 2012, *Understanding the Past to Inform the Future: Report of the Independent Fiskville Investigation* (also known as the Joy Report) was published. This is a report into the historical use of chemicals for live firefighting training at Fiskville Training Ground between 1971 and 1999. CFA accepted the facts, recommendations and conclusions of this report and is committed to implementing all recommendations. In August 2012, CFA established a Program Office to manage the implementation of these recommendations and an additional 11 initiatives which CFA committed to in its response to the Joy Report.

In January 2013, the Environment Protection Authority issued two Clean Up Notices to CFA in respect of Fiskville. CFA is addressing the requirements of the Clean Up Notices by incorporating this work into the program of works addressing the Joy Report. At this stage it is not practical to quantify the financial effect of this work due to the variety of potential technical solutions that might be employed.

## Note 15. Financial Instruments

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

CFA's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk. CFA regularly reviews all risks in relation to financial assets and financial liabilities. Its overall risk management policies focus on mitigating risks associated with operating in a commercial environment and the unpredictability of financial markets and to seek to minimise potential adverse effects on its financial performance.

CFA has policies and procedures for its financial assets and financial liabilities which are reviewed at least annually. 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, in respect of each class of financial asset and financial liability are disclosed in Note 1 to the financial statements.

The main purpose in holding financial instruments is to prudentially manage CFA's financial risks within the government policy parameters.

The carrying amounts of CFA's contractual financial assets and financial liabilities by category are shown in the table below.

	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Contractual financial assets (loans and receivables)</b>		
Cash and deposits	121,342	121,575
Receivables:*		
Sale of goods and services	2,564	18,876
Other receivables	931	899
Investments		
Term deposits	111,000	121,000
<b>Total contractual financial assets</b>	<b>235,837</b>	<b>262,350</b>
<b>Contractual financial liabilities (at amortised cost)</b>		
Payables:*		
Supplies and services	11,451	3,863
Amounts payable to government and agencies	4,520	2,028
Other payables	19,415	12,514
<b>Total contractual financial liabilities</b>	<b>35,386</b>	<b>18,405</b>

Note:

\* The total amounts disclosed here exclude statutory amounts (e.g. amounts owing from Victorian Government and GST input tax credit recoverable, and taxes payable).

**(b) Credit risk**

CFA's maximum exposures to credit risk at balance date in relation to each class of recognised financial asset is the carrying amount of those assets as indicated in the Balance Sheet.

CFA minimises concentrations of credit risk in relation to trade accounts receivable by undertaking transactions with a large number of customers. Other than trade debtors, the major amounts owing at any point in time are from Government (no credit risk considered).

Credit risk in trade receivables is managed in the following ways:

- payment terms are 30 days from date of invoice.
- statements are issued on all debts outstanding, five working days after the end of each month.
- debtors outstanding after 60 days are contacted and a record made of reason for delay in payment. Follow up statements continue to be issued.
- debts outstanding after 90 days are referred to a debt collection agency, except in the case of CFA volunteer brigades when the process is continued internally.

CFA has in place a Board approved Treasury Management Policy that has been formally noted by the Department of Treasury and Finance and is in compliance with the *Borrowing and Investment Powers Act (1987)*.

Investments are only made subject to the appropriate institution having a Standard & Poor's credit rating for short term investments of A3 or better, and long term investments of BBB or better, at the time of investing the funds.

**Financial assets that are either past due or impaired**

Currently CFA does not hold any collateral as security nor credit enhancements relating to any of its financial assets. As at reporting date, there is no event to indicate that any of the financial assets are impaired.

There are no financial assets that have had their terms renegotiated so as to prevent them from being past due or impaired, and they are stated at the carrying amounts as indicated. The following table discloses the ageing only of financial assets that are past due but not impaired.

**Table 15.2:** Ageing analysis of contractual financial assets

(\$'000)

	Carrying Amount	Not past due and not impaired	Past due but not impaired				Impaired financial assets
			Less than 1 month	1-3 months	3 months-1 year	1-5 years	
<b>2014</b>							
Cash and deposits	121,342	121,342	0	0	0	0	0
Receivables*							
Sale of goods and services	2,564	1,388	464	275	311	126	0
Other receivables	931	931	0	0	0	0	0
Investments							
Term deposits	111,000	111,000	0	0	0	0	0
<b>Total</b>	<b>235,837</b>	<b>234,661</b>	<b>464</b>	<b>275</b>	<b>311</b>	<b>126</b>	<b>0</b>
<b>2013</b>							
Cash and deposits	121,575	121,575	0	0	0	0	0
Receivables*							
Sale of goods and services	18,876	16,718	816	595	667	80	0
Other receivables	899	899	0	0	0	0	0
Investments							
Term Deposits	121,000	121,000	0	0	0	0	0
<b>Total</b>	<b>262,350</b>	<b>260,192</b>	<b>816</b>	<b>595</b>	<b>667</b>	<b>80</b>	<b>0</b>

Note:

\* The carrying amounts disclosed here exclude statutory amounts (e.g. amounts owing from Victorian Government and GST input tax credit recoverable).

### (c) Liquidity risk

Liquidity risk would arise if CFA was unable to meet its financial obligations as they fall due. CFA operates under the Government fair payments policy of settling financial obligations within 30 days and in the event of a dispute, make payments within 30 days from the date of resolution. It also continuously manages risk through monitoring future cash flow requirements and maturities planning to ensure adequate holding of high quality liquid assets and dealing in highly liquid markets. CFA's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk.

Cash for unexpected events is generally sourced from liquidation of available-for-sale financial investments.

Maximum exposure to liquidity risk is the carrying amounts of financial liabilities. The following table discloses the contractual maturity analysis for CFA's financial liabilities:

**Table 15.3:** Maturity analysis of contractual financial liabilities

(\$'000)

2014	Carrying Amount	Nominal amount	Maturity dates*			
			Less than 1 month	1-3 months	3 months - 1 year	1-5 years
<b>Payables:**</b>						
Amounts payable to other government agencies	4,520	4,520	4,520	0	0	0
Trade and other payables	30,866	30,866	30,866	0	0	0
	<b>35,386</b>	<b>35,386</b>	<b>35,386</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>2013</b>						
<b>Payables:**</b>						
Amounts payable to other government agencies	2,028	2,028	2,028	0	0	0
Trade and other payables	16,377	16,377	16,377	0	0	0
	<b>18,405</b>	<b>18,405</b>	<b>18,405</b>	<b>0</b>	<b>0</b>	<b>0</b>

Notes:

\* The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities.

\*\* The carrying amounts disclosed exclude statutory amounts.

### (d) Market risk

CFA's exposures to market risk which would primarily be through day to day interest rates is minimal because of fixed interest rate deposits and only insignificant exposure to foreign currency and other price risks.

#### (i) Foreign currency risk

Foreign exchange risk arises when future transactions and recognised assets and liabilities are denominated in a currency that is not CFA's functional currency (Australian dollar).

CFA is exposed to insignificant foreign currency risk through its payables relating to purchases of supplies and consumables from overseas. This is because of a limited amount of purchases denominated in foreign currencies and a short timeframe between commitment and settlement with the availability of facilities such as EFT.

#### (ii) Interest rate risk

CFA's exposure to interest rate risk arises primarily through floating rate bank deposits at call. However CFA's exposure to this risk is insignificant due to its policy to minimise risk by mainly undertaking fixed rate financial instruments with relatively even maturity profiles.

CFA's interest bearing liabilities are managed by the Treasury Corporation of Victoria, which monitors any movement in interest rates on a daily basis.

The carrying amounts of financial assets and financial liabilities that are exposed to interest rates are set out in Table 15.4.

**Table 15.4:** Interest rate exposure of financial instruments

(\$'000)

2014	Weighted average effective interest rate %	Carrying Amount	Interest rate exposure		
			Fixed interest rate	Variable interest rate	Non-interest bearing
<b>Financial assets</b>					
Cash and cash equivalents	2.54	121,342	50,000	71,296	46
Receivables*					
Sale of goods and services		2,564	0	0	2,564
Other receivables		931	0	0	931
Term deposits	2.70	111,000	111,000	0	0
		<b>235,837</b>	<b>161,000</b>	<b>71,296</b>	<b>3,541</b>
<b>Financial liabilities</b>					
Payables:					
Amounts payable to other government agencies	-	4,520	0	0	4,520
Trade and other payables	-	30,866	0	0	30,866
		<b>35,386</b>	<b>0</b>	<b>0</b>	<b>35,386</b>
<b>2013</b>					
<b>Financial assets</b>					
Cash and cash equivalents	3.20	121,575	30,000	91,529	46
Receivables*					
Sale of goods and services		18,876	0	0	18,876
Other receivables		899	0	0	899
Term deposits	2.85	121,000	121,000	0	0
		<b>262,350</b>	<b>151,000</b>	<b>91,529</b>	<b>19,821</b>
<b>Financial liabilities</b>					
Payables:					
Amounts payable to other government agencies	-	2,028	0	0	2,028
Trade and other payables	-	16,377	0	0	16,377
		<b>18,405</b>	<b>0</b>	<b>0</b>	<b>18,405</b>

Note:

\* The carrying amounts disclosed here exclude statutory amounts (e.g. amounts owing from Vic. Government and GST recoverable).

*Sensitivity disclosure analysis and assumptions*

CFA's sensitivity to market risk is determined based on the observed range of actual historical data for the preceding five year period, with all variables other than the primary risk variable held constant. CFA's fund managers cannot be expected to predict movements in market rates. The sensitivity analysis is shown for illustrative purposes only. The following interest rate movement is reasonably possible over the next 12 months

- a movement of 100 basis points up and down (2013: 100 basis points up and down) in market interest rates.

The following table shows the impact of interest rate sensitivity on CFA's net result and equity for financial instruments held by CFA at the end of the reporting period if the above movement were to occur.

**Table 15.5:** Interest rate risk sensitivity

		(\$'000)			
		Interest rate			
		-100 basis points		+100 basis points	
2014	Carrying Amount	Net result	Accumulated Surplus	Net result	Accumulated Surplus
<b>Contractual financial assets</b>					
	71,296	(713)	0	713	0
<b>Total impact</b>		<b>(713)</b>	<b>0</b>	<b>713</b>	<b>0</b>
		-100 basis points		+100 basis points	
2013	Carrying Amount	Net result	Accumulated Surplus	Net result	Accumulated Surplus
<b>Contractual financial assets</b>					
	91,529	(915)	0	915	0
<b>Total impact</b>		<b>(915)</b>	<b>0</b>	<b>915</b>	<b>0</b>

**(e) Fair value**

The fair values and net fair values of financial instrument assets and liabilities are determined as follows:

Level 1 - the fair value of financial instruments with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market prices

Level 2 - the fair value is determined using inputs other than quoted prices that are observable for the financial asset or liability either directly or indirectly; and

Level 3 - the fair value is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using unobservable market inputs.

CFA considers that the carrying amount of financial instrument assets and liabilities recorded in the financial statements to be a fair approximation of their fair values, because of the short-term nature of the financial instruments and the expectation that they will be paid in full and all are determined at Level 1 above.

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

**Table 15.6:** Categorisation of financial instruments

(\$'000)	Carrying amount 2014	Fair value 2014	Carrying amount 2013	Fair value 2013
<b>Contractual financial assets (loans and receivables)</b>				
Cash and deposits	121,342	121,342	121,575	121,575
Receivables:*				
Sale of goods and services	2,564	2,564	18,876	18,876
Other receivables	931	931	899	899
Investments				
Term deposits	111,000	111,000	121,000	121,000
<b>Total contractual financial assets</b>	<b>235,837</b>	<b>235,837</b>	<b>262,350</b>	<b>262,350</b>
<b>Contractual financial liabilities (at amortised cost)</b>				
Payables:*				
Supplies and services	11,451	11,451	3,863	3,863
Amounts payable to government and agencies	4,520	4,520	2,028	2,028
Other payables	19,415	19,415	12,514	12,514
<b>Total contractual financial liabilities</b>	<b>35,386</b>	<b>35,386</b>	<b>18,405</b>	<b>18,405</b>

Note:

\* The carrying amount disclosed here exclude statutory amounts .(e.g. amounts owing from Victorian Government and GST input tax credit recoverable, and taxes payable).



## Note 16. Cash flow information

### (a) Reconciliation of cash and deposits

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand and cash at bank, deposits at call and highly liquid investments with short periods to maturity that are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Cash at the end of the financial year as shown in the cash flow statement is reconciled to the related items in the balance sheet as follows:

	2014 \$'000	2013 \$'000
Cash at bank and on hand	71,342	66,575
Short term deposits	50,000	55,000
	<b>121,342</b>	<b>121,575</b>

Cash and deposits, and current investments represent liquid funds primarily held for the following purposes:

- expenditure on projects and activities where funding has been received in prior years - see the Report of Operations for further information;
- balances held by brigades, which in general will be deployed for the benefit of the relevant brigade or group of brigades.

The basis for the calculation of brigades' cash and cash equivalents is described in Note 1(r).

### (b) Reconciliation of net result for the period to net cash flows from operating activities

<b>Comprehensive net result for the period</b>	<b>(1,421)</b>	<b>15,182</b>
--	----------------	---------------

#### Non-cash movements:

Depreciation and amortisation of non-current assets	37,538	34,700
Allowance for doubtful debts	(18)	84
(Gain) / loss on sale of non-current assets	2,181	3,919
Assets provided free of charge or for nominal consideration	384	0

#### Movements in assets and liabilities:

(Increase) / decrease in assets:

Receivables and prepayments	14,057	(14,470)
Current inventories	578	(1,302)

Increase / (decrease) in liabilities:

Current payables	17,442	(6,531)
Employee entitlements	1,205	8,072
Volunteer compensation	3,015	2,775
Total adjustments	76,382	27,247

<b>Net cash inflow from operating activities</b>	<b>74,961</b>	<b>42,429</b>
--	---------------	---------------

## Note 17. Reserves

2014  
\$'000      2013  
\$'000

### Physical asset revaluation surplus

Asset Revaluation Surplus - Land	110,931	110,931
Asset Revaluation Surplus - Buildings	321,001	321,001
	<b>431,932</b>	<b>431,932</b>

### Movements

#### Asset revaluation surplus

Balance at beginning of financial year	431,932	431,932
Revaluation increment (decrement) of freehold land	0	0
Revaluation increment (decrement) of buildings	0	0
Movement for the year	0	0

#### Balance at end of financial year

**431,932      431,932**

### Nature and purpose of reserve

Physical asset revaluation surplus

The physical asset revaluation surplus is used to record increments and decrements on the revaluation of land and buildings, as described in accounting policy Note 1(j).

## Note 18. Trust account balances

The following is a list of trust account balances relating to trust accounts controlled by CFA.

### 1. Public Trust.

The Public Trust is a public fund for the purpose of the *Income Tax Assessment Act 1997 (as amended)*.

The purpose is to assist CFA volunteers and to further develop their leadership and fire fighting skills.

### 2. CFA and Brigades Donations Fund

The CFA and Brigades Donations Fund is a public fund for the purpose of the *Income Tax Assessment Act 1997 (as amended)*. The general objectives of the Trust are to raise and receive money and donations of goods and services from the public for distribution to the Brigades in order to enable them to meet the costs of purchasing and maintaining fire-fighting equipment and facilities, providing training and resources and to otherwise meet those administrative expenses of the Brigades which are associated with their fire-fighting functions.

	<b>\$'000</b>	<b>2014</b>		
	Opening balance as at July 2013	Total Receipts	Total Payments	Closing balance as at 30 June 2014
<b>Cash and cash equivalents and Investments</b>				
<b>Controlled Trusts</b>				
Public Trust	1,739	1,531	23	3,247
CFA and Brigades Donations Fund	1,455	4,704	4,655	1,504
<b>Total Controlled Trusts</b>	<b>3,194</b>	<b>6,235</b>	<b>4,678</b>	<b>4,751</b>
	<b>\$'000</b>	<b>2013</b>		
	Opening balance as at 1 July 2012	Total Receipts	Total Payments	Closing balance as at 30 June 2013
<b>Cash and cash equivalents and Investments</b>				
<b>Controlled Trusts</b>				
Public Trust	1,576	300	137	1,739
CFA and Brigades Donations Fund	1,581	4,328	4,454	1,455
<b>Total Controlled Trusts</b>	<b>3,157</b>	<b>4,628</b>	<b>4,591</b>	<b>3,194</b>

## Note 19. Responsible persons

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

### Names

The names of the people who were "Responsible Persons" at any time during the financial year are:

#### Responsible Minister

Minister for Police and Emergency Services:

- The Honourable Kim Wells, MP –  
1 July 2013 to 30 June 2014

Acting Minister for Police and Emergency Services:

- The Honourable Edward O'Donohue, MLC  
10 July 2013 to 28 July 2013
- The Honourable Robert Clark, MP  
20 December 2013 to 5 January 2014
- The Honourable Edward O'Donohue, MLC  
6 January 2014 to 12 January 2014

#### Authority Members (CFA Board Members)

- C L Higgins (Acting Chair) –  
1 July 2013 to 1 October 2013
- C L Higgins (Chair) – 2 October 2013 to 30 June 2014
- J R Peberdy (Deputy Chair) –  
2 October 2013 to 30 June 2014
- M A Byatt – 1 July 2013 to 6 July 2013
- R G Coyle – 1 July 2013 to 30 June 2014
- P R Denham – 1 July 2013 to 30 June 2014
- M J Freshwater – 13 August 2013 to 30 June 2014
- P B Harmsworth – 1 July 2013 to 30 June 2014
- R C Mather – 1 July 2013 to 30 June 2014
- J D Robertson – 1 July 2013 to 30 June 2014
- M J Taylor – 1 July 2013 to 30 June 2014
- M G Tudball – 1 July 2013 to 30 June 2014

#### Accountable Officer

- M Bourke (Chief Executive Officer) –  
1 July 2013 to 30 June 2014
- M Wootten (Acting Chief Executive Officer) –  
16 September 2013 to 13 October 2013  
28 March 2014 to 31 March 2014

## Remuneration (other than the Responsible Minister)

The numbers of Responsible Persons are shown below in their relevant income bands:

	2014	2013
Income Band	No.	No.
\$0 - \$9,999	1	1
\$10,000 - \$19,999	8	11
\$20,000 - \$29,999	1	0
\$40,000 - \$49,999	0	1
\$50,000 - \$59,999	1	0
\$320,000 - \$329,999	0	1
\$370,000 - \$379,999	1	0
Total Numbers	<b>12</b>	<b>14</b>
Total Amount \$'000	<b>612</b>	<b>557</b>

C L Higgins is a Board member of Victoria State Emergency Service and Ambulance Victoria, J R Peberdy is Chair of Victorian Managed Insurance Authority. M J Taylor is a Board member of the Public Transport Development Authority and the Bushfire Co-operative Research Centre. CFA had transactions with these entities which were at arms-length from CFA Board members and at normal commercial terms.

There were no other transactions between CFA and the CFA Board members or CFA Board member related entities.

Amounts relating to the Responsible Minister are reported separately in the financial statements of the Department of Premier and Cabinet.

## Note 20. Remuneration of executives and payments to other personnel (including contractors with significant management responsibilities)

### (a) Remuneration of executives

The number of executive officers, other than Ministers and Accountable Officers, and their total remuneration commencing at \$100,000 during the reporting period are shown in the first two columns in the table, right, in their relevant income bands. The base remuneration of executive officers is shown in the third and fourth columns. Base remuneration is exclusive of bonus payments, long-service leave payments, redundancy payments and retirement benefits. The total annualised employee equivalent provides a measure of full-time equivalent officers over the reporting period.

Several factors have affected total remuneration payable to executives over the year. This includes bonus payments and payments relating to officer's retirement, resignation or contract completion. A number of executives received bonus payments during the year. These bonus payments depend on the terms of individual employment contracts. All CFA executive contracts provide for consideration of an annual bonus payment.

	Total remuneration		Base remuneration	
	2014 No.	2013 No.	2014 No.	2013 No.
<b>Income Band</b>				
\$100,000 - \$109,999	0	1	0	1
\$110,000 - \$119,999	0	3	0	2
\$120,000 - \$129,999	0	0	1	0
\$140,000 - \$149,999	1	0	0	0
\$150,000 - \$159,999	1	0	2	4
\$160,000 - \$169,999	1	2	2	1
\$170,000 - \$179,999	3	3	4	4
\$180,000 - \$189,999	3	2	2	8
\$190,000 - \$199,999	2	6	5	4
\$200,000 - \$209,999	5	2	1	3
\$210,000 - \$219,999	2	4	5	0
\$220,000 - \$229,999	4	3	2	0
\$230,000 - \$239,999	2	2	1	1
\$240,000 - \$249,999	1	2	1	1
\$250,000 - \$259,999	1	0	1	0
\$260,000 - \$269,999	1	1	0	0
\$270,000 - \$279,999	0	0	1	0
\$280,000 - \$289,999	1	0	0	1
\$310,000 - \$319,999	0	0	1	0
\$330,000 - \$339,999	1	1	0	0
Total number of Executives	29	32	29	30
In the 2013-14 year two Executives with a base and two Executives with a total remuneration, were below the \$100,000 reporting threshold.				
In the 2012-13 year three Executives with a base and one Executive with a total remuneration, were below the \$100,000 reporting threshold.				
There was a total of 31 individuals employed as Executives during 2013-14				
There was a total of 33 individuals employed as Executives during 2012-13				
The total annualised employee equivalent and total remuneration for these Executives (above and below \$100,000) were as follows:				
Total annualised employee equivalent (AEE)*	<b>29.7</b>	<b>30.5</b>	<b>29.7</b>	<b>30.5</b>
Total Amount \$'000	<b>6,263</b>	<b>6,386</b>	<b>5,982</b>	<b>5,621</b>

Notes:

\* Annualised employee equivalent is based on working 40 ordinary hours per week over the reporting period.

### (b) Payments to other personnel (i.e. contractors with significant management responsibilities)

The following disclosures are made in relation to other personnel of CFA, i.e. contractors charged with significant management responsibilities.

Payments have been made to one contractor with significant management responsibilities, which is disclosed in the \$10,000 expense band. This contractor is responsible for the planning, directing or controlling, directly or indirectly, of CFA's activities in connection with the 'Informing the Future' program of work relating to the CFA State Training College, Fiskville.

Expense Band	2014	2013
	No.	No.
\$250,000 - \$259,999	0	1
\$300,000 - \$309,999	1	0
<b>Total Expenses \$'000 (exclusive of GST)</b>	<b>306</b>	<b>257</b>

### Note 21. Remuneration of auditors

	2014	2013
	\$'000	\$'000
Audit of the financial statements by the Victorian Auditor-General's Office	106	103
Audit fees - Internal audit services	337	276
	<b>443</b>	<b>379</b>

### Note 22. Glossary of terms and style conventions

#### Comprehensive result

The net result of all items of income and expense, recognised for the period. It is the aggregate of operating result and other changes in equity.

#### Commitments

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

#### Depreciation

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

#### Employee benefits expenses

Employee benefits expenses include all costs related to employment including wages and salaries, leave entitlements, redundancy payments and superannuation contributions.

#### Financial asset

A financial asset is any asset that is: (a) cash; (b) an equity instrument of another entity; (c) a contractual right to either 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; or (d) a contract that will or may be settled in the entity's own equity instruments and is a non-derivative for which the entity is or may be obliged to receive a variable number of the entity's own equity instruments or 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

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

### **Financial Liability**

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

### **Financial statements**

A complete set of financial statements comprises: (a) a balance sheet as at the end of the period; (b) a comprehensive operating statement for the period; (c) a statement of changes in equity for the period; (d) a cash flow statement for the period; (e) notes, comprising a summary of significant accounting policies and other explanatory information; (f) comparative information in respect of the preceding period as specified in paragraphs 38 of AASB 101 *Presentation of Financial Statements*; and (g) a balance sheet 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 in accordance with paragraphs 41 of AASB 101.

### **Grants and other transfers**

Grants are transactions in which one unit provides goods, services, assets (or extinguishes a liability) or labour to another unit without receiving approximately equal value in return. Grants can either be operating or capital in nature. While grants to governments may result in the provision of some goods or services to the transferor, they do not give the transferor a claim to receive directly benefits of approximately equal value. Receipt and sacrifice of approximately equal value may occur, but only by coincidence. For example, governments are not obliged to provide commensurate benefits, in the form of goods or services, to particular taxpayers in return for their taxes. For this reason, grants are referred to by the AASB as involuntary transfers and are termed non-reciprocal transfers.

Grants can be paid as general purpose grants which refer to grants that are not subject to conditions regarding their use. Alternatively, they may be paid as specific purpose grants which are paid for a particular purpose and/or have conditions attached regarding their use.

### **Interest expense**

Costs incurred in connection with the borrowing of funds interest expenses include interest on bank overdrafts and short-term and long-term borrowings, amortisation of discounts or premiums relating to borrowings, interest component of finance leases repayments, and the increase in financial liabilities and non-employee provisions due to the unwinding of discounts to reflect the passage of time.

### **Interest income**

Interest revenue includes interest received on bank term deposits, interest from investments, and other interest received.

### **Net result**

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 that are classified as 'other non-owner changes in equity'.

### **Net result from transactions (net operating balance).**

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

### **Net worth**

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

### **Non-financial assets**

Non-financial assets are all assets that are not 'financial assets'.

### **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. It includes gains and losses from disposals, revaluations and impairments of non-current physical and intangible assets; actuarial gains and losses arising from defined benefit superannuation plans; fair value changes of financial instruments and agricultural assets; and depletion of natural assets (non-produced) from their use or removal. In simple terms, other economic flows are changes arising from market re-measurements.

### **Other economic flows – other comprehensive income**

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

The components of other economic flows - other comprehensive income include: (a) changes in physical asset revaluation surplus; (b) share of net movement in revaluation surplus of associates and joint ventures; and (c) gains and losses on remeasuring available-for-sale financial assets.

### **Payables**

Payables include short and long term trade debt and accounts payable, grants and interest payable.

### **Receivables**

Receivables include short and long term trade credit and accounts receivable, grants, taxes and interest receivable.

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

Sales of goods and services refers to revenue 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. It excludes rent income from the use of non-produced assets such as land.

### **Supplies and services**

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

### **Transactions**

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

### **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:

0	zero, or rounded to zero
(xxx)	negative numbers
200x-0x	year period

The financial statements and notes are presented based on the illustration for a government department in the 2013-14 Model Report for Victorian Government Departments. The presentation of other disclosures is generally consistent with the other disclosures made in earlier publications of the CFA's annual reports.

# Auditor-General's report

**VAGO**

Victorian Auditor-General's Office

Level 24, 35 Collins Street  
Melbourne VIC 3000  
Telephone 61 3 8601 7000  
Facsimile 61 3 8601 7010  
Email [comments@audit.vic.gov.au](mailto:comments@audit.vic.gov.au)  
Website [www.audit.vic.gov.au](http://www.audit.vic.gov.au)

## INDEPENDENT AUDITOR'S REPORT

### To the Board Members, Country Fire Authority

#### *The Financial Report*

The accompanying financial report for the year ended 30 June 2014 of the Country Fire Authority which comprises the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement, notes comprising a summary of significant accounting policies and other explanatory information, and the accountable officer's and chief finance and accounting officer's declaration has been audited.

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

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

#### *Auditor's Responsibility*

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

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

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

*Auditing in the Public Interest*



## Independent Auditor's Report (continued)

### *Independence*

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


### *Opinion*

In my opinion, the financial report presents fairly, in all material respects, the financial position of the Country Fire Authority as at 30 June 2014 and of its financial performance and its cash flows for the year then ended in accordance with applicable Australian Accounting Standards, and the financial reporting requirements of the *Financial Management Act 1994*.

### *Matters Relating to the Electronic Publication of the Audited Financial Report*

This auditor's report relates to the financial report of the Country Fire Authority for the year ended 30 June 2014 included both in the Country Fire Authority's annual report and on the website. The Board Members of the Country Fire Authority are responsible for the integrity of the Country Fire Authority's website. I have not been engaged to report on the integrity of the Country Fire Authority's website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in the website version of the financial report.

MELBOURNE  
18 September 2014

  
for Dr Peter Frost  
Acting Auditor-General

# Risk management attestation

## CFA Risk Attestation – 2013/2014



### **Attestation of CFA's Risk Management System – Compliance with the Australian/New Zealand Risk Management Standard**

We certify that the Country Fire Authority (CFA) has risk management processes in place consistent with the *Australian/New Zealand Risk Management Standard (AS/NZS ISO 31000:2009)* and an internal control system is in place that enables the executive to understand, manage and satisfactorily control risk exposures. The CFA Board verifies this assurance and that the risk profile of the CFA has been critically reviewed within the last 12 months.

A handwritten signature in black ink, appearing to read 'C. Higgins', written over a faint circular stamp.

**Claire Higgins**  
Chairperson  
Country Fire Authority  
28 July 2014

A handwritten signature in black ink, appearing to read 'M. Bourke', written in a cursive style.

**Mick Bourke**  
Chief Executive Officer  
Country Fire Authority  
28 July 2014

# Insurance attestation



## CFA Insurance Attestation 2013/2014

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### Attestation of CFA's Insurance Management System – Compliance with Ministerial Direction 4.5.5.1

I, Mick Bourke, Chief Executive Officer certify that the Country Fire Authority (CFA) has complied with Ministerial Direction 4.5.5.1 – Insurance

A handwritten signature in black ink, appearing to read 'M. Bourke', is positioned above the printed name.

**Mick Bourke**  
Chief Executive Officer  
Country Fire Authority  
30 June 2014

# Additional information

## Powers, duties and responsibilities

*The Country Fire Authority Act 1958* (the Act) provides the principal source of direction as to our powers, duties and responsibilities including:

<b>Section</b>	<b>Summary of Power, Duty or Responsibility</b>
4	Declaration of the fire danger period
6D	Compliance with operational standards of Emergency Management Commissioner
6DA	Report on compliance with operational standards developed by the Emergency Management Commissioner
6DB	Strategic Action Plan
6E	Compliance with incident management operating procedures
6H	Authority to have regard to Volunteer Charter
6I	Authority's responsibility to encourage, maintain and strengthen capacity of volunteers
9B	Deputy Chairperson
14	Control of the prevention and suppression of fires in country areas
16C	Delegation of powers of Chief Executive Officer
20	General duty of the Authority
20AA	General powers of the Authority
20AAA	Duty to assist in major emergency
20A	Attendances unconnected with a fire
21B	Power to acquire land
23	General powers of Authority with respect to brigades, apparatus
27	Chief Officer to have control of all brigades
28	Powers and duties of Chief Officer
29	General powers and duties of Chief Officer
30 and 33(2)	Powers of officers at fires
30A	Authorisation of certain persons
36	Authority may require certain municipalities to provide hydrants in streets etc
36A	Determination of sole responsibility for fire prevention in certain areas
37A	Direction not to light a fire
38	Lighting fires in accordance with permit
40 (5A)	Provisions about total fire bans
41	Fire prevention notices
41B	Objection to notices
41E	Fire prevention infringement notices

<b>Section</b>	<b>Summary of Power, Duty or Responsibility</b>
41F	Issue of notices by Chief Officer
42	Brigades may carry out fire prevention work
44A	Power to Chief Officer to close roads
48	Power of Police, Chief Officer etc to direct extinguishment of fires
50AA	Alarm monitoring service to provide prescribed information
50B	Duty to warn the community
50J(3)	Annual assessment of designated neighbourhood safer places
50L	Authority to keep up to date list of all designated neighbourhood safer places
50P	Chief Officer may advise on defendability of buildings
52	Appointment of regional fire prevention committees
54	Appointment of municipal fire prevention committees
74G	Vacancies
87A	Recovery of charges for services
87AA	Authority may charge for services under other Acts and regulations
92	Immunity provision
93	Damage to be covered by fire insurance
93A	Interstate fire brigades and international fire brigades
96	Power to Authority to use water for fires and drills without charge
96A	Municipal fire prevention officers and assistants
97	Authority is a protection agency
97A	Authority may provide rescue and extrication services
97B	Authority may provide road accident and rescue service
97C	Authority may provide protection services
97D	Extension and application of Act
98	Place where fire occurs
102	Collections for brigades, etc, to be authorised by Authority
106A	Damage or interference with fire indicator panel or other apparatus
107	Obstruction of officers and damage to apparatus
107B	False report of fire

Legislation and delegated legislation provide a clear framework to our operations. Relevant legislation includes, but is not limited to:

#### **Victorian Acts**

- Accident Compensation Act 1985
- Audit Act 1994
- Borrowing and Investment Powers Act 1987
- Charter of Human Rights & Responsibilities Act 2006
- Country Fire Authority Act 1958
- Dangerous Goods Act 1985
- Disability Act 2006
- Electricity Safety Act 1998
- Emergency Management Act 1986
- Emergency Management Act 2013
- Environment Protection Act 1970
- Equal Opportunity Act 2010
- Financial Management Act 1994
- Fire Services Commissioner Act 2010
- Freedom of Information Act 1982
- Independent Broad-based Anti-Corruption Commission Act 2011
- Information Privacy Act 2000
- Occupational Health and Safety Act 2004
- Ombudsman Act 1973
- Planning and Environment Act 1987
- Protected Disclosure Act 2011
- Public Administration Act 2004
- Public Records Act 1973
- Rail Safety Act 2006
- Residential Tenancies Act 1997
- Subdivision Act 1988
- Traditional Owners Settlement Act 2013
- Telecommunications Act 1997
- Ombudsman Act 1973

#### **Commonwealth Acts**

- Competition and Consumer Act 2010
- Disability Discrimination Act 1992
- Fair Work Act 2009
- Racial Discrimination Act 1975
- Sex Discrimination Act 1984
- Telecommunications Act 1997

## Contributions

Contributions from brokers and owners in 2014 are the residual contributions pertaining to the 2012-13 financial year. Subsequent to the Fire Services Levy introduced on 1 July 2013, there will be no further brokers' and owners' contributions in future financial years.

ALTIORA INSURANCE SOLUTIONS
AON RISK SERVICES AUST LTD
BMW AUSTRALIA FINANCE LTD
BOVILL RISK & INSURANCE CONSULTANTS PTY LTD
CROMBIE LOCKWOOD (NZ) LTD
ELKINGTON BISHOP MOLINEAUX INSURANCE BROKERS PTY LTD
GUARDIAN UNDERWRITING SERVICES
MA RISK SOLUTIONS PTY LTD
MARSH PTY LTD
OAMPS INSURANCE BROKERS LTD
PARMIA PTY LTD
RICEGROWERS LTD
ROSEMAUR PROPERTIES PTY LTD
SPECIALISED BROKING ASSOCIATES PTY LTD
STRATHEARN INSURANCE BROKERS
UNILEVER AUSTRALIA (HOLDINGS) PTY LTD
WILLIS AUSTRALIA LTD

## Disclosure index

### Victorian Industry Participation Policy (VIPP)

In accordance with the requirement of the *Victorian Industry Participation Program Act 2003*, government agencies are required to include a statement summarising the implementation of the VIPP in annual reports. Financial Reporting Direction 25 specifies that VIPP is to be reported for contracts valued at more than \$3 million in metropolitan areas and \$1 million in regional areas.

A total of seven contracts were commenced or completed during 2013-14 to which the VIPP applied. Five contracts were in regional Victoria exceeded \$1 million in value (three rural fire station contracts comprising three or four rural stations in each contract package, Leongatha Fire Station and a contract for additional facilities at five

regional training grounds. Two contracts were in the metropolitan area exceeded \$3 million (the new Eltham Fire Station contract and the fit-out contract for the new Southern Metropolitan Emergency Management facility.

Local content (including all labour and materials) for the five regional contracts was around 98 per cent. Local content for the two contracts in the metropolitan area was around 95 per cent.

### Compliance with statutory disclosure requirements

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

Reference	Requirement	Page reference
<b>Charter and purpose</b>		
FRD 22E	Manner of establishment and the relevant Ministers	24
FRD 22E	Objectives, functions, powers and duties	72
FRD 22E	Nature and range of services provided	03
<b>Management and structure</b>		
FRD 22E	Organisational structure	04
<b>Financial and other information</b>		
FRD 10	Disclosure index	78
FRD 12A	Disclosure of major contracts	55
FRD 15B	Executive officer disclosures	66
FRD 22E, SD 4.2(k)	Operational and budgetary objectives and performance against objectives	21
FRD 22E	Employment and conduct principles	16
FRD 22E	Occupational health and safety policy	22
FRD 22E	Summary of the financial results for the year	26
FRD 22E	Significant changes in financial position during the year	26
FRD 22E	Major changes or factors affecting performance	26
FRD 22E	Subsequent events	–
FRD 22E	Application and operation of Freedom of Information Act 1982	80
FRD 22E	Compliance with building and maintenance provisions of Building Act 1993	80
FRD 22E	Statement on National Competition Policy	80
FRD 22E	Application and operation of the Protected Disclosure Act 2012	80
FRD 22E	Details of consultancies over \$10,000	81
FRD 22E	Details of consultancies under \$10,000	81
FRD 22E	Statement of availability of other information	80



<b>Reference</b>	<b>Requirement</b>	<b>Page reference</b>
FRD 24C	Reporting of office-based environmental impacts	80
FRD 25B	Victorian Industry Participation Policy disclosures	78
FRD 29	Workforce Data disclosures	21
SD 4.5.5	Risk management compliance attestation	72
SD 4.5.5.1	Ministerial Standing Direction 4.5.5.1 compliance attestation	73
SD 4.2(g)	Specific information requirements	–
SD 4.2(j)	Sign-off requirements	29
<b>Financial statements required under Part 7 of the FMA</b>		
SD4.2(a)	Statement of changes in equity	32
SD4.2(b)	Operating statement	30
SD4.2(b)	Balance sheet	31
SD4.2(b)	Cash flow statement	33
<b>Other requirements under Standing Direction 4.2</b>		
SD4.2(c)	Compliance with Australian accounting standards and other authoritative Pronouncements	34
SD4.2(c)	Compliance with Ministerial Directions	29
SD4.2(d)	Rounding of amounts	35
SD4.2(c)	Accountable officer's declaration	29
SD4.2(f)	Compliance with Model Financial Report	–
<b>Other disclosures as required by FRDs in notes to the financial statements</b>		
FRD 21B	Disclosures of Responsible Persons, Executive Officers and other Personnel (Contractors with Significant Management Responsibilities) in the Financial Report	65
FRD 102	Inventories	47
FRD 103D	Non-current Physical Assets	48
FRD 104	Foreign Currency	–
FRD 106	Impairment of Assets	37
FRD 109	Intangible Assets	–
FRD 107	Investment Properties	–
FRD 110	Cash Flow Statements	33
FRD 112D	Defined Benefit Superannuation Obligations	54
FRD 113	Investments in Subsidiaries, Jointly Controlled Entities and Associates	–
FRD 114A	Financial Instruments – General Government Entities and Public Non Financial Corporations	56
FRD 119	Contributions by owners	32

## Relevant legislation and policies

### **Financial Management Act 1994**

Information applicable to the report of the financial year is retained by CFA, in accordance with the Directions of the Minister for Finance under the *Financial Management Act 1994*. The relevant information is available to the Minister for Police and Emergency Service, the Parliament of Victoria, and the public on application to the accountable officer (Chief Executive Officer).

### **Protected Disclosure Act 2012**

In relation to the matters specified in section 70 of the *Protected Disclosure Act 2012* during the reporting year:

- CFA has procedures in accordance with Part 9 of the *Protected Disclosure Act 2012*.
- CFA's procedures are accessible from <http://www.cfa.vic.gov.au/protected-disclosure-act>
- Copies of CFA's procedures are available for public access during normal business hours from Districts, Regions and Headquarters.
- The number of disclosures notified to the Independent Broad-based Anti-corruption Commission (IBAC) by CFA under section 21(2) during 2013/14 was 2.

### **Information Privacy Act 2000**

The *Information Privacy Act 2000* regulates how CFA protects the privacy of individuals, including but not limited to CFA members.

CFA has a dedicated Privacy Officer appointed to investigate privacy related issues and provide advice, guidance, education and training on CFA privacy related matters.

CFA has a privacy policy and registers and responds to all enquiries and complaints.

### **Freedom of Information Act 1982**

The following information is provided in accordance with section 7 of the *Freedom of Information Act 1982* (the FOI Act). Requests for access to documents in the possession of CFA are dealt with by CFA's Freedom of Information (FOI) Officer. CFA is legally obliged to facilitate and promote prompt disclosure of information in its possession at the time the request is received.

#### **Making a request**

CFA holds files relating to, but not limited to, operational and policy matters, incident management, employees, career and volunteer firefighters, general administrative responsibilities and correspondence.

A valid request for access to documents under the FOI Act must:

- be in writing;
- be accompanied by the relevant application fee or request for a fee waiver with supporting documentation; and
- provide such information as is reasonably necessary to enable the documents to be identified as described in section 17.

Not all information held by CFA requires an FOI application for access. Information which may be available without an FOI application includes:

- an individual's personal information, such as personnel records;
- information which is currently available in the public domain; and
- information which is available for purchase (e.g. Fire Incident Reports).

#### **Fees and charges**

An application fee must accompany a request for access under the FOI Act (unless waived or reduced on hardship grounds) for it to be valid. This fee is set by Government and is subject to change annually.

Charges may also apply (in addition to the application fee) for search time and photocopying as set out in the Freedom of Information (Access Charges) Regulations 2004.

Section 21 of the FOI Act states that agencies shall take all reasonable steps to notify an applicant of a decision on a request as soon as possible, but in any case not later than 45 days after the receipt of the request.

#### **Freedom of information contact information**

CFA Freedom of Information Officer, PO Box 701, Mount Waverley, Vic 3149. Telephone: (03) 9262 8512. Email: [foi@cfa.vic.gov.au](mailto:foi@cfa.vic.gov.au)

**The Building Act 1993**

CFA complies with the *Building Act 1993*, with respect to alterations and maintenance to the buildings owned by CFA. It is not aware of any material non-compliance with the current building standards.

**National Competition Policy**

CFA complies, to the extent applicable, with the National Competition Policy.

**Environment and Sustainability**

During the 2013-14 financial year, CFA introduced environmental and sustainable initiatives relating to energy use, waste production, water consumption, transportation and greenhouse gas emissions.

## CFA consultancies 2013-14

### Details of individual external consultancies

				(\$'000)		
Consultant	Purpose of consultancy	Start date	End date	Total approved project fee (excl. GST)	Expenditure 2013-14 YTD (excl. GST)	Future expenditure (excl. GST)
Cube Management	Independent substantiation of CFA's Maintenance Business Service Model	May 2013	Aug 2013	20.0	3.1	0.0
PriceWaterhouse Coopers	State Fire Management Planning Strategy Review	Apr 2013	Sep 2013	100.0	45.9	0.0
PriceWaterhouse Coopers	Sustainable Planning Practices Review	Feb 2013	Sep 2013	55.0	39.4	0.0
Matt Campbell The Halcyon Link	Final report for Otways Action Research Project.	Apr 2013	Jan 2014	11.0	8.9	0.0
Cube Management	Value for money review	Mar 2013	Oct 2013	67.6	4.4	0.0
Nous Group	Advice on engagement with advisory bodies	Jan 2014	Apr 2014	15.0	14.0	0.0
Value Edge	Provide an analysis and report to assist executive development	May 2014	Jul 2014	20.0	17.5	0.0
KPMG	Review of CFA's fuel tax credits	Apr 2014	Sep 2014	10.0	7.0	3.0
<b>Total</b>				<b>298.6</b>	<b>140.2</b>	<b>3.0</b>

### Details of external consultancies less than \$10,000

As of 30 June 2014, there are no new engaged consultants where the total fees payable to the consultant was less than \$10,000, with a total expenditure of \$0.00 (excl. GST).



