



Annual Report 2015-16



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Chair's foreword

It is appropriate that I note at the outset that the new Board was appointed just one week prior to the reporting period for the Annual Report. Accordingly, most of the activity for the reporting period was conducted prior to its appointment. Therefore, my observations must, by definition, be limited.

CFA has a unique status. It is an organisation that combines 57,000 volunteers and over 1,000 career firefighters plus about 1,000 professional support staff in a single, highly-effective emergency service.

CFA is a very complex organisation with a requirement to consult with many stakeholders when developing its strategies and policies. It has also been the subject of, and participated in, a number of reviews over many years.

During last year, CFA addressed the long history of inconclusive strategic reviews and realignments, with the development of a new strategic direction paper. This document, which was still in the consultation phase at year-end, saw CFA focusing on the big picture, including the key environmental and external challenges we need to deal with over the next decade. This was very valuable work initiated by Lucinda Nolan.

At the same time, CFA continued to be the focus of a number of external reviews, including the Fire Services Review (March), the Fiskville Inquiry (May) and the ongoing Parliamentary Inquiry into Fire Season Preparedness. Each of these inquiries attracted public and internal debate.

The continuing negotiation of the Operational Enterprise Agreement throughout the year contributed to the year's uncertainty. CFA saw CEO Lucinda Nolan and Chief Officer Joe Buffone deciding to leave in June and July respectively.

While this turbulent year undoubtedly created significant tensions, from my observations it is important to note that communities across Victoria saw no change in the provision of emergency services.

The dedication of our members to CFA's stated purpose – protecting the lives and properties of Victorians – remained a great source of pride for this organisation and underpins its strong national and international reputation. From the Otway bushfires over the Christmas/New Year period, to the wide range of emergency services our firefighters provide on an everyday basis across parts of Melbourne, all regional cities and rural Victoria, the vital work of fire prevention, preparedness, response and recovery continued without interruption.

I would like to acknowledge all members of the previous Board for their contribution to CFA, led by Chairs Claire Higgins and John Peberdy. I would also like to acknowledge the two CEOs, Michael Wootten and Lucinda Nolan, and the two Chief Officers, Euan Ferguson and Joe Buffone, who departed during the year.

I would like to formally welcome our new Board members: Dr Gillian Sparkes, Pam White, Simon Weir, Timothy Young, Lynda Hamilton, Peter Shaw, Hazel Clothier and Deputy Chair Michelle McLean. I am also pleased to welcome CFA's new CEO Frances Diver and Chief Officer Steve Warrington, who have stepped up to steer the organisation at this difficult time. We will soon be undertaking a process to recruit our new leadership team for 2017.

Most importantly, I would like to acknowledge all our CFA members, whose diligence, commitment and skill on the front line throughout the year has once more been a powerful response to those who might seek to question this remarkable organisation.



Greg Smith AM
Chairman

CEO's foreword

As the Chair has noted in his remarks, along with the appointment of a new Board, I commenced my role as the CEO with less than one week until the close of the reporting period for the Annual Report. This restricts my capacity to provide a conclusive overview of the last 12 months from an organisational perspective.

However, it is fairly self-evident that continuous changes in executive personnel throughout the year, combined with increasing external focus on the still-unresolved Operational Enterprise Agreement have made for a challenging 12 months.

But in a demonstration of the true resolve and resilience of our organisation, the volunteers and staff of our 1,220 fire stations across Victoria maintained their focus on the job at hand – keeping Victorians and their property safe. For our volunteer and career firefighters in the 60 per cent of Melbourne serviced by CFA, or in any of our regional cities and rural towns, this meant turning out day after day to a range of emergency situations, from bushfires to structure fires to car accidents and more.

In country Victoria, one of the world's most bushfire-prone regions, brigades of all sizes turned out to fight fires and support community preparedness. They included the small volunteer brigade at Wye River, which was at the centre of one of the state's most devastating fires last summer. Their excellent work epitomised the combination of community spirit and efficient, well-planned fire services for which CFA is famous.

We are proud of this exceptional work, which takes place not only on the front line of emergency response but, crucially, in the background where preparedness and prevention are critical. This report gives us an opportunity to reflect on the many achievements of our people – often work that goes unnoticed by the broader community but is essential to public safety and supporting communities when they need it most.

Our delivery of these services to the Victorian community was thoroughly scrutinised this year by the independent Victorian Fire Services Review, which focused on the resourcing, operations, management and culture of both CFA and the Metropolitan Fire Brigade (MFB). It found that the Victorian community was well served by our fire services, but also identified ways in which we can strengthen our operations to better serve communities, including placing a stronger focus on interoperability and ensuring our people reflect the diverse communities we protect.

The foundations of interoperability are evident in the further development of our seven training campuses in conjunction with MFB and the Victorian Government. This initiative helps us build a collaborative approach to training that is responsive to future challenges while improving the safety of our members.

Also vital for the strengthening of our future service is the development of leadership at all levels as identified in the Emergency Management Strategic Action Plan 2015-18. Targeted leadership programs ran from executive group level through senior non-operational managers, regional commanders and operations managers.

In order to develop volunteer leaders to champion cultural change and innovation, the volunteer leadership and management development program was also rolled out. Programs ranged from coaching and mentoring through to operational decision-making, and built on our commitment to interoperability, with its focus on learning-by-doing in an inter-agency context.

Another milestone for the year was the completion of Project 2016, the five-year program which has created an additional 342 career firefighter and officer positions in CFA to meet the growing demand for our services in urban areas. With recruits from city and regional areas, including some drawn from the ranks of volunteer and project firefighters, this was a critical piece in building CFA's everyday capabilities and providing support for our volunteer force.

There is no denying that this has been a year which tested our ability to stay focused, united and true to our organisational values. The fact that CFA has continued to work cooperatively – volunteer beside career firefighter, HQ staff member beside brigade administrator – proves that we can rise above the challenges to deliver on what we all believe is paramount.

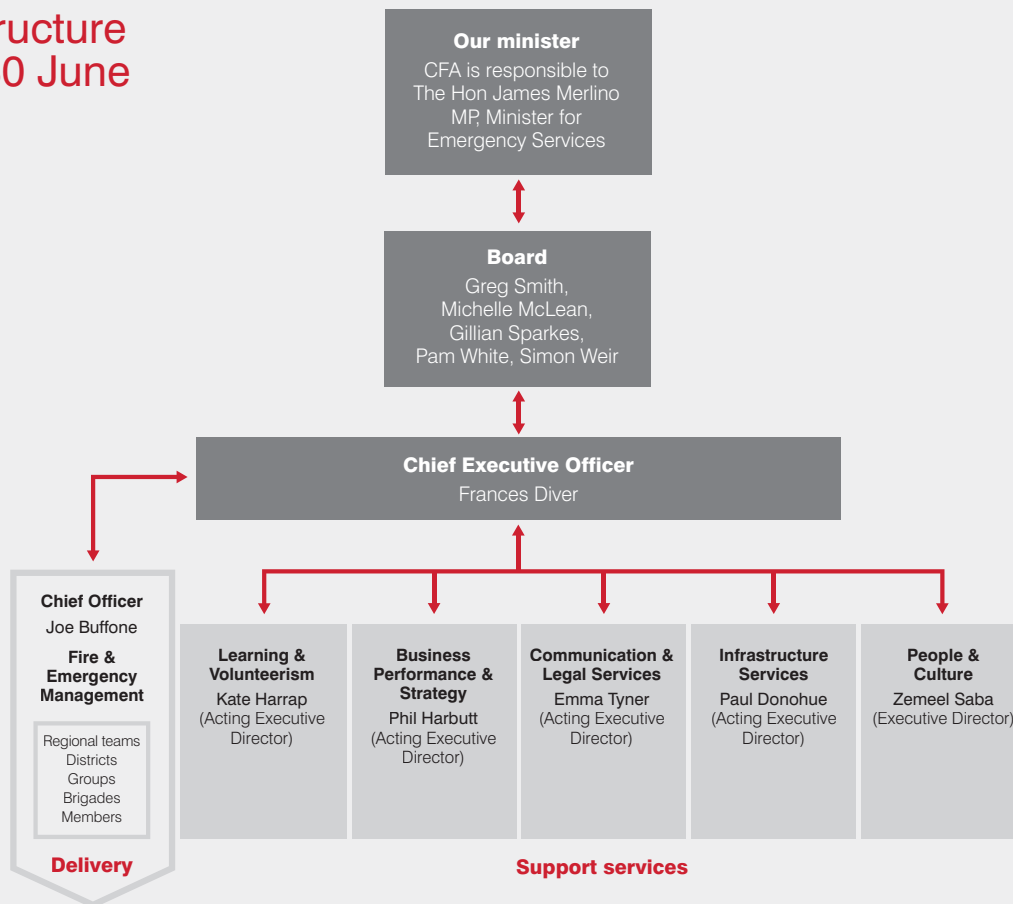
It has been a genuine privilege to have been afforded the opportunity to work with CFA and gain an insight into this remarkable and resilient organisation that our state depends on.



Frances Diver
Chief Executive Officer

Who we are

Our structure as at 30 June 2016



Our profile

Services in 2015-16	
Total incidents	43,623
Total brigade turnouts	85,390
Total Fire Ready Victoria meetings/workshops	1,295
Number of Property Advice Visit Service home visits	3,403
Community Fireguard sessions	382
School and youth program sessions	998
CFA attendance at community events	410
CFA members	
Volunteers: operational	35,796
support ¹	21,315
Total volunteers²	57,111
Staff: operational	1,086
support	967
Total staff	2,053

Brigades	
CFA brigades	1,180
Forestry industry brigades	23
Coast guard brigades	17
Total	1,220
Buildings	
Fire stations	1,224
Headquarters and offices	38
Training grounds	8
Mechanical workshops	13
Communications workshop	1
State Logistics Centre	1
Protective equipment centre	1
Residences	21

Vehicles	
Pumper tankers	39
Pumpers	262
Tankers	1,609
Field operations vehicles	14
Rescue vehicles	28
Aerial firefighting vehicles	12
Hazmat vehicles	13
Ultralights	251
Big fills	26
Field command vehicles (brigade owned)	425
CFA operations vehicles	174
Support vehicles	
CFA transport fleet	364
Project vehicles	68

¹ Including Junior members

² 948 volunteers are also CFA staff members

Our vision

CFA is a volunteer and community-based fire and emergency services organisation. Our vision is to work together with communities to keep Victorians safe from fire and other emergencies.

Our mission

To protect lives and property.

Our values

As we evolve to remain a modern and progressive emergency services organisation, it's our core values that anchor and guide us. They are practical behaviours that reflect how we all want to be treated.

- We put Safety first
- We Respect each other
- We act with Integrity
- We work Together as one
- We are Adaptive and agile.

Our long-term outcomes

- Reduce the incidence and impact of fire emergencies on the community
- Reduce the impact of non-fire emergencies on the community
- Be a highly-trusted and respected fire and emergency service
- Increase community resilience to fire and non-fire emergencies.

Purpose and functions

CFA (Country Fire Authority) is a volunteer and community based fire and emergency services organisation. We help protect 3.3 million Victorians, and more than one million homes and properties across the state.

CFA is steeped in history and tradition dating back to the 1850s when the first volunteer fire brigades were formed in Geelong, Castlemaine and Sandhurst (now Bendigo). After the Black Friday fires in 1939, a Royal Commission recommended the appointment of a single firefighting authority to ensure more effective control of the prevention and suppression of fires in the country areas of Victoria, bringing together the Bush Fire Brigades, Country Fire Brigades and Forest Commission. CFA commenced operations on 2 April 1945.

Formal expectations of CFA are set out in enabling legislation. *The Country Fire Authority Act 1958* (the 'CFA Act') recognises that CFA "is first and foremost a volunteer-based organisation, in which volunteer officers and members are supported by employees in a fully integrated manner" (s.6F, CFA Act). *The Country Fire Authority Amendment (Volunteer Charter) Act 2011* requires CFA to perform its functions with regard to the commitment and principles set out in the Volunteer Charter, which relate to encouraging, maintaining and strengthening the capacity of volunteers.

Other key legislation that shapes the organisational and operational requirements for CFA are the *Building Act 1993*, *Emergency Management Act 1986* and *2013*, *Financial Management Act 1994*, *Freedom of Information Act 1982*, *Privacy and Data Collection Act 2015*, *Planning and Environment Act 1987*, *Protective Disclosure Act 2012* and *Workplace Health and Safety Act 2011*.

We are wholly committed to the prevention, preparedness, response

and recovery phases of emergency situations, providing a diverse range of risk reduction, fire suppression and incident management services to minimise the impact of fires and other emergencies on Victorian communities.

CFA provides statewide fire and related emergency coordination:

- Wildfire suppression
- Structural fire suppression
- Transport-related fire suppression
- Road rescue
- Emergency medical response
- Technical rescue such as high angle, trench and mine operations
- Hazardous materials transportation and storage incidents
- Working with forestry industry brigades
- Other emergency activities including flood assistance.

CFA is also involved in a range of non-emergency activities:

- Community awareness, education and safety programs
- Fire safety input planning for major community risks
- Fire prevention and planning
- Land use planning advice at municipal level
- Technical services including building code-related inspections, post-incident analysis and fire investigation
- Vegetation management
- Planned burning
- Sustainable fire management.

Victoria's emergency management sector

Victoria's emergency management sector is led by Emergency Management Victoria. CFA works with EMV and all sector partners to realise a sustainable and efficient emergency management system that reduces the likelihood, effect and consequences of emergencies.

Our year in review



1 DELIVER FRONT LINE SERVICES SAFELY AND EFFECTIVELY

CFA members support Victorian communities through a wide range of front line services including prevention, preparedness, response and recovery activities. To do this effectively, we need to ensure our people have what they need and allocate resources based on risk.

Our people work in hazardous and sometimes uncontrolled environments. It's essential that when we develop local solutions for local problems, we put safety first. This includes minimising the impact on mental and physical health and the environment.

Review and improve our health, safety and environment overarching infrastructure (strategy, systems, processes, governance and structure)

In August 2015, we asked workplace health and safety specialists GreenCap to review our health, safety, environment and wellbeing (HSEW) portfolio, understand its governance and identify gaps in current strategies and systems.

After assessing the review's recommendations, we appointed an Executive Manager, Workplace Health, Safety and Wellbeing. A three-year HSEW work plan was then developed which takes an end-to-end approach to injury management and a systems-based approach to managing HSEW.

Systems mapping has been finalised and the overarching policy and supporting business rules have been drafted. After a period of consultation, we will develop lower-level procedures and work instructions that will support our members and help achieve certification to ISO14001 and AS4801 standards.

Forty new roles are based in our regions so they can readily help brigades and volunteers build brigade sustainability



Implement improved practical support for our front line through an improved volunteer support model

As part of an organisational restructure in late 2015, 59 new positions were created in CFA as part of the new Volunteer Support Model. We want to improve brigade sustainability by ensuring all volunteer support is integrated into one operating model which aligns strategic goals, priorities and reporting.

Forty-three of the new roles formed a field-based team called the Brigade Support Team, and 40 of these roles are based in our regions so they can readily help brigades and volunteers build brigade sustainability. Between 2013 and 2015, we ran Volunteer Support Program pilots and what we learned from these pilots has guided how the Brigade Support Team strengthens brigade sustainability. The key areas of focus are:

- using an evidence-based approach that identifies key volunteer/brigade risks and priority support for brigades that connects to district, region and state levels. This work results in action plans and localised solutions for brigades.
- capturing and analysing local volunteer trends and needs, and delivering a range of volunteerism programs that takes a proactive future-focused approach to ensure the growth of volunteerism.
- to capture, share and pilot a range of innovative volunteer and brigade initiatives to strengthen front line service delivery.

Implement a new CFA business process model that improves the effectiveness of implementing strategy and achieving public safety outcomes for the Victorian community

Our new business model focuses on four key areas: an effective environmental scan, strategy and planning; program design and capability definition; flexible service delivery; and performance review and evaluation. This model lets us better understand stakeholder expectations and align our strategic direction to meet the needs of the community.

We tested the assumptions in the model through a tactical risk and business planning process, using data about brigade, district and region risk and need through to our corporate obligations.

This process of data collection and interpretation is already leading to improved governance

Link CFA's planning and budgeting so that brigade and district service delivery capability requirements are known and can be prioritised on a statewide basis

To improve our approach to annual planning and budgeting, we took into account four objectives: one plan means one set of priorities; an emphasis on district-led planning and evidence-led thinking; directorate plans based on region data and priorities; and priorities based on risks and emerging issues.

We undertook two major initiatives. The first was a new tactical risk and issues process to identify what might impact service delivery at a district and regional level, to aggregate these at a statewide level, then prioritise the highest risks to inform planning.

To simplify and unite the planning and budgeting processes, we began implementing a business planning and reporting system which integrates financial, non-financial and risk information.

Implement dashboards that give our regions and districts better information to manage their areas

To help us better understand service delivery performance at district, region and state level, as well as the health of our support activities, we've continued to introduce performance monitoring through performance dashboards.

As part of the tactical risk and business planning process, environmental scanning was done to discover whether any political, social, technological, legal or other factors may affect operations. This identified key risks which need to be monitored and identified the data needed to put mitigation strategies in place. This process of data collection and interpretation is already leading to better quality data and improved governance.





2 PROVIDE GREATER CLARITY FOR OUR PEOPLE

Changing our structure is a big undertaking. We've seen the creation of five regions, the establishment of Assistant Chief Officer positions, and a new embedded model for delivering support to the front line. The processes and systems that support the new structure continue to be examined.

Review employment and contract arrangements within CFA

In April 2016, we assessed employment and contract arrangements to identify those with a high level of corporate risk. This led to us changing some existing contracts along with a more appropriate use of future contractual arrangements.

We've adopted the State Purchase Contract and produced an information guide for managers to assist in the appropriate application of future employment contracts.

Contractual risk has been minimised and workforce reporting has improved to include categorisation of employment, enabling us to provide more accurate data.

Finalise and implement structures in the Fire and Emergency Management, Operational Training and Volunteerism, and Financial Services directorates, and provide clarity about how embedded functions will operate

A transition management team made up of representatives from People and Culture, Fire and Emergency Management, Operational Training and Volunteerism and Financial Services directorates was established to finalise CFA structures by October 2015.

A Service Delivery Operating Model will inform future functional requirements and structural changes



The Fire and Emergency Management headquarters restructure was put on hold until after the 2015-16 fire season. A Service Delivery Operating Model has been developed that will inform future functional requirements and structural changes. The model was based on the following principles:

- Ensures that CFA services are acceptable to the community, and places the community at the centre of everything we do.
- Builds a contemporary understanding of risk, shared responsibility and resilience in all communities.
- Ensures CFA and the Chief Officer meet legislative and regulatory responsibilities.
- Underpins CFA's values and provides clear points of accountability and 'lines of sight' responsibility for the entire Fire and Emergency Management workforce.
- Is agile and recognises and plans for the variability of front line service demand in built environments and regional and rural locations, including the interface between them.
- Deploys strategic leadership, capability development and sophisticated workforce planning practices.

- Understands the key drivers in our external environment, facilitates future planning and supports the strategic direction of CFA.
- Shapes, leads and implements CFA policy and strategy in front line service delivery in the emergency management sector.
- Aligns to the vision and influences the reform agenda and priority areas within the emergency management sector.

Renew and improve the understanding of CFA enterprise bargaining agreements

Negotiations continued on both the Operational Enterprise Bargaining Agreement and Professional Technical and Administrative (PTA) staff Enterprise Bargaining Agreement.

As at 30 June 2016, consultation on the Operational EBA was continuing.



3 DEVELOP LEADERS AT ALL LEVELS

CFA's strategies and the *Emergency Management Strategic Action Plan 2015-18* identify leadership as a key area for action. A core responsibility of leaders at all levels is to help our people connect what they do every day to the organisation's strategies and empower them to achieve our long-term outcomes.

We will improve our leadership capability so that it's more values based, reflects our preferred culture, promotes innovation, practises evidence-based decision-making, and consistently devolves and empowers decision-making to the appropriate level.

Realise our values through positive behavioural change

We have continued to promote and apply our organisational values – safety, respect, integrity, together and adaptive – throughout every aspect of the way we conduct operations and business.

The values are being included in all policies as they are revised. The values appeared as screen savers across CFA and we published articles about our values, which highlighted local initiatives, in *Brigade* magazine. The magazine was mailed to all CFA members. A practical values discussion program was also rolled out to managers to deliver to their local teams.

Target a cross section of front line leaders for development

Rollout of targeted leadership programs began with the executive group. This began with the Executive Directors, Deputy and Assistant Chief Officers and the Executive Manager Community Capability.

During 2015-16, this work was supported by the Enabling Leadership Program which was completed by a cross section of 40 executives, senior non-operational managers, Regional Commanders and Operations Managers.

A volunteer leadership and management development program continues to be rolled out

Implement tailored leadership development interventions

The 12-month Enabling Leadership Program helps participants to collaboratively build their leadership capability through a mix of theoretical, experiential learning and peer-supported coaching and feedback. It aims to build trust and engagement both within the leadership group and between leaders, CFA members, the community and key stakeholders.

It aims to increase participants' awareness of the critical role they play in leading cultural change, and the impact their leadership styles have on staff, volunteers and key stakeholders.

Further invest in the professional development of our Operations Managers and Operations Officers

Work has begun on building contemporary management development programs targeted at Operations Managers and Operations Officers. The programs will focus on business acumen, people management and stakeholder engagement.

Establish a grassroots volunteer leadership and management development program

A volunteer leadership and management development program continues to be rolled out, aligned to regional and district priorities.

Programs being delivered include coaching and mentor programs for current and emerging volunteer leaders; officer development programs tailored to risk and environment; operational decision-making and development training; and inter-agency experiential learning opportunities.

The program is being supported by case studies and underpinned by doctoral research. Volunteer leadership electives will be piloted later in 2016.





4 DELIVER THE CHIEF OFFICER'S CAPABILITY REQUIREMENTS

To improve public safety, it's essential for our staff and volunteers to maintain strong partnerships with communities, and we have to understand the capabilities our people need to achieve this.

The Chief Officer's Capability Requirements detailed the support needed across CFA to enable the organisation to meet its legislative responsibilities and deliver on its mission. Many of the priorities and requirements need collaboration across CFA and the emergency management sector and will evolve over time.

Develop a comprehensive baseline measure of front line capability

In December 2015, we launched the Capability Baseline project to help us assess our incident management and response capability. This project can also be applied to areas such as prevention and preparedness. It assessed the baseline operational capability and capacity needed for readiness and response, taking into account control priorities, legislative requirements and the service delivery model.

This work will help us identify gaps and inform evidence-based decisions and investment priorities.

Strengthen workforce planning and management practices

Through the Victorian Emergency Management Capability and Capacity project, Emergency Management Victoria (EMV) looked into our workforce capacity and established a set of baseline assessments of our core service delivery capabilities. By using our Capability Baseline, we can align our outputs with the direction set by EMV.

We first focused on incident management readiness and response requirements and our capacity to support those requirements. This gave us assessments of workforce capacity across a range of scenarios, allowing us to measure the difference between the required and actual capability and capacity, and to determine priorities.

Some members want minimal training that just focuses on the basics. Others want new options for experienced members



Improve our planning and delivery of operational training

We want to ensure that every CFA member has an equal opportunity to get the training essential for the job they do and build on their individual skills and capability. We need to improve the learning and development opportunities for volunteers and career firefighters on the front line and staff in non-operational roles.

Since 2008, there have been 13 independent reviews, strategies or plans related to CFA training. They have identified issues with our training program and procedures. Some members want minimal training that just focuses on the basics. Others want new options for experienced members who wish to advance and learn to take on diverse roles, incident management team positions, leadership roles or advanced firefighting. CFA now has a central area from which training is organised and delivered under the statewide Learning and Volunteerism team. In addition, there were significant upgrades to information and communications technology at all the VEMTC training facilities, with further work underway to ensure all training facilities remain contemporary, fit for purpose and address our members' needs.

In the first half of 2016, the Organisational Leadership Team developed a Learning Action Plan, informed by consultation with CFA members. This 12-month plan identifies our priorities for 2016-17 to make real improvements to support our front line.

Improve data quality in key areas (eg incident reporting, service delivery standards, hazard class, risk, brigade information)

We've improved data quality with the introduction of performance dashboards (see page 8).

Inquiry into the CFA Training College at Fiskville

In December 2014, the Victorian Government announced the establishment of a Parliamentary Inquiry into CFA's Training College at Fiskville. The 17-month Inquiry (run by the Environment, Natural Resources and Regional Development Committee) held several months of public hearings, with attendances requested by many former and current CFA personnel.

The Inquiry released an Interim Report on 24 June 2015 which the government responded to on 9 February 2016. The final report, released on 24 May 2016, contained 31 recommendations aligned with the terms of reference. CFA is contributing to the government response to the final report which is due to be tabled in parliament in November 2016. The Victorian Government response is being coordinated by Emergency Management Victoria and the Fiskville Oversight Committee chaired by the Secretary of the Department of Justice and Regulation.



5 TURN GOVERNMENT COMMITMENTS AND CFA STRATEGIES INTO ACTION

The Victorian Government will continue to enhance emergency services capability and build safer and more resilient communities. The 2015 State Budget and *Emergency Management Strategic Action Plan 2015-18* included initiatives that CFA was required to start in 2015-16.

State Budget initiatives

CFA's Growth Programs – Project 2016 and the 350 Firefighters Initiative

Project 2016's primary objective was to improve community safety by increasing the number of career firefighter and officer positions by 342.

The final recruit course of Project 2016 graduated in June 2016, bringing the total number of new career firefighters employed under the program to 342. This completed Project 2016's recruitment and training objectives.

To support the additional staff, Project 2016 also included infrastructure works including the building or modification of 11 fire stations for integrated brigades. In 2015-16, the remaining infrastructure works for the program were completed at Eltham, Portland, Warrnambool and South Warrandyte fire stations.

The 350 Firefighters Initiative (P350) is the Victorian Government's commitment to deliver 450 new career firefighters for Victoria, 350 of them with CFA. CFA began this program with the graduation of a 30-person recruit course in December 2015 and another 30 in June 2016, bringing the total number of new CFA career firefighters under P350 to 60. Additional equipment has been procured to support recruit training, and we've done a recruitment campaign to identify the next cohort of recruits.



Provide emergency medical response at integrated brigades

In 2015-16, emergency medical response (EMR) was implemented at Mornington Fire Brigade and career staff trained in EMR were appointed at South Morang Fire Brigade to supplement the EMR work being carried out by volunteers. This increased the number of EMR-capable brigades to 10, three of which are volunteer-only brigades.

The 2016 State Budget announced funding, phased over four years, to allow EMR to be implemented in all CFA's integrated stations and a number of key volunteer brigades.

The rollout of EMR will supplement Ambulance Victoria service delivery.

Complete new stations at Plenty, Huntly, Edithvale and Buninyong, and upgrade Wattle Glen Fire Station

A new fire station at Huntly was completed and concept design work was progressed for the new Edithvale Fire Station. A suitable council site was identified for the new Buninyong Fire Station, and we are in discussions with DELWP to extend the leased area at Wattle Glen for a fire station upgrade. We are continuing work to identify and purchase land for a new station at Plenty.

Deliver 70 replacement firefighting vehicles

A total of \$33.5 million will deliver 10 medium pumpers, 20 medium tankers and 40 heavy tankers by July 2016.

An additional two medium pumpers, four light tankers, two bulk water carriers and two technical rescue replacement cab chassis were approved by the CEO in 2015 and will be completed by August 2016.

The new medium pumpers and heavy tankers are the result of two years of prototype design, testing and brigade feedback. Automatic transmissions have been fitted to the medium and heavy tankers to improve safety and ease of driving.

Station amenities program

Toilets were built in 50 rural fire stations in 2015-16.

Hazelwood Mine Fire Inquiry Program (including brown coal fire training, infrastructure and equipment)

CFA's Hazelwood Mine Fire Inquiry Program was established to deliver the recommendations resulting from the Hazelwood Mine Fire Inquiry and the Victorian Government's commitment to improve brown coal fire training, infrastructure and equipment. As part of this program, we have designed a new brown coal fire training package and the pilot will include both MFB and CFA firefighters.

We will build two compressed air foam system (CAFS) tankers as part of a Victorian Government-funded program

Work has begun to enhance the ARGOS plume modelling capability, which will create a comprehensive multi-agency hazard modelling platform for toxic atmospheric releases from hazardous materials incidents and structure/urban type fires.

A contracted medical and health service has been established for firefighters and emergency personnel in the event of significant or protracted events. Across Victoria, nine volunteer units (seven health monitoring and two rehabilitation units) have been established, equipped and trained. These units were deployed to the Wye River fire, Portland ship fire, Somerton tip fire, Broadmeadows tyre fire, Tasmanian fires and the Kaladbro Swamp peat fire.

The establishment of District 27 and a Morwell Emergency Services Hub

District 27 was fully operational on 24 December 2015. Its establishment required the transition of some brigades from Districts 9 and 10; the appointment of staff and establishment of a permanent district headquarters; the migration of data within existing technology and communications systems; and the building of relationships with industry and the community.

The District 27 Service Delivery Strategy, scheduled to be completed in the first quarter of 2016-17, will lay out the service delivery requirements including infrastructure, equipment and resourcing in the Latrobe Valley, based on the unique risk profile.

During 2015, we worked with Ambulance Victoria to finalise the service delivery and development strategy for the Emergency Services Hub to be located in Morwell. We completed a feasibility report which outlined development options for consideration and endorsement. The search for suitable land is an ongoing priority.

Compressed air foam systems

We will build two compressed air foam system (CAFS) tankers as part of a Victorian Government-funded program.

Consultation with stakeholders about the design, capability and placement of the CAFS tankers is progressing. In April 2015, two heavy tankers were retrofitted with CAFS capability and were stationed at Churchill and Traralgon South fire brigades. These vehicles have been useful not only within District 27, but also on deployment to the Strathdownie peat fire and the Somerton tip fire in November 2015.

CAFS reduces water usage, smoke emissions and carbon monoxide emissions, resulting in improved firefighter safety.

Plan for a new training site

The 2016 State Budget committed \$46.2 million in funding for a new training facility to be established in the Central Highlands area. We're in the process of identifying suitable land which, when secured, will enable us to carry out design work, planning and approvals. Construction is scheduled to start in 2016-17.

Contribute to the implementation of the *Emergency Management Strategic Action Plan 2015-18* initiatives as identified in the agency work plans

We continued to collaborate with Emergency Management Victoria and all emergency management sector agencies to support initiatives in the *Emergency Management Strategic Action Plan 2015-18*.

We are not leading any of the identified project areas, but we've helped progress the following:

- Emergency Management Common Operating Picture (EMCOP)
- Enhance and implement a single-source web portal to coordinate and deliver all emergency management community information and warning services
- Strategic planning and development of volunteerism
- Review land use planning provisions on the peri-urban interface
- Development of performance standards
- Identify and prioritise specific risk mitigation initiatives with communities, government and agencies.

OTHER IMPORTANT ACTIVITIES

Review all training grounds

CFA, in partnership with MFB and the Victorian Government, continued to make improvements to all seven of its training campuses. Investments were aimed at enhancing interoperability in relation to recruit firefighter courses. In addition, third-party user agreements and pricing schedules were established. Work also continued to deliver the training-related recommendations in the *Report of the Victorian Fire Services Review* to ensure a collaborative and future-focused strategic approach to training.

We now have 10 mobile training props, which are used across the state to enhance volunteer access to hot-fire training where a brigade is located more than one hour away from a training campus.

Computer system upgrades have occurred, or are scheduled to occur at all campuses, so that all buildings and PAD areas have wireless capability. These capital works will significantly improve functionality and accessibility at each campus for CFA members and partner agencies that use the sites.

We continued to work closely with the Environment Protection Authority (EPA), local authorities and community members to ensure all training campuses remain safe for all CFA members, visitors and the community.

In October 2015, the EPA issued Clean Up Notices for five training grounds: Bangholme, Longerenong, Wangaratta, West Sale and Huntly. The requirements included investigations of groundwater, surface water and soil at the campuses and on neighbouring properties. Water engineering specialists assessed the water management, treatment and associated infrastructure needs at each campus and staged upgrades will commence from late 2016. The requirements within the notices have been completed.

In September 2015, the EPA issued a Clean Up Notice for Peshurst training ground that required two environmental audits. The first audit, completed in December 2015 by the EPA-appointed auditor, made a number of recommendations. Multiple streams of work to address these recommendations are ongoing.

Our contribution to the Victorian Fire Services Review

The independent Victorian Fire Services Review and the Victorian Government's response were released in March 2016, focusing on culture, training, resourcing, management and interoperability.

As part of our response, a taskforce was established to address workplace culture, diversity and inclusion. A dedicated independent hotline has been opened for members to report bullying, harassment and other unreasonable behaviour.

Members of CFA's Organisational Leadership Team have accountability for responding to and delivering specific recommendations from the review.

Improving diversity in CFA's workforce

CFA took steps towards becoming a more attractive and diverse workplace that reflects the wider community, in line with the majority of other Australian workplaces.

The organisation was involved in presenting a case to the full bench of the Fair Work Commission to modernise the Fire Fighting Industry Award (also known as the Modern Award) which sets out the minimum terms and conditions of employment.

The Modern Award provides a baseline for CFA and its operational members to negotiate an enterprise bargaining agreement.

CFA and MFB lodged a joint submission for the Commission's review seeking to include provisions that enable both agencies to employ part-time firefighters.

Under the current Award, we can offer only full-time employment to firefighters. We believe the current restrictions don't reflect current community standards and legal obligations, or arrangements in place in other large emergency service agencies such as Victoria Police.

Allowing part-time work will provide a more flexible and inclusive workplace and is a step towards ensuring we have the right employment conditions to attract a more diverse workforce.

The Commission is expected to present its decision later this year.

Our incident response

Major incidents

Based on a strong El Niño weather pattern, underlying dryness, low winter rainfall and a warm and dry start to spring, the 2015-16 fire season was predicted to be busy with much of Victoria expecting an above-average fire season. Unseasonably warm and windy weather at the start of October resulted in the declaration of one of the earliest Total Fire Bans on record and a number of challenging fires.

November brought challenges of a different nature – a fire in the hopper of a ship berthed at the Port of Portland, a large peat fire in south-west Victoria and a large fire at a landfill site in Somerton. Each of these fires needed innovative firefighting solutions, the commitment of specialist resources and careful consideration of the impacts on communities and industry.

Fires in late December were fought under challenging conditions and resulted in the loss of stock and property across the state, including Scotsburn and Barnawartha. The most notable fire during this period was at Wye River, where 116 houses were destroyed on Christmas Day and the fire burned for 34 days. All these fires resulted in significant community impacts and required an extensive response and recovery effort.

Despite a relatively quiet period during January and February, warm conditions persisted into March and April, and our firefighters continued to respond to a variety of incidents outside the traditional summer period.

The total number of fires this season was comparable to recent years, but the number of hectares burnt in 2015-16 was significantly lower. This is evidence of our preparedness, readiness and the importance of aggressive, determined initial attack. There was also no loss of life or serious injuries.

Of particular note this financial year was the extensive support provided by CFA and partner agencies to international and interstate deployments. Deployments to Canada and the US demonstrated a continued commitment to supporting our colleagues during another challenging northern hemisphere fire season. Closer to home, support was provided to South Australia following a damaging fire in late November. The most significant deployment was to Tasmania over much of our late summer period to respond to large and challenging fires.

Table 1 shows when each district had a Total Fire Ban during the 2015-16 fire season, and Table 2 compares the number of Total Fire Ban days over the past five years.

A summary of some of the larger and more challenging incidents are detailed in Table 3, and Table 4 shows CFA's deployments.

Figure 1 gives the total number of incidents for the past five years, and Figure 2 gives a breakdown of incidents by type for 2015-16.



Table 1: Days of Total Fire Ban 2015–16

Date	Total Fire Ban District
6 October 2015	Mallee, Wimmera, South West, Northern Country, North Central and Central (includes Melbourne and Geelong)
20 October 2015	Mallee
17 November 2015	Mallee and Wimmera
18 November 2015	Mallee
19 November 2015	Mallee, Wimmera, Northern Country and North Central
20 November 2015	Mallee
25 November 2015	Mallee, Wimmera, South West, Northern Country, North Central, Central (includes Melbourne and Geelong), North East and West and South Gippsland
30 November 2015	Mallee and Wimmera
7 December 2015	Mallee and Wimmera
8 December 2015	Mallee, Wimmera, South West, Northern Country and North Central
18 December 2015	Wimmera, South West, North Central and Central (includes Melbourne and Geelong)
19 December 2015	the whole State of Victoria
20 December 2015	the whole State of Victoria
25 December 2015	Wimmera, South West, North Central and Central (includes Melbourne and Geelong)
31 December 2015	Wimmera, South West, North Central, Central (includes Melbourne and Geelong) and West and South Gippsland
13 January 2016	Mallee, Wimmera, South West, Northern Country, North Central, Central (includes Melbourne and Geelong), North East and West and South Gippsland
18 January 2016	South West and Central (includes Melbourne and Geelong)
19 January 2016	Mallee, Wimmera, South West, Northern Country, North Central, Central (includes Melbourne and Geelong), North East and West and South Gippsland
13 February 2016	Mallee, Northern Country, North Central and North East
23 February 2016	Mallee, Wimmera, South West, Northern Country, North Central, Central (includes Melbourne and Geelong), North East and West and South Gippsland
24 February 2016	Mallee, Northern Country, North Central and North East
8 March 2016	North Central

Table 2: Number of Total Fire Ban Days declared 2011 to 2016

Declaration	2011-12	2012-13	2013-14	2014-15	2015-16
Whole of state	0	2	6	1	2
Partial	9	15	11	11	20
Total	9	17	17	12	22

Table 3: Summary of major incidents 2015-16

Date	Incident Type	Incident Location	Description
6 October 2015	Grass and scrub fire	Lancefield	3,055 hectares
12 October 2015	Grass and scrub fire	Tallarook	557 hectares
3 November 2015	Structure	Port of Portland	Fire within hopper on livestock ship. Loss of over 800 tonnes of animal feed
7 November 2015	Grass and scrub fire	Strathdownie	10-hectare peat fire. Significant effort to prevent spread of fire and ensure full extinguishment
20 November 2015	Non structure	Somerton	Fire at landfill site. Significant commitment of multi-agency specialist resources
19 December 2015	Grass and scrub fire	Epping	163 hectares. Impact on Hume Freeway
19 December 2015	Grass and scrub fire	Scotsburn	4,570 hectares
19 December 2015	Bushfire	Wye River	2,520 hectares. Significant loss of houses, large recovery effort
20 December 2015	Grass and scrub fire	Barnawartha	6,708 hectares
11 January 2016	Non structure	Broadmeadows	CFA support to MFB at fire involving large pile of tyres
23 February 2016	Grass and scrub fire	Mount Bolton	1,202 hectares

Table 4: Summary of deployments 2015-16

Date	Location	CFA members deployed
July – August 2015	Canada	Nine members in IMT and air operations roles.
August – September 2015	US	Seven members in IMT, air operations, field liaison/supervisor and investigation roles.
November 2015	South Australia	Over 200 members in liaison, strike team and support services roles.
January – March 2016	Tasmania	Over 300 members in IMT, air operations, strike teams, liaison and support services roles.

Figure 1: Total emergency incidents reported

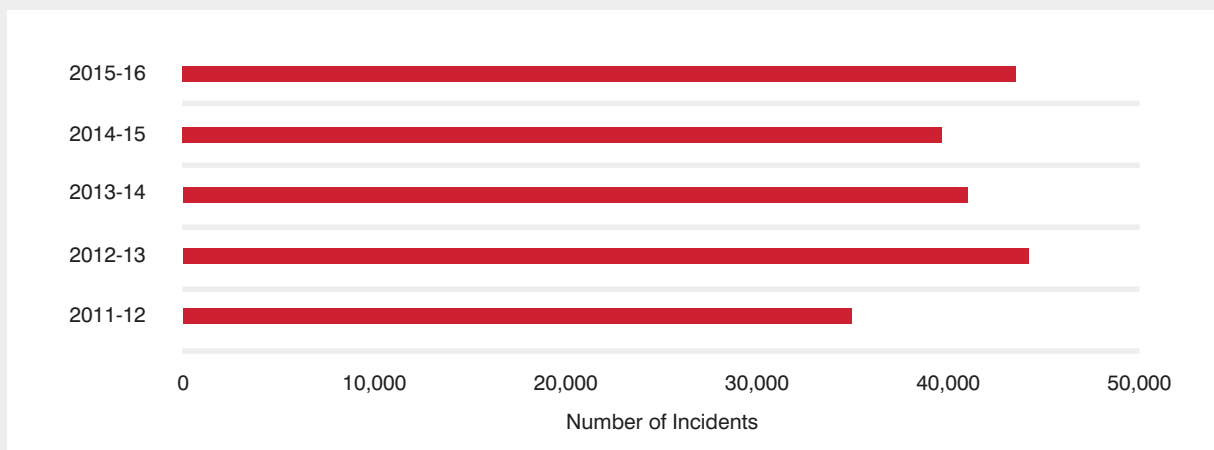
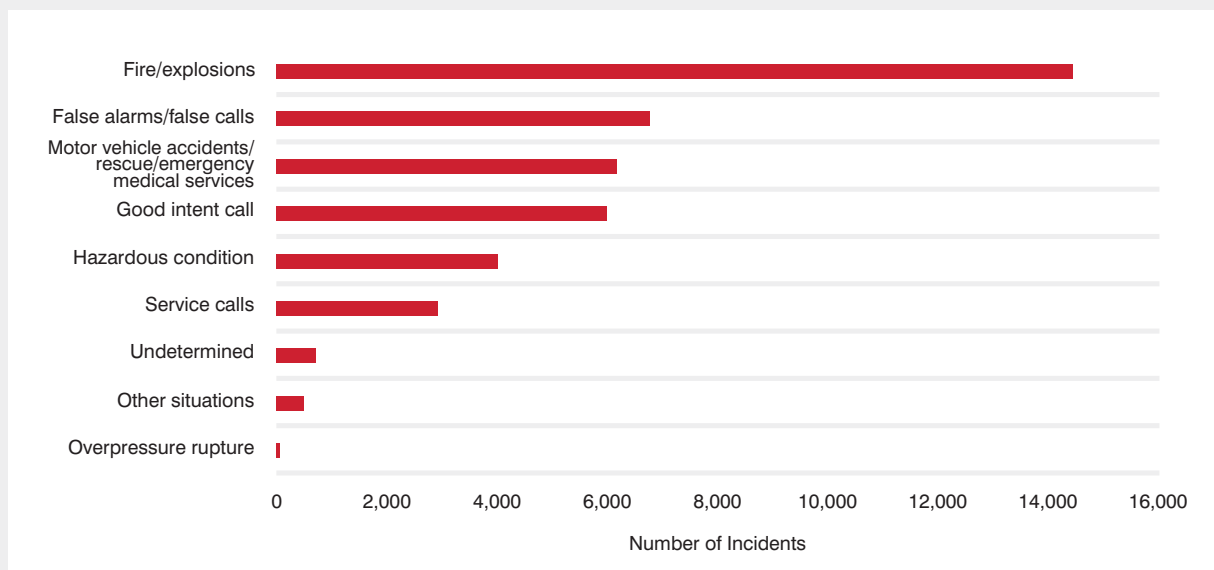


Figure 2: 2015-16 incident response by type



Our performance

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

Table 5 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 6 shows employee breakdown by age and gender.

Table 5: Emergency management capability

Major Outputs/Deliverables Performance measures	Unit of Measure	2015-16 Target	2015-16 Actual
Quantity			
1. Permanent operational staff	number	1,040	1,086
2. Permanent support staff	number	910	967
3. Volunteers – operational	number	39,000- 40,950	35,796
4. Volunteers – support	number	18,000- 19,000	21,315
Quality			
5. Road crash rescue accredited brigades/units	number	23	23
6. Level 3 Incident Controller trained staff and volunteers	number	41	66
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	77
Timelines			
8. Emergency response times meeting benchmarks – structural fires	per cent	90	87
9. Emergency response times meeting benchmarks – road accident rescue	per cent	90	94



CFA member data

Table 6: Employee breakdown by age and gender

	30 June 2015			30 June 2016		
	Number (Headcount)	Ongoing FTE	Fixed term and casual FTE	Number (Headcount)	Ongoing FTE	Fixed term and casual FTE
Gender						
Male	1,609	1,323	139	1,662	1,471	73
Female	679	314	191	655	450	78
Age						
Under 25	81	25	25	56	31	10
25-34	485	370	66	510	444	26
35-44	664	518	84	686	609	35
45-54	559	406	89	564	473	40
55-64	422	281	61	415	318	34
Over 64	77	37	5	86	46	6

Table 7: Member breakdown by role and gender

	Operational volunteers	Support volunteers	Operational staff	Support staff
Male	30,767	13,642	1,055	471
Female	5,029	7,673	31	483

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 Emergency Services, 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
- There were nil disclosures notified to the Independent Broad-based Anti-corruption Commission (IBAC) by CFA under section 21(2) during 2015-16.

Privacy and Data Protection Act 2014

The *Privacy and Data Protection Act 2014* 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
- 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
- information which is available for purchase (e.g. fire incident reports).

2015-16 FOI statistics

Requests received	84
Access granted	3
Partial access granted	29
Access denied	3
Applicant did not proceed	13
No documents available	3
Not finalised as of 30 June 2016	33

2015-16 FOI appeals

FOI Commissioner	3
VCAT hearing	0

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 2014.

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

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 2015-16 financial year, CFA continued to monitor its environmental and sustainable practices relating to energy use, waste production, water consumption, transportation and greenhouse gas emissions.

Compliance with DataVic Access Policy

Consistent with the DataVic Access Policy issued by the Victorian Government in 2012, all data tables included in this annual report will be available at www.data.vic.gov.au in electronic format.

Government advertising expenditure

As at 30 June 2016, there was nil expenditure on advertising campaigns with a media spend of \$100,000 or greater.

Employment and conduct principles

CFA is committed to applying merit and equity principles when appointing staff. The selection processes ensure that applicants are assessed and evaluated fairly and equitably on the basis of the key selection criteria and other accountabilities without discrimination. Employees have been correctly classified in workforce data collections.

Workforce inclusion policy

CFA has a commitment to workforce inclusion. Although no formal inclusion policy, strategy or program of work is in place, this financial year CFA began planning an inclusion policy as a high priority.

Carers Recognition Act 2012

CFA has taken all practical measures to comply with its obligations under the *Carers Recognition Act 2012*.

Expenditure

Consultancy expenditure

Details of consultancies (valued at \$10,000 or greater)

As at 30 June 2016, there were five consultancies where the total fees payable to the consultants were \$10,000 or greater.

(\$'000)						
Consultant	Purpose of consultancy	Start date	End date	Total approved project fee (excl. GST)	Expenditure 2015-16 (excl. GST)	Future expenditure (excl. GST)
K2 Technology Pty Ltd	Asset Management assessment to determine the maturity of CFA's Asset Management System	Jul 2015	Jul 2015	16.3	16.3	0.0
Gravity Consulting	To assist CFA to develop a corporate strategic position paper	Jan 2016	May 2016	95.5	95.5	0.0
Cube Group	Development of the Fire and Emergency Management Headquarters Operating Model	Feb 2016	Jul 2016	80.5	69.8	10.7
Seyfarth Shaw	Workforce strategy development	Mar 2016	Jun 2016	49.2	49.2	0.0
Gravity Consulting	To assist CFA's transformation activities	May 2016	Jun 2017	52.0	10.0	42.0
Total				293.5	240.8	52.7

Details of external consultancies less than \$10,000

As of 30 June 2016, there were nil consultancies engaged during the year, where the total fees payable to the consultant was less than \$10,000.

Information and Communication Technology expenditure

Details of Information and Communication Technology (ICT) expenditure

As at 30 June 2016, total ICT expenditure was \$42.0m.

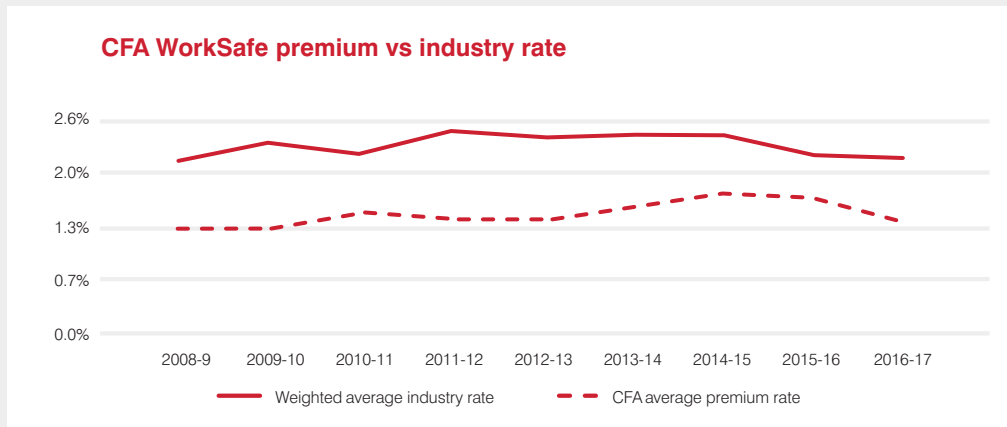
(\$ million)				
Business As Usual (BAU) ICT expenditure	Non-Business As Usual (non-BAU) ICT expenditure	Non-BAU Operational expenditure	Non-BAU Capital expenditure	
(Total) \$m	(Total = A + B) \$m	A \$m	B \$m	
41.3	0.7	0.0	0.7	

ICT expenditure refers to costs in providing business-enabling ICT services. It comprises Business As Usual (BAU) ICT expenditure and Non-Business As Usual (Non-BAU) ICT expenditure. Non-BAU ICT expenditure relates to extending or enhancing current ICT capabilities. BAU ICT expenditure is all remaining ICT expenditure which primarily relates to ongoing activities to operate and maintain the current ICT capability.

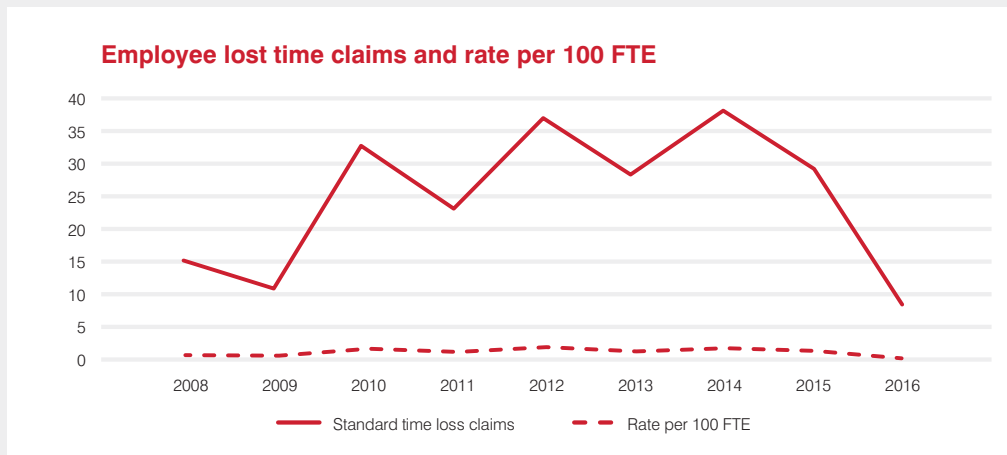
Occupational health and safety

In 2015-16, CFA had 15 hazards and 23 incidents reported per 100 FTE.

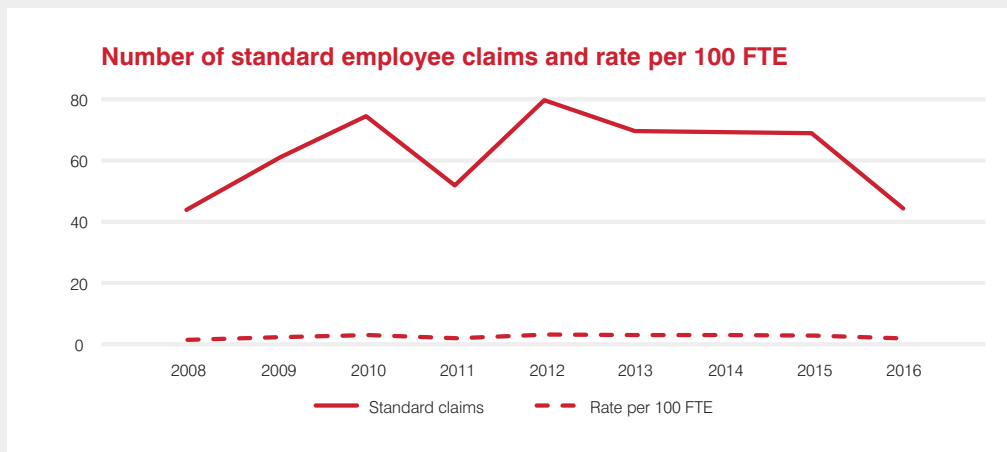
CFA's premium rate has further reduced and continues to remain below the broader industry's performance rate



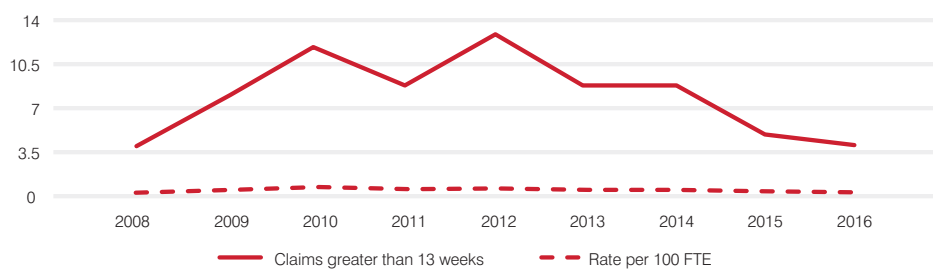
The lost time claims trend has maintained a positive trend which is reflected in the reduced WorkCover premium



The trend for standard claims per 100 full-time equivalents highlights a continuing positive trend

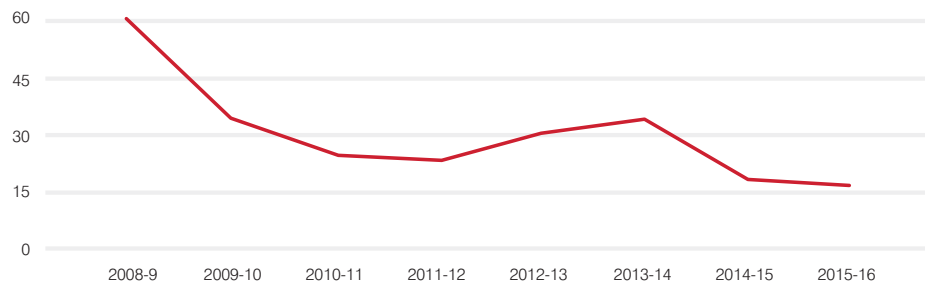


Employee claims with time loss of 13 weeks or greater and rate per 100 FTE



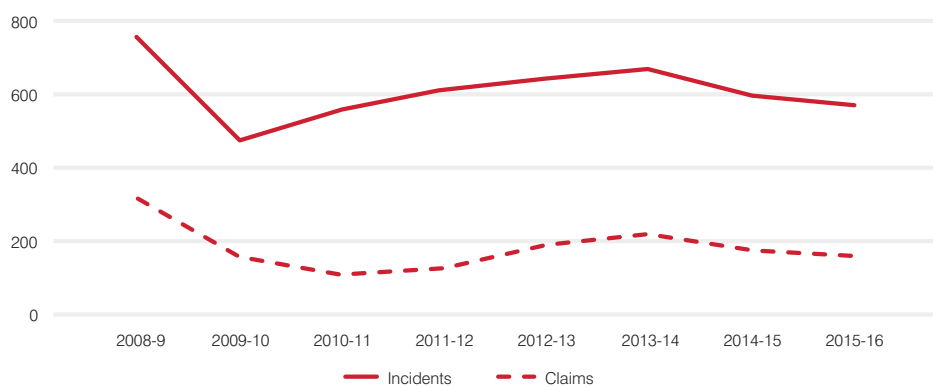
The time lost claims in excess of 13 weeks is continuing its positive trend

Volunteer lost time claims (loss of day) Date of Injury



This chart highlights a positive trend of lost time volunteer injury claims where more than one day's time was lost

Volunteer claims and incident trends (date of injury)



The volunteer claim and incident trends continue to mirror the severity of emergency activities and particularly fire seasons

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* (the Act).

The Board is accountable to the Minister for Emergency Services.

Changes to membership of the CFA Board occurred in June 2016. The new Board brings together decades of experience in governance, industrial law, public policy, and financial management. Its members also provide expertise and representation of CFA's volunteers.

On the recommendation of the Minister for Emergency Services, the Hon James Merlino MP, the Governor-in-Council appointed nine members to the Board. The Minister recommended five members directly, including the Chair and Deputy Chair, and four members were selected by the Minister from a panel nominated by Volunteer Fire Brigades Victoria.

In addition to the requirements of the Act, Board members are required to observe the Victorian Public Sector Commission'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 Corporate 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 2015-16 were:

- Greg Smith AM (Chair); appointed 17 June 2016
- Michelle McLean (Deputy Chair); appointed 17 June 2016
- Dr Gillian Sparkes; appointed 17 June 2016
- Pam White; appointed 17 June 2016
- Simon Weir; appointed 17 June 2016
- Claire Higgins (Chair); until 29 August 2015
- John Peberdy (Deputy Chair and Acting Chair); until 17 June 2016
- Ross Coyle; until 17 June 2016
- Katherine Forrest; until 17 June 2016
- Michael Freshwater; until 17 June 2016
- James Holyman; until 17 June 2016
- John Schurink; until 17 June 2016
- Samantha Hunter; until 17 June 2016
- Michael Tudball AFSM; until 17 June 2016

Board Committees

The Board has five committees appointed to undertake specific tasks on its behalf. Committee membership was reviewed and changed at a Board meeting in October 2015.

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 Ernst & Young 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 2015-16 were:

- Michael Tudball (Committee Chair)
- Michael Freshwater
- Claire Higgins (until August 2015)
- John Peberdy (from August 2015)
- James Holyman (from October 2015)
- John Schurink (until October 2015)
- 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

Table 8: Board members' attendance at meetings

	Board Meetings	Finance, Risk and Audit	People, Remuneration and Culture	Service Delivery	Health, Safety and Environment	Honours & Awards
Number of meetings to 30 June 2016	18	5	4	4	4	6
Claire Higgins ¹	2	–	1	–	1	–
John Peberdy ²	15	3	4	1	4	–
Ross Coyle ²	16	–	–	4	–	6
Katherine Forrest ²	15	–	4	–	4	–
Michael Freshwater ²	15	5	–	2	–	–
James Holyman ²	16	3	2	3	2	–
Samantha Hunter ^{2,3}	14	–	2	–	2	–
John Schurink ²	15	2	2	1	2	–
Michael Tudball ²	16	5	–	3	–	–
Greg Smith ⁴	2	–	–	–	–	–
Michelle McLean ⁴	2	–	–	–	–	–
Gillian Sparkes ⁴	2	–	–	–	–	–
Pam White ⁴	2	–	–	–	–	–
Simon Weir ⁴	2	–	–	–	–	–

1 Claire Higgins resigned from the Board on 29 August 2015.

2 John Peberdy, Ross Coyle, Katherine Forrest, Michael Freshwater, James Holyman, Samantha Hunter, John Schurink, Michael Tudball were removed from the Board on 17 June 2016.

3 Samantha Hunter was appointed to the Board on 25 August 2015.

4 Greg Smith, Michelle McLean, Gillian Sparkes, Pam White and Simon Weir were appointed to the Board on 17 June 2016.

Strategy including leadership, culture, people sustainability and people capability. In addition, the Committee has oversight of the implementation of the CFA Volunteerism Strategy.

Members of the People, Remuneration and Culture Committee during 2015-16 were:

- John Peberdy (Committee Chair)
- Katherine Forrest
- Claire Higgins (until August 2015)
- James Holyman (until October 2015)
- John Schurink (from October 2015)
- Samantha Hunter (from October 2015)

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 2015-16 were:

- Ross Coyle (Committee Chair)

- Michael Freshwater
- Claire Higgins (until August 2015)
- James Holyman (from October 2015)
- John Peberdy (from August 2015)
- John Schurink (until October 2015)
- Michael Tudball

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 2015-16 were:

- James Holyman (Committee Chair) (from July 2015 – October 2015)
- John Schurink (Committee Chair) (from October 2015)
- Katherine Forrest
- Claire Higgins (until August 2015)
- Samantha Hunter (from October 2015)
- John Peberdy
- Rob Sheers (independent member)

Honours and Awards Committee

The Honours and Awards Committee was established to assist the Board to receive, review and provide a recommendation for an award as outlined in the CFA Act and Honours and Awards manual.

Members of the Honours and Awards Committee during 2015-16 were:

- Ross Coyle (Committee Chair)
- Kate Harrap, Acting Executive Director, Learning & Volunteerism
- Robert Dugdale, Acting Manager Volunteerism
- Bob Barry, Assistant Chief Officer
- Hans van Hamond, State President VFBV
- Adam Barnett, Executive Officer VFBV
- Euan Ferguson, Chief Officer (until September 2015)
- Joe Buffone, Chief Officer (December 2015 to June 2016)
- Steven Warrington, Chief Officer (June 2016)
- Michael Wootten, Chief Executive Officer (until September 2015)
- Lucinda Nolan, Chief Executive Officer (December 2015 to June 2016)

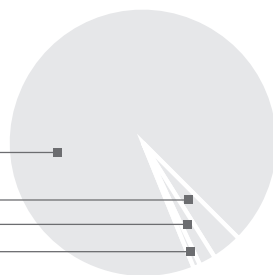
Financial summary

Comprehensive Operating Statement

Income

Total Income: \$510.1m

Grants \$477.6m
 Sale of goods and services \$18.4m
 Other income \$10.0m
 Interest \$4.1m



Income

In 2015-16, CFA received the majority of its income through Grants under the Property-based fire service levy arrangements.

Total income for the 2015-16 year was \$510.1m, which is an increase of \$8.2m from the previous year's total of \$501.9m. Reasons for the increase in total income are an increase in grants and contributions of \$26.4m, an decrease in other income of \$0.3m, a decrease in contributions of \$2.0m, a decrease in sales of goods and services of \$14.7m mainly due to a reduction in regulatory fees, and a decrease in interest income of \$1.0m.

Government and statutory funding

CFA received Grants and Contributions amounting to \$477.6m (2014-15 \$451.2m). Under the *Country Fire Authority Act 1958* (the Act), CFA received funding of annual expenditure from the State Government under the Property-based levy arrangements.

Sales of goods and services

CFA received \$18.4m during the year from the sale of goods and services to external bodies (2014-15 \$33.1m). 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 and emergency attendances.

Other income and interest

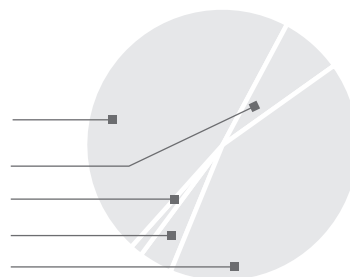
Other income during the year totalled \$10.0m (2014-15 \$10.4m), which is a marginal reduction.

Interest income for the year totalled \$4.1m (2014-15 \$5.2m). The decrease was a result of lower cash and investment balances available for deposit compared to 2014-15, and lower interest rates.

Expenses

Total Expenses and Economic Flows: \$575.3m

Employee expenses \$265.7m
 Depreciation and amortisation \$42.1m
 Other economic flows \$8.5
 Grants \$22.7m
 Other expenses \$236.3m



Expenses

Total expenses excluding other economic flows for the 2015-16 year were \$566.8m compared to \$485.4m for 2014-15. This overall increase of \$81.4m can be attributed to rises in employee expenses of \$29.7m, an increase in depreciation and amortisation of \$1.7m and other expenses of \$50.8m offset by a decrease in grants paid of \$0.7m. Other economic flows for 2015-16 were \$8.5m compared to \$15.8m for 2014-15.

Employee expenses

During 2015-16 employee expenses totalled \$265.7m (2014-15 \$236.1m), the increase of \$29.7m resulted mainly from an increase in salaries of \$25.2m, employee allowance and support costs of \$1.8m.

Depreciation and amortisation

Depreciation of property, plant and equipment amortisation of intangible assets totalled \$42.1m during 2015-16 (2014-15 \$40.4m) and increased primarily due to the net investment in property, plant and equipment.

Other expenses

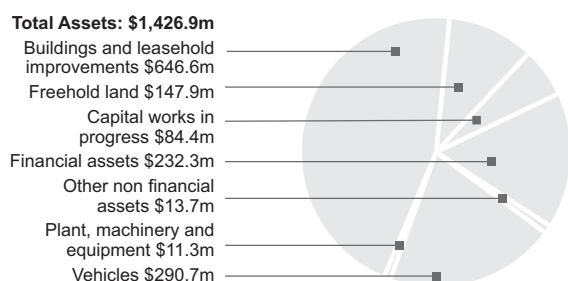
CFA spent \$236.3m on general operating costs and other expenses during 2015-16 (2014-15 \$185.5m). This was an increase of \$50.8m over the previous year which was largely due to increasing the provisions for essential decommissioning and remediation (including Fiskville) \$65.2m offset by a decrease in other expenses including contract payments to external services (ESTA and others) of \$7.2m.

Grants

CFA spent \$22.7m on grants during 2014-15 (2014-15 \$23.5m). This was a decrease of \$0.8m over the previous year which was due to lower payments to the Department of Justice and Regulation.

Balance Sheet

Assets



Total Assets

Total assets at 30 June 2016 were \$1,426.9m compared to the 30 June 2015 total of \$1,361.0m. The major elements of the year-on-year variation \$65.9m were an increase in financial assets of \$1.9m, an increase in buildings and leasehold improvements of \$56.1m, an decrease in land of \$12.5m, an increase in plant & equipment of \$3.0m, an increase in emergency response and transport vehicles of \$5.2m, and an increase in capital works in progress of \$12.2m.

Financial assets

Financial assets totalled \$232.3m (2014-15 \$230.1m) and comprise money owed to CFA including trade receivables, other receivables and GST recoverable of \$46.9m, cash at bank and deposits of \$115.4m and investments and other financial assets of \$70.0m.

Committed Funds

Cash and deposits, and investments, are held for specific purposes and comprise Brigade cash and deposits held for local initiatives, and funding received but not yet expended for activities such as:

- Capital Works – Land & Buildings
- Regional Radio Dispatch Service
- Projects
- Salary increases
- Volunteer Emergency Services Equipment Program.

Non-Financial assets

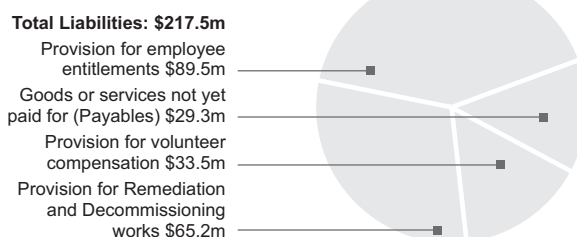
Non-Financial assets totalled \$1,194.5m (2014-15 \$1,131.0m) comprising property, plant and equipment of \$1,180.8m, and other non-financial assets including

inventories and goods held in store of \$9.7m, prepayments made by CFA of \$1.1m and intangible assets recognized for the first time of \$3.0m.

Property, plant and equipment includes an increase in value of \$34.1m due to the five-yearly revaluation of land and buildings. The analysis of property, plant and equipment balances is shown in the pie-chart above.

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 \$84.4m (2014-15 \$72.2m).

Liabilities



Total Liabilities

Total liabilities at 30 June 2016 amounted to \$217.5m compared to the previous year's total of \$144.5m. The increase of \$73.0m was due to increases in provisions for employee benefits and volunteer compensation of \$12.2m and for the remediation and decommissioning works of \$65.2m. This was offset by a decrease of amounts accrued in relation to payables of \$4.4m.

Goods or services not yet paid for (Payables)

At the end of the year a total of \$29.3m was owed for goods or services already provided but not yet paid for. This was a decrease of \$4.4m over the corresponding figure last year (2014-15 \$33.7m) largely due to trade payables and accruals.

Provisions

The analysis of provisions is shown in the pie-chart above.

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. Net increases in cash balances appear as Other Income in the Operating Statement and add to Cash and deposits in the Balance Sheet. Cash and deposits are included in the balance sheet and based on actual bank balances reported by the brigades as at 30 June.

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, Net volunteer and brigade running costs) or by inclusion (under the appropriate expense heading) within CFA's other costs of a similar nature (e.g. Depreciation, Building Operating and Maintenance, Motor Vehicle operating and maintenance, Training and Skills Maintenance, Uniforms and Equipment, etc). As the majority of brigade transactions are thus included in CFA's accounts, the remaining separate revenues and expenses of the 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 disclosed in 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 1,220 brigades/groups were registered with the Trust at 30 June 2016.

The Trust received donations of \$4.8m during the 2015-16 financial year compared with \$4.9m during 2014-15.

The 30 June 2016 Trust bank and deposits balance was \$1.6m compared with \$1.6m on 30 June 2015.

Financial statements

Chair's, Accountable Officer's and Chief Financial Officer's declaration

The attached financial statements for the Country Fire Authority have been prepared in accordance with Direction 4.2 of the Standing Directions of the Minister for Finance under the *Financial Management Act 1994*, applicable Financial Reporting Directions, Australian Accounting Standards including Interpretations, and other mandatory professional reporting requirements.

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

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

In accordance with a resolution of the Board of the Country Fire Authority, we authorise the attached financial statements for issue on 13 October 2016.



13 October 2016
G Smith AM
Chair



13 October 2016
F Diver
Chief Executive Officer



13 October 2016
N McCormick CA
Chief Financial Officer

Comprehensive operating statement
for the financial year ended 30 June 2016

	Notes	2016 \$'000	2015 \$'000
Income from transactions			
Contributions	2(a)	0	2,000
Grants	2(b)	477,613	451,214
Interest	2(c)	4,112	5,155
Sales of goods and services	2(d)	18,385	33,146
Other income	2(e)	10,047	10,414
Total income from transactions		510,157	501,929
Expenses from transactions			
Employee expenses ⁽ⁱ⁾	3(a)	265,743	236,097
Depreciation and amortisation ⁽ⁱ⁾	3(b)	42,081	40,371
Grants and other transfers	3(c)	22,615	23,447
Other operating expenses ⁽ⁱ⁾	3(d)	236,313	185,439
Total expenses from transactions		566,752	485,354
Net result from transactions (net operating balance)		(56,595)	16,575
Other economic flows included in net result			
Net gain/(loss) on non-financial assets	4(a)	(8,288)	(15,975)
Other gains/(losses) from other economic flows	4(b)	(174)	171
Total other economic flows included in net result		(8,462)	(15,804)
Net result		(65,057)	771
Other economic flows – other comprehensive income items that will not be classified to the net result			
Changes in non-financial assets revaluation reserve		34,066	(450)
Comprehensive result		(30,991)	321

Note:

(i) Refer to Note 5 – Correction of prior period errors

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

Balance sheet

as at 30 June 2016

	Notes	2016 \$'000	2015 (Restated) \$'000	1 July 2014 (Restated) \$'000
Assets				
Financial assets				
Cash and deposits	18(a)	115,415	113,771	120,837
Receivables	6	46,931	36,294	9,953
Investments and other financial assets	7	70,000	80,000	110,000
Total financial assets		232,346	230,065	240,790
Non-financial assets				
Inventories	8	9,667	9,753	9,876
Property, plant and equipment	9	1,180,808	1,116,784	1,082,249
Intangible assets ⁽ⁱ⁾	10 & 5	2,985	3,754	4,491
Other non-financial assets	11	1,083	670	1,609
Total non-financial assets		1,194,543	1,130,961	1,098,225
Total assets		1,426,889	1,361,026	1,339,015
Liabilities				
Payables	12	29,311	33,734	37,192
Provisions	13	188,268	110,772	103,446
Total liabilities		217,579	144,506	140,638
Net assets		1,209,310	1,216,520	1,198,377
Equity				
Accumulated surplus ⁽ⁱ⁾	5	385,206	450,263	449,492
Physical asset revaluation surplus	19	465,548	431,482	431,932
Contributed capital		358,556	334,775	316,953
Net worth		1,209,310	1,216,520	1,198,377
Commitments for expenditure	15			
Contingent assets and contingent liabilities	16			

Notes:

(i) Refer to Note 5 – Correction of prior period errors

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

Statement of changes in equity

for the financial year ended 30 June 2016

	Physical Asset Revaluation Surplus \$'000	Accumulated Surplus \$'000	Contributed Capital \$'000	Total \$'000
Balance at 1 July 2014 (Restated)⁽ⁱ⁾	431,932	449,492	316,953	1,198,377
Net result for the year ⁽ⁱ⁾	0	771	0	771
Capital appropriations	0	0	17,822	17,822
Impairment of revalued asset	(450)	0	0	(450)
Balance at 30 June 2015 (Restated)⁽ⁱ⁾	431,482	450,263	334,775	1,216,520
Net result for the year	0	(65,057)	0	(65,057)
Revaluation increment	34,066	0	0	34,066
Capital appropriations	0	0	23,781	23,781
Impairment of revalued asset	0	0	0	0
Balance at 30 June 2016	465,548	385,206	358,556	1,209,310

Notes:

(i) Refer to Note 5 – Correction of prior period errors

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

Cash flow statement

for the financial year ended 30 June 2016

	Notes	2016 \$'000	2015 \$'000
Cash flows from operating activities			
Receipts			
Grant receipts from government		463,280	445,814
Receipts from other entities		4,561	19,584
Goods and Services Tax recovered from the ATO ⁽ⁱ⁾		23,941	28,443
Interest received		3,661	5,178
Other receipts		13,599	8,935
Total receipts		509,042	507,954
Payments			
Payments of grants and other transfers		(22,691)	(23,447)
Payments to suppliers and employees		(438,622)	(449,738)
Total Payments		(461,313)	(473,185)
Net cash flows from operating activities	18(b)	47,729	34,769
Cash flows from investing activities			
Proceeds from investments		805,000	630,000
Payments for investments		(795,000)	(600,000)
Purchases of non-financial assets		(88,214)	(97,356)
Proceeds from sale of non-financial assets		8,348	7,699
Net cash flows used in investing activities		(69,866)	(59,657)
Cash flows from financing activities			
Owner contributions by State Government		23,781	17,822
Net cash flows from financing activities		23,781	17,822
Net increase/(decrease) in cash and cash equivalents		1,644	(7,066)
Cash and cash equivalents at the beginning of the financial year		113,771	120,837
Cash and cash equivalents at the end of the financial year	18(a)	115,415	113,771

Notes:

(i) Goods and Services Tax is presented on a net basis

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

Notes to the financial statements

for the year ended 30 June 2016

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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 year ended 30 June 2016. 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), *Financial Reporting Directions* (FRD)

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 26.

These annual financial statements were authorised for issue by the Board of CFA on 13 October 2016.

(B) Basis of accounting, preparation and measurement

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

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

The judgements and assumptions made by management in the application of AASs 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(M) *Liabilities*); and
- Actuarial assumptions for volunteer compensation provisions based on assessment of outstanding claims (refer to Note 1(M) *Liabilities*).

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.

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

- non-financial 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; and
- certain liabilities that are calculated with regard to actuarial assessments.

Consistent with AASB13 *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 FRDs.

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; and
- 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 year.

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, Tally-Ho Technology Park Burwood East Vic 3151.

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) Basis of preparation of separate financial statements

CFA has determined that it has control over the CFA and Brigades Donations Fund Trust.

The CFA and Brigades Donations Fund Trust has not been consolidated as CFA management has determined that the financial position of the CFA and Brigades Donations Fund Trust is immaterial for consolidation purposes.

The activities and financial position of the CFA and Brigades Donations Fund Trust is disclosed in Note 21 *Trust account balances*.

(E) 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 for the year.

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

'Other economic flows' are changes arising from market remeasurements. They include:

- gains and losses from disposals of non-financial assets;
- revaluations and impairments of non-financial physical and intangible assets;
- fair value changes of financial instruments and
- changes in long service leave provision due to changed estimation.

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

Refer to Note 26 *Glossary of terms and style conventions* 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 are disclosed in the notes, where relevant. In general, noncurrent assets or liabilities are expected to be recovered or settled more than 12 months after the

reporting period, except for the provisions of employee benefits, which are classified as current liabilities.

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 year to the closing balances at the end of the reporting year. 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 26 *Glossary of terms and style conventions* for explanations of minor discrepancies resulting from rounding.

(F) Changes in accounting policies

Subsequent to the 2014-15 reporting year, there have been no new or revised standards adopted for the 2016 financial year.

(G) Income from transactions

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

Grants

Grants from the Department of Justice and Regulation are recognised as income in the reporting year in which the grant is receivable or received.

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

Interest

Interest income includes interest received on bank term deposits and other investments. Interest income is recognised using the effective interest method which allocates the interest over the relevant period.

Sales of goods and 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 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

Other income includes property and other types of rental income, fair value of assets received free of charge or for minimal consideration, donations received, brigade contributions, external capital contributions, employee contributions (FBT) and bad debt reversals.

(H) Expenses from transactions

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

Employee expenses

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

Refer to the section in Note 1(M) *Liabilities* regarding employee benefits.

Superannuation

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

CFA does not recognise any defined benefit liability in respect of the plan because it 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 (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-financial physical assets (excluding items under operating leases, assets held-for-sale, land 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 year 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 year.

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

Asset class	Useful life
Land	Indefinite
Buildings at fair value	50 - 67 years
Leasehold improvements	4 - 50 years
Plant, equipment and vehicles	3 - 25 years

Intangible produced assets with finite useful lives are depreciated as an expense from transactions on a systematic (typically straightline) basis over the asset's useful life. Depreciation begins when the asset is available for use, that is, when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

The following are the estimated useful lives on intangible assets for both current and prior years:

Asset type	Average Life
Trademarks and copyrights	10 years
Software	7 years

On the other hand, the consumption of intangible non produced assets with finite useful lives is not classified as a transaction, but as amortisation. Consequently, the amortisation is included as another economic flow in the net result.

All intangible assets with indefinite useful lives are not depreciated or amortised, but are tested for impairment by comparing its recoverable amount with its carrying amount:

- annually; and
- whenever there is an indication that the intangible asset may be impaired (refer to Note 1(I) *Other Economic flows included in the result*).

Grants and other transfers

Grants and other transfers to third parties (other than contribution to owners) are recognised as an expense in the reporting year 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 26 *Glossary of terms and style conventions* for an explanation of grants and other transfers.

Other operating expenses

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

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 year in which they are incurred. The carrying amounts of any inventories held for distribution are expensed when distributed.

Bad and doubtful debts

Refer to Note 1(K) *Financial Assets* for 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.

(I) 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 nonfinancial assets

Net gain/(loss) on nonfinancial assets and liabilities included realised and unrealised gains and losses as follows:

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

Refer to Note 1(L) *Non-financial assets* for revaluations of nonfinancial physical assets.

Net gain/(loss) on disposal of nonfinancial assets

Any gain or loss on the sale of nonfinancial 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.

Amortisation of nonproduced intangible assets

Intangible nonproduced assets with finite lives are amortised as another economic flow on a systematic (typically straightline) basis.

Impairment of nonfinancial assets

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

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:

- the revaluation of the present value of the long service leave liability due to changes in the bond interest rates; and
- reclassified amounts relating to available for sale

financial instruments from the reserves to net result due to a disposal or de-recognition of the financial instrument. This does not include reclassification between equity accounts due to machinery of government changes or 'other transfers' of assets.

(J) Financial instruments

Financial instruments arise out of contractual agreements that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Due to the nature of the 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(K) *Financial Assets*), 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.

(K) Financial Assets

Cash and deposits

Cash and deposits, including cash equivalents, comprise of 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.

Refer to Note 1(T) *Volunteer Brigade Policies* for volunteer brigade cash and deposits.

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.

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(J) *Financial instruments*.

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 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 year, 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*.

(L) 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.

Bases used in assessing loss of service potential for inventories held for distribution include current replacement cost and technical or functional obsolescence. Technical obsolescence occurs when an item still functions for some or all of the tasks it was originally acquired to do, but no longer matches existing technologies.

Functional obsolescence occurs when an item no longer functions the way it did when it was first acquired.

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 nonfinancial physical assets are discussed in Note 9 *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 nonfinancial physical assets will be their highest and best use.

During the reporting period, CFA also holds cultural assets, heritage assets, and other non-financial physical assets (including Crown land and infrastructure assets) that the CFA intends to preserve because of their unique historical, cultural or environmental attributes. The fair value of those assets is measured at the depreciated replacement cost. However, the cost of some heritage and iconic assets may be the reproduction cost rather than the replacement cost if those assets' service potential could only be replaced by reproducing them with the same materials. In addition, as there are limitations and restrictions imposed on those assets use and/or disposal, they may impact the fair value of those assets, and should be taken into account when the fair value is determined.

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 Note 1(l) *Other economic flows included in the net result* for impairment of nonfinancial 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 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. The Valuer General of Victoria (VGV) has undertaken a valuation of CFA's Land and buildings effective as at 30 June 2016.

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 included in net result' 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 included in net result' 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 included in net result' 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 de-recognition of the relevant asset.

Intangible assets

Intangible assets are initially recognised at cost. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated depreciation/ amortisation and accumulated impairment losses. Costs incurred subsequent to initial acquisition are capitalised when it is expected that additional future economic benefits will flow to CFA.

When the recognition criteria in AASB 138 *Intangible Assets* are met, internally generated intangible assets are recognised and measured at cost less accumulated depreciation/amortisation and impairment.

Refer to Note 1(H) *Depreciation*, Note 1(l) *Amortisation of non-produced intangible assets* and Note 1(l) *Impairment of nonfinancial assets*.

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following are demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;

- an intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

CFA has not previously disclosed intangible assets separately to other nonfinancial assets in the balance sheet. To align with the requirements of AASB138 to recognise such assets, CFA has measured all intangible assets generated in prior financial years at fully amortised cost.

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.

(M) Liabilities

Payables

Payables consist of:

- contractual payables, such as accounts payable. 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
- 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(J) *Financial Instruments*). 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 for services rendered to the reporting date.

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:

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

Long service leave

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

Unconditional LSL is disclosed in the notes to the financial statements as a current liability, even where 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 – if CFA expects to wholly settle within 12 months; or
- present value – if 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(l) *Other economic flows included in net result*).

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 year are discounted at present value.

Employee benefits on-costs

Employee benefits on-costs such as payroll tax, and workers compensation 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 2016.

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.

(N) 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.

(O) 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.

(P) 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 15 *Commitments for expenditure*) 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.

(Q) 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 16 *Contingent assets and contingent liabilities*) and, if quantifiable, are measured at nominal value. Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively.

(R) Accounting for the goods and services tax (GST)

Income, expenses and assets are recognised net of the amount of associated GST, except where GST incurred is not recoverable from the 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 an operating cash flow.

Commitments for expenditure and contingent assets and liabilities are also stated inclusive of GST (refer to Note 1(P) *Commitments for expenditure* and Note 1(Q) *Contingent assets and contingent liabilities*).

(S) 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 that are considered to be of material interest to users of the financial statements.

(T) Volunteer brigade policies

Volunteer brigade cash and deposits

Volunteer brigade cash and deposits are included in the balance sheet and based on actual bank balances reported by the brigades as at 30 June.

Volunteer brigade land and buildings

CFA acknowledges the significant contributions made by volunteer brigades to the capital value of their fire stations. CFA has 1,220 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 and plant and equipment

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 firefighting or support vehicles, including transport vehicles owned by a registered brigade or group which comes under the control of CFA for operational purposes.

(U) Australian Accounting Standards issued that are not yet effective

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

Topic	Key requirements	Effective date
AASB 20107 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127]	<p>The requirements for classifying and measuring financial liabilities were added to AASB 9. The existing requirements for the classification of financial liabilities and the ability to use the fair value option have been retained.</p> <p>The remaining change is presented in profit or loss. However, where the fair value option is used for financial liabilities the change in fair value is accounted for as follows:</p> <ul style="list-style-type: none"> ▪ The change attributable to changes in credit risk are presented in other comprehensive income (OCI). ▪ The remaining change is presented in profit or loss. If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss 	1 January 2018
AASB 15 Revenue from Contracts with Customers	The core principle of AASB 15 requires an entity to recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service to a customer.	1 January 2018
AASB 9 Financial Instruments	The key changes introduced by AASB 9 include the simplified requirements for the classification and measurement of financial assets, a new hedging accounting model and a revised impairment loss model to recognise impairment losses earlier, as opposed to the current approach that recognises impairment only when incurred.	1 January 2018
AASB 20144 Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation [AASB 116 & AASB 138]	<p>Amends AASB 116 and AASB 138 to:</p> <ul style="list-style-type: none"> ▪ establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset; ▪ clarify that the use of revenue based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset; and ▪ clarify that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances. 	1 January 2016
AASB 20145 Amendments to Australian Accounting Standards arising from AASB 15	Amends the measurement of trade receivables and the recognition of dividends.	1 January 2017, except amendments to AASB 9 (December 2009) and AASB 9 (December 2010) apply 1 January 2018.
AASB 20147 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)	Amends various AASs to incorporate the consequential amendments arising from the issuance of AASB 9.	1 January 2018
AASB 20151 Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012–2014 Cycle [AASB 1, AASB 2, AASB 3, AASB 5, AASB 7, AASB 11, AASB 110, AASB 119, AASB 121, AASB 133, AASB 134, AASB 137 & AASB 140]	<p>Amends the methods of disposal in AASB 5 Noncurrent assets held for sale and discontinued operations .</p> <p>Amends AASB 7 Financial Instruments by including further guidance on servicing contracts.</p>	1 January 2016
AASB 2015-6 Amendments to Australian Accounting Standards - Extending Related Party Disclosures to Not - For - Profit Public Sector Entities [AASB 10, AASB 124 & AASB 1049]	Extends the scope of AASB 124 Related Party Disclosures to include not-for-profit public sector entities.	1 July 2016

(V) Correction of prior period errors

Refer to Note 5 *Correction of prior period errors*.

Note 2. Income from transactions

	2016	2015
	\$'000	\$'000
(a) Contributions		
Insurance intermediaries	0	2,000
Total contributions	0	2,000
(b) Grants		
Current grants	462,487	445,814
Supplementary funding	15,126	5,400
Total grants	477,613	451,214
(c) Interest		
Interest from financial assets		
Interest on bank deposits	668	999
Interest on term deposits	3,444	4,156
Total interest revenue	4,112	5,155
(d) Sales of goods and services		
Sale of goods	2,506	2,514
Rendering of services	6,984	7,003
Regulatory fees	8,895	23,629
Total revenue from sale of goods and services	18,385	33,146
(e) Other income		
Increases in brigade assets		
Cash and donations	2,904	4,098
Buildings at fair value	1,465	440
Vehicles, plant and equipment	287	707
	4,656	5,245
Rental income	139	160
Other (aggregate of immaterial items)	5,252	5,009
Total other income	10,047	10,414
Total income from transactions	510,157	501,929

Note 3. Expenses from transactions

	2016	2015
	\$'000	\$'000
(a) Employee expenses		
Salaries ⁰	219,410	194,162
Superannuation (Note 14)	18,819	17,408
Other on-costs (payroll tax, fringe benefits tax, workcover premium)	16,484	15,333
Employee allowance and support costs	11,030	9,194
Total employee expenses	265,743	236,097
(b) Depreciation and amortisation		
Depreciation of property, plant and equipment:		
Buildings	11,049	10,542
Leasehold improvements	717	505
Vehicles	27,750	26,751
Other plant and equipment	1,989	2,001
	41,505	39,799
Amortisation of intangible assets ⁰	576	572
Total depreciation and amortisation	42,081	40,371
(c) Grants and other transfers		
Grants to volunteer associations	1,229	1,120
Grants to local governments	360	266
Grants to Department of Justice & Regulation	21,026	22,061
Total grants and other transfers	22,615	23,447
(d) Other operating expenses		
Supplies and services:		
Uniforms and equipment	9,389	8,637
Printing and stationery	2,590	2,782
Contract payments to external services:– ESTA and others	25,223	32,389
Volunteer compensation and insurance	9,326	12,389
Ex-gratia payments (Note 20)	0	5
Net volunteer and brigade running costs	6,817	6,710
External training and skills maintenance	5,749	3,702
Aircraft hire	8,686	8,305
Hire fees – plant, equipment & vehicles	5,526	4,212
Publicity/advertising	874	789
Buildings operating and maintenance	10,992	12,753
Motor vehicle operating and maintenance	12,869	12,269
Computer equipment and systems ⁰	4,249	5,883
Communications, alarms and radio replacement	22,535	27,792
Other operating and maintenance ⁰	8,773	7,229
Total supplies and services	133,598	145,846

	2016	2015
	\$'000	\$'000
Operating lease rental expenses		
Minimum lease payments	7,987	6,865
Total operating lease rental expenses	7,987	6,865
Fair value of assets provided free of charge or for nominal consideration		
Land and Buildings at fair value	336	3
Total fair value of assets provided free of charge or for nominal consideration	336	3
Bad and doubtful debts from transactions	29	54
Cost of goods sold / distributed	5,178	4,952
Legal fees	1,975	2,351
General expenses	6,131	6,518
Contributions to other emergency organisations	1,525	2,569
Contractors & consultants Fees	12,802	15,189
Audit fees	466	351
Catering – operational	1,106	741
Essential remediation and decommissioning expenses (Note 13)	65,180	0
Total other operating expenses	236,313	185,439

Note:

(i) Reflects first time recognition of intangible assets – refer to Note 5

Note 4. Other economic flows included in net result

(a) Net gain/(loss) on non-financial assets		
Impairment of property plant and equipment	0	(11,223)
Amortisation of non-produced intangible assets ⁽ⁱ⁾	(231)	(231)
Net gain/(loss) on disposal of property plant and equipment	(8,057)	(4,521)
Total net gain/(loss) on non-financial assets	(8,288)	(15,975)
(b) Other gains/(losses) from other economic flows		
Doubtful debts provision gain/(loss) on revaluation	28	2
Net gain/(loss) arising from revaluation of long service leave liability ⁽ⁱⁱ⁾	(202)	169
Total other gains/(losses) from other economic flows	(174)	171

Notes:

(i) Amortisation of non-produced intangible assets with finite useful lives

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

Note 5. Correction of prior period errors

- (a.) This financial year, CFA is recognising Intangible assets for the first time in accordance with AASB 138 *Intangible Assets*. Intangible assets costing \$12.714 million and with a written down value of \$2.985 million as at 30 June 2016 have been disclosed separately in the balance sheet and in Note 10.

1 July 2014 balances have been restated to include intangible assets recognised for the first time costing \$12.609 million and written down value of \$4.491 million. Consequently, CFA's previously reported Accumulated Surplus of \$445.001 million at 30 June 2014 has been restated by \$4.491 million giving a balance of \$449.492 million at 1 July 2014 as shown on the Statement of Changes in Equity. Additions during the 2014-15 financial year of \$0.066 million have been recognised at cost by restating expenses in the Comprehensive Operating Statement. Depreciation and amortisation of intangible assets of \$0.803 million has been reflected in the 2014-15 Comprehensive Operating Statement. The restated balance of intangible assets at 30 June 2015 of \$3.754 million is derived from the 1 July 2014 opening balance of \$4.491 million plus additions of \$0.066 million less depreciation and amortisation of \$0.803 million. Refer to Note 1 (L) and Note 10 *Intangible assets*.

The main effects of the adjustment are summarised as follows:

Account line item	2015 Reported Figure \$'000	Adjustment \$'000	2015 Restated Figure \$'000
Restatement to the Comprehensive Operating Statement:			
Employee expenses – salaries	194,163	(1)	194,162
Other operating expenses – computer equipment and systems	5,946	(63)	5,883
Other operating expenses – other operating and maintenance	7,231	(2)	7,229
Depreciation and amortisation	39,799	572	40,371
Amortisation of non-produced Intangible assets	0	231	231
Restatement to the Balance Sheet:			
Intangibles	0	3,754	3,754
Accumulated surplus	446,509	3,754	450,263

- (b.) CFA has also reclassified a prior year capital transaction as an operating expense in line with the true nature of the expense and AASB 1018 *Statement of financial performance*. This relates to annual maintenance fee of \$55,508 that was paid upfront and capitalised with the asset rather than being treated as a prepayment of an operating expense.

The effect of the adjustment is summarised as follows:

Account line item	2015 Reported Figure \$'000	Adjustment \$'000	2015 Restated Figure \$'000
Property, plant and equipment	1,116,840	(56)	1,116,784
Other non-financial assets	614	56	670

Note 6. Receivables

	2016	2015
	\$'000	\$'000
Current receivables		
Contractual		
Trade receivables	16,642	3,695
Other receivables	4,281	11,111
Provision for doubtful contractual receivables	(49)	(78)
	20,874	14,728
Statutory		
GST input tax credit recoverable	3,108	3,149
Regulatory fees	22,949	18,187
Other receivables	0	230
	26,057	21,566
Total receivables	46,931	36,294
(a) Movement in the provision for doubtful contractual receivables		
Balance at beginning of the year	(78)	(80)
Receivables written off during the year as uncollectible	78	11
Receivables recovered during the year	(21)	13
(Increase)/decrease in provision recognised in the comprehensive operating statement	(28)	(22)
Balance at end of the year	(49)	(78)
(b) Ageing analysis of contractual receivables		
Please refer to Note 17 <i>Financial Instruments</i> for the ageing analysis of contractual receivables.		
(c) Nature and extent of risk arising from contractual receivables		
Please refer to Note 17 <i>Financial Instruments</i> for the nature and extent of credit risk arising from contractual receivables.		

Note 7. Investments and other financial assets

Current investments		
Term deposits:		
Australian dollar term deposits greater than three months	70,000	80,000
Total current investments	70,000	80,000

Current investments are held with Treasury Corporation Victoria.

Note 8. Inventories

Current inventories		
Supplies and consumables:		
At cost	9,667	9,753
Total inventories	9,667	9,753

Note 9. Property, plant and equipment

Table 9.1: Gross carrying amount and accumulated depreciation

	Gross carrying amount		Accumulated depreciation		Net carrying amount	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Land at fair value	147,855	160,407	0	0	147,855	160,407
Buildings at fair value	638,379	620,878	0	(37,926)	638,379	582,952
Leasehold improvements at fair value	20,717	19,211	(12,467)	(11,751)	8,250	7,460
Vehicles at fair value	543,664	510,736	(253,005)	(225,255)	290,659	285,481
Other plant and equipment at fair value	76,964	71,998	(65,713)	(63,724)	11,251	8,274
Property, plant and equipment in the course of construction at cost	84,415	72,210	0	0	84,415	72,210
	1,511,994	1,455,440	(331,185)	(338,656)	1,180,809	1,116,784

Note 9. Property, plant and equipment (continued)

Table 9.2: Movements in carrying amounts at fair value and cost

Reconciliations of the carrying amount 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 \$'000	Buildings at fair value \$'000	Leasehold Improve'ts at fair value \$'000	Vehicles at fair value \$'000	Other Plant & Equipment at fair value \$'000	Work in Progress at cost \$'000	Total \$'000
Carrying amount							
Balance at 30 June 2014	157,649	553,150	2,315	277,188	7,300	84,647	1,082,249
Fair value of assets provided for nil consideration	(3)	(0)	0	0	0	0	(3)
Additions (Note 5 Restated)	0	0	0	0	0	97,234	97,234
Disposals	(940)	(5,879)	0	(4,403)	(3)	0	(11,225)
Impairment of assets	(600)	(9,266)	0	0	(1,357)	0	(11,223)
Transfers to fixed assets	4,751	55,049	5,650	38,835	4,239	(108,524)	0
Revaluation of PPE	(450)	0	0	0	0	0	(450)
Brigade assets recognised (Note 2(e))	0	440	0	612	95	(1,147)	0
Depreciation expense (Note 3(b))	0	(10,541)	(505)	(26,751)	(2,001)	0	(39,798)
Balance at 30 June 2015 (Restated)	160,407	582,953	7,460	285,481	8,273	72,210	1,116,784
Fair value of assets provided for nil consideration	(336)	0	0	0	0	0	(336)
Additions	0	0	0	0	0	87,130	87,130
Disposals	(1,246)	(9,587)	0	(4,377)	(121)	0	(15,331)
Transfers to fixed assets	4,711	24,850	1,506	37,018	5,088	(73,173)	0
Revaluation of PPE	(15,681)	49,747	0	0	0	0	34,066
Brigade assets recognised (Note 2(e))	0	1,465	0	287	0	(1,752)	0
Depreciation expense (Note 3(b))	0	(11,049)	(716)	(27,750)	(1,989)	0	(41,504)
Balance at 30 June 2016	147,855	638,379	8,250	290,659	11,251	84,415	1,180,809

Note 9. Property, plant and equipment (continued)

Table 9:3 Fair value measurement hierarchy for assets as at 30 June 2016

Assets measured at fair value (30 June 2016)	\$'000			
	Carrying amount as at 30 June 2016	Fair value measurement at end of reporting period using: ⁽ⁱ⁾		
		Level 1	Level 2	Level 3
Freehold Land – specialised	147,855	0	0	147,855
Buildings specialised	638,029	0	0	638,029
Heritage asset	350	0	0	350
Total of buildings at fair value	638,379	0	0	638,379
Leasehold improvements	8,250	0	0	8,250
Vehicles	290,659	0	0	290,659
Other plant and equipment	11,251	0	0	11,251
Total land, buildings, plant and equipment	1,096,394	0	0	1,096,394

Notes:

(i) Classified in accordance with the fair value hierarchy, see Note 1(B) Basis of accounting, preparation and measurement. There have been no transfers between levels during the period.

Assets measured at fair value (30 June 2015)	\$'000			
	Carrying amount as at 30 June 2015	Fair value measurement at end of reporting period using: ⁽ⁱ⁾		
		Level 1	Level 2	Level 3
Freehold Land – specialised	160,407	0	0	160,407
Buildings specialised	582,602	0	0	582,602
Heritage asset	350	0	0	350
Total of buildings at fair value	582,952	0	0	582,952
Leasehold improvements	7,460	0	0	7,460
Vehicles	285,481	0	0	285,481
Other plant and equipment	8,274	0	0	8,274
Total land, buildings, plant and equipment	1,044,574	0	0	1,044,574

Notes:

(i) Classified in accordance with the fair value hierarchy, see Note 1(B) Basis of accounting, preparation and measurement. 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 valuers 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 would be classified as Level 3 assets.

For CFA's specialised buildings, the depreciated

Note 9. Property, plant and equipment (continued)

replacement cost method is used, adjusting for the associated depreciation. 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 2016.

Heritage 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.

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 2016. For all assets measured at fair value, the current use is considered the highest and best use.

Table 9.4: Reconciliation of Level 3 fair value

	Freehold Land at fair value \$'000	Buildings at fair value \$'000	Leasehold Improve'ts at fair value \$'000	Vehicles at fair value \$'000	Other Plant & Equipment at fair value \$'000	Total \$'000
Opening balance at 1 July 2015 (Restated)	160,407	582,953	7,460	285,481	8,273	1,044,574
Purchases	4,711	26,315	1,506	37,305	5,088	74,925
Sales	(1,582)	(9,587)	0	(4,377)	(121)	(15,667)
Gains or losses recognised in net result						
Depreciation	0	(11,049)	(716)	(27,750)	(1,989)	(41,504)
Subtotal	163,536	588,632	8,250	290,659	11,251	1,062,328
Gains or losses recognised in other economic flows						
Revaluation	(15,681)	49,747	0	0	0	34,066
Closing balance at 30 June 2016	147,855	638,379	8,250	290,659	11,251	1,096,394

Table 9.5: Description of significant unobservable inputs to level 3 valuations

Asset Class	Valuation technique	Unobservable input
Specialised freehold land	Market approach	Community Service Obligation (CSO) and public use adjustment
Specialised buildings	Depreciated replacement cost	Useful life of buildings
Leasehold improvements	Depreciated replacement cost	Useful life of leasehold improvements and lease term
Heritage assets	Depreciated replacement cost	Useful life of heritage assets
Vehicles	Depreciated replacement cost	Useful life of vehicles
Other plant and equipment	Depreciated replacement cost	Useful life of plant and equipment

Note 10. Intangible assets

	2016	2015
	\$'000	\$'000
Gross carrying amount opening balance (including work in progress)	12,675	12,609
Additions	39	66
Closing balance	12,714	12,675
Accumulated depreciation, amortisation and impairment opening balance	8,921	8,118
Depreciation of intangible produced assets ⁽ⁱ⁾	576	572
Amortisation of intangible nonproduced assets ⁽ⁱⁱ⁾	231	231
Closing balance	9,729	8,921
Net book value at end of financial year	2,985	3,754

Notes:

(i) The consumption of intangible non-produced assets is included in 'net gain/(loss) on non-financial assets' line item on the comprehensive operating statement.

(ii) Impairment losses are included in the line item 'net gain/(loss) on non-financial assets' in the comprehensive operating statement.

Significant intangible assets

CFA has capitalised development expenditure associated with software, graphical designs and other intellectual property. CFA has also capitalised trademarks held for protection of its brand and marketing materials. These are amortised over their useful life.

Note 11. Other non-financial assets

	2016	2015
	\$'000	\$'000
Current other assets		
Prepayments ⁽ⁱ⁾	1,083	670
Total current other assets	1,083	670
Non-current other assets		
Prepayments	0	0
Total non-current other assets	0	0
Total other non-financial assets	1,083	670

Notes:

(i) Refer to Note 5 – Correction of prior period errors

Note 12. Payables

	2016	2015
	\$'000	\$'000
Current payables		
Contractual		
Trade payables	3,395	5,382
Other payables and accruals	25,500	27,510
	28,895	32,892
Statutory		
Amounts payable to government and agencies	0	596
FBT payable	169	152
GST payable	247	93
	416	841
Total payables	29,311	33,734
(a) Maturity analysis of contractual payables		
Please refer to Note 17 <i>Financial instruments</i> for the ageing analysis of contractual payables.		
(b) Nature and extent of risk arising from payables		
Please refer to Note 17 <i>Financial instruments</i> for the nature and extent of risks arising from payables.		

Note 13. Provisions

	2016	2015
	\$'000	\$'000
Current provisions		
Employee benefits ⁽ⁱ⁾ (Note 13(a)) – annual leave		
Unconditional and expected to be settled within 12 months ⁽ⁱⁱ⁾	26,143	21,728
Unconditional and expected to be settled after 12 months ⁽ⁱⁱⁱ⁾	3,181	3,969
Employee benefits ⁽ⁱ⁾ (Note 13(a)) – long service leave		
Unconditional and expected to be settled within 12 months ⁽ⁱⁱ⁾	2,786	2,373
Unconditional and expected to be settled after 12 months ⁽ⁱⁱⁱ⁾	37,589	34,153
	69,699	62,223
Provisions related to employee benefit on-costs (Note 13(a))		
Unconditional and expected to be settled within 12 months ⁽ⁱⁱ⁾	6,566	5,528
Unconditional and expected to be settled after 12 months ⁽ⁱⁱⁱ⁾	7,492	7,047
	14,058	12,575
Volunteer compensation (Note 1(M))	5,782	5,898
Provision for remediation & decommissioning works	8,510	0
Total current provisions	98,049	80,696
Non-current provisions		
Employee benefits ⁽ⁱ⁾ (Note 13(a))	4,926	4,472
Provisions related to employee benefit on-costs (Note 13(a))	866	772
Volunteer compensation (Note 1(M))	27,757	24,832
Provision for remediation & decommissioning works	56,670	0
Total non-current provisions	90,219	30,760
Total provisions		
Employee benefits (Note 1(M)), (Note 13(a))	89,549	80,042
Volunteer compensation (Note 1(M))	33,539	30,730
Provision for remediation & decommissioning works	65,180	0
	188,268	110,772

Notes:

(i) Employee benefits consist of amounts for annual leave and long service leave accrued not including on-costs

(ii) The amounts disclosed are nominal amounts

(iii) The amounts disclosed are discounted to present values

(a) Employee benefits and related on-costs		
Current employee benefits		
Annual leave entitlements	29,324	25,697
Unconditional long service leave entitlements	40,375	36,526
Non-current employee benefits		
Conditional long service leave entitlements	4,926	4,472
Total employee benefits	74,624	66,695
Current on-costs	14,058	12,575
Non-current on-costs	866	772
Total on-costs	14,925	13,347
Total employee benefits and related on-costs	89,549	80,042

(b) Movement in provisions					
	Employee benefits	On-costs	Volunteer compensation	Environmental Remediation and Decommissioning works	Total
	2016	2016	2016	2016	2016
	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance	66,695	13,347	30,730	0	110,772
Additional provisions recognised	31,168	6,334	4,339	65,180	107,021
Reductions arising from payments	(23,340)	(4,854)	(1,530)	0	(29,724)
Effect of changes in the discount rate	101	98	0	0	199
Closing balance	74,624	14,925	33,539	65,180	188,268
Current	69,699	14,058	5,782	8,510	128,149
Non-current	4,926	866	27,757	56,670	60,119
	74,624	14,925	33,539	65,180	188,268

(c) Volunteer compensation provision assumptions

The volunteer compensation provision is based on the following key assumptions as at 30 June 2016

	30 June 2016	30 June 2015
Claim Inflation	2.5% p.a.	2.5% p.a.
Discount Rate	2.25% p.a.	2.5% p.a.
Risk margin	25.0% p.a.	30.0% p.a.
Claims handling expenses	10.0% p.a.	10.0% p.a.
Weighted average term of settlement	5.7 years	4.6 years

Note 14. 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 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 disclosure for administered items.

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 2015 and 30 June 2016. The name and details of each of the major employee superannuation funds and contributions made by CFA are as follows:

	2016	2015
	\$'000	\$'000
Fund		
Defined benefits schemes		
Emergency Services Superannuation Scheme (ESSS)	12,605	11,433
Other	31	30
Accumulation Schemes		
Emergency Services Superannuation Plan (ESS Plan)	5,392	5,808
Others	791	137
Total (Note 3(a))	18,819	17,408

Note 15. Commitments for expenditure

	2016	2015
	\$'000	\$'000
(a) Commitments	<i>Nominal value</i>	<i>Nominal value</i>
Capital expenditure commitments		
Plant, equipment and vehicles	11,922	16,877
Total capital expenditure commitments	11,922	16,877
Non-cancellable operating lease commitments:		
Land and buildings including regional and administration offices, mechanical workshops, training grounds and computer equipment.	33,041	54,635
Total operating lease commitments	33,041	54,635
Other expenditure commitments		
Emergency Services Telecommunications Authority (ESTA) agreement commitments:	31,349	58,143
Emergency Management Victoria (EMV) agreement commitments:	17,295	21,026
Other service payments	95,093	52,726
Total other expenditure commitments	143,737	131,895
Total commitments for expenditure (inclusive of GST)	188,700	203,407
(b) Commitments payable		
Capital expenditure commitments payable		
Payable:		
Not longer than one year	11,922	16,877
Total capital expenditure commitments	11,922	16,877
Non-cancellable operating lease payables:		
Not longer than one year	6,979	9,846
Longer than one year and not longer than five years	16,802	25,423
Longer than five years	9,261	19,367
Total lease commitments	33,041	54,635
Other expenditure commitments		
Not longer than one year	77,265	70,017
Longer than one year and not longer than five years	51,743	61,878
Longer than five years	14,729	0
Total other expenditure commitments	143,737	131,895
Total commitments for expenditure (inclusive of GST)	188,700	203,407
Less GST recoverable from the Australian Taxation Office	(17,154)	(18,492)
Total commitments for expenditure (exclusive of GST)	171,546	184,915

Comparatives have been restated to reflect commitments under contracts and agreements.

Note 16. Contingent assets and contingent liabilities

Contingent assets

CFA has not identified any contingent assets for 2015-16 financial year (2014-15: Nil).

Contingent liabilities

CFA has the following unquantifiable contingent liabilities.

(i) At 30 June 2016, 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) Remediation and closure of Fiskville Training College and remediation of VEMTC training grounds.

On 26 March 2015, the Government announced the permanent closure of Fiskville Training College ("Fiskville"). Fiskville and VEMTC training grounds owned by CFA at Penhurst, Bangholme, West Sale, Wangaratta, Huntly, and Longerenong have been the subject of notices issued by the EPA. Note 13 *Provisions* details the provisions associated with the closure of Fiskville and the activities required to address the obligations associated with these notices.

CFA also has a number of contingent liabilities arising from the closure of Fiskville and the notices issued by EPA. These relate to any further notices that may be issued by EPA, any regulatory infringements that may be imposed by EPA, compensation that may be sought and, any legal claims that may be made. At this stage it is impractical to quantify the financial effects of these contingent liabilities.

Note 17. 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(J) *Financial instruments* 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.

Table 17.1: Categorisation of financial instruments	2016 \$'000	2015 \$'000
Contractual financial assets (loans and receivables)		
Cash and deposits	115,415	113,771
Receivables:		
Sale of goods and services	16,642	3,695
Other receivables	4,281	11,111
Investments - term deposits	70,000	80,000
Total contractual financial assets	206,338	208,577
Contractual financial liabilities (at amortised cost)		
Payables:		
Supplies and services	3,395	5,382
Other payables	25,500	27,510
Total contractual financial liabilities	28,895	32,892

(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), and the pool of Insurance industry contributors.

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; and
- 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 AAA and long term investments of BBB, 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 17.2: Ageing analysis of contractual financial assets**\$'000**

2016	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	
Cash and deposits	115,415	115,415	0	0	0	0	0
Receivables ⁽ⁱ⁾							
Sale of goods and services	16,642	15,912	80	204	446	0	0
Other receivables	4,281	4,281	0	0	0	0	0
Investments – term deposits	70,000	70,000	0	0	0	0	0
Total	206,338	205,608	80	204	446	0	0
2015							
Cash and deposits	113,771	113,771	0	0	0	0	0
Receivables ⁽ⁱ⁾							
Sale of goods and services	3,695	0	1,739	505	1,451	0	0
Other receivables	11,111	11,111	0	0	0	0	0
Investments – term deposits	80,000	80,000	0	0	0	0	0
Total	208,577	204,882	1,739	505	1,451	0	0

Notes:

(i) 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.

The maximum exposure to liquidity risk is the carrying amounts of financial liabilities.

The following table 17.3 discloses the contractual maturity analysis for CFA's financial liabilities:

Table 17.3: Maturity analysis of contractual financial liabilities

\$'000

2016	Carrying Amount	Nominal amount	Maturity dates ⁽ⁱ⁾			
			Less than 1 month	1-3 months	3 months - 1 year	1-5 years
Payables:⁽ⁱⁱ⁾						
Trade and other payables	28,895	28,895	28,895	0	0	0
	28,895	28,895	28,895	0	0	0
2015						
Payables:⁽ⁱⁱ⁾						
Trade and other payables	32,892	32,892	32,892	0	0	0
	32,892	32,892	32,892	0	0	0

Notes:

(i) The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities.

(ii) 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 the table below. There are no financial liabilities with interest rate exposure.

Table 17.4: Interest rate exposure of financial instruments.

\$'000

2016	Weighted average effective interest rate %	Carrying Amount	Interest rate exposure		
			Fixed interest rate	Variable interest rate	Non- interest bearing
Financial assets					
Cash and cash equivalents	1.91	115,415	39,000	76,415	0
Receivables ⁽ⁱ⁾					
Sale of goods and services		16,642	0	0	16,642
Other receivables		4,281	0	0	4,281
Term deposits	2.24	70,000	70,000	0	0
		206,338	109,000	76,415	20,923
Financial liabilities					
Payables:					
Trade and other payables		28,895	0	0	28,895
		28,895	0	0	28,895
2015					
Financial assets					
Cash and cash equivalents	2.32	113,771	40,000	73,700	71
Receivables ⁽ⁱ⁾					
Sale of goods and services		3,695	0	0	3,695
Other receivables		11,111	0	0	11,111
Term deposits	2.60	80,000	80,000	0	0
		208,577	120,000	73,700	14,877
Financial liabilities					
Payables:					
Trade and other payables		32,892	0	0	32,892
		32,892	0	0	32,892

Note:

(i) 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 50 basis points up and down (2015: 100 basis points up and down) in market interest rates.

The following table 17.5 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 17.5: Interest rate risk sensitivity.

		\$'000			
		Interest rate			
		-50 basis points		+50 basis points	
2016	Carrying Amount	Net result	Accumulated Surplus	Net result	Accumulated Surplus
Contractual financial assets					
	76,415	(382)	0	382	0
		(382)	0	382	0
2015					
		-100 basis points		+100 basis points	
Contractual financial assets					
	73,700	(737)	0	737	0
		(737)	0	737	0

(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 17.6: Categorisation of financial instruments

	Carrying amount	Fair value	Carrying amount	Fair value
	2016 \$'000	2016 \$'000	2015 \$'000	2015 \$'000
Contractual financial assets (loans and receivables)				
Cash and deposits	115,415	115,415	113,771	113,771
Receivables: ⁽ⁱ⁾				
Sale of goods and services	16,642	16,642	3,695	3,695
Other receivables	4,281	4,281	11,111	11,111
Investments:				
Term deposits	70,000	70,000	80,000	80,000
Total contractual financial assets	206,338	206,338	208,577	208,577
Contractual financial liabilities (at amortised cost)				
Payables: ⁽ⁱ⁾				
Supplies and services	3,395	3,395	5,382	5,382
Other payables	25,500	25,500	27,510	27,510
Total contractual financial liabilities	28,895	28,895	32,892	32,892

Note:

(i) 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 18. 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:		
	2016	2015
	\$'000	\$'000
Cash and deposits		
Cash at bank and on hand	6,887	5,767
Brigade cash and deposits	69,528	68,004
Short term deposits	39,000	40,000
	115,415	113,771
Cash and deposits 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; and		
– balances held by brigades, which in general will be deployed for the benefit of the relevant brigade or group of brigades.		
Short term deposits are held with Treasury Corporation Victoria.		
The basis for the calculation of brigades' cash and cash equivalents is described in Note 1(T) <i>Volunteer brigade policies</i> .		
(b) Reconciliation of net result for the period to net cash flows from operating activities		
	2016	2015
	\$'000	\$'000
Net result for the period	(65,057)	771
Non-cash movements:		
Depreciation and amortisation of non-current assets	42,081	40,603
(Gain) / loss on sale of non-current assets	8,288	4,521
Impairment of property plant and equipment	0	11,222
Assets provided free of charge or for nominal consideration	336	3
Allowance for doubtful debts	(28)	(2)
Movements in assets and liabilities:		
(Increase)/decrease in prepayments	(413)	0
(Increase)/decrease in receivables	(10,637)	(26,342)
(Increase)/decrease in inventories	86	124
Increase/(decrease) in payables	(4,423)	(3,457)
Increase/(decrease) in provisions	77,496	7,326
Total adjustments	112,786	33,998
Net cash inflow from operating activities	47,729	34,769

Note 19. Reserves

	2016	2015
	\$'000	\$'000
Physical asset revaluation surplus		
Asset revaluation surplus – land	94,801	110,481
Asset revaluation surplus – buildings	370,747	321,001
	465,548	431,482
Movements		
Asset revaluation surplus		
Balance at beginning of financial year	431,482	431,932
Impairment of revalued asset	0	(450)
Revaluation increment (decrement) of freehold land	(15,681)	0
Revaluation increment (decrement) of buildings	49,747	0
Movement for the year	34,066	(450)
Balance at end of financial year	465,548	431,482
Nature and purpose of reserve		
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(L) <i>Non-financial assets</i> .		

Note 20. Ex gratia payments

	2016	2015
	\$'000	\$'000
Payment to a volunteer fire fighter due to an injury	0	5
Total Ex gratia expenses⁽ⁱ⁾	0	5

Notes:

(i) The total for ex gratia expenses is also presented in 'other operating expenses' of Note 3 *Expenses from transactions*.

Note 21. Trust account balances

The following is a list of trust account balances relating to trust accounts controlled by CFA. The transactions and balances of the CFA and Brigades Donations Fund are not consolidated on the basis of materiality.

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 firefighting skills.

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 equipment functions.

	2016			
	Opening balance as at 1 July 2015 \$'000	Total Receipts \$'000	Total Payments \$'000	Closing balance as at 30 June 2016 \$'000
Cash and cash equivalents and Investments				
Controlled trusts				
Public trust	3,309	294	304	3,299
CFA and Brigades Donations Fund	1,594	4,762	4,734	1,622
Total controlled trusts	4,903	5,056	5,038	4,921
	2015			
	Opening balance as at 1 July 2014 \$'000	Total Receipts \$'000	Total Payments \$'000	Closing balance as at 30 June 2015 \$'000
Cash and cash equivalents and Investments				
Controlled trusts				
Public trust	3,247	130	68	3,309
CFA and Brigades Donations Fund	1,504	4,855	4,765	1,594
Total Controlled trusts	4,751	4,985	4,833	4,903

Note 22. 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 Emergency Services:

- The Hon Jane Garrett, MP – 1 July 2015 to 10 June 2016
- The Hon James Merlino, MP – 10 June 2016 to 30 June 2016

Authority Members (CFA Board Members)

- C Higgins (Chair) – 1 July 2015 to 29 August 2015
- J Peberdy (Deputy Chair) – 1 July 2015 to 29 August 2015
- J Peberdy (Acting Chair) – 30 August 2015 to 17 June 2016
- G Smith AM (Chair) – 17 June 2016 to 30 June 2016
- M McLean (Deputy Chair) – 17 June 2016 to 30 June 2016
- R Coyle – 1 July 2015 to 17 June 2016
- M Freshwater – 1 July 2015 to 17 June 2016
- M Tudball – 1 July 2015 to 17 June 2016
- K Forrest – 1 July 2015 to 17 June 2016
- J Holyman – 1 July 2015 to 17 June 2016
- J Schurink – 1 July 2015 to 17 June 2016
- S Hunter – 25 August 2015 to 17 June 2016
- P White – 17 June 2016 to 30 June 2016
- G Sparkes – 17 June 2016 to 30 June 2016
- S Weir – 17 June 2016 to 30 June 2016

Accountable Officer

- M Wootten (Interim Chief Executive Officer) – 1 July 2015 to 6 November 2015
- L Nolan (Chief Executive Officer) – 9 November 2015 to 17 June 2016
- J Buffone (Acting Chief Executive Officer) – 18 June 2016 to 26 June 2016
- F Diver (Chief Executive Officer) – 27 June 2016 to 30 June 2016

Remuneration (other than the Responsible Minister)

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

	2016	2015
Income band	No.	No.
\$0 - \$9,999	9	6
\$10,000 - \$19,999	6	5
\$20,000 - \$29,999	0	1
\$40,000 - \$49,999	1	0
\$50,000 - \$59,999	0	1
\$130,000 - \$139,999	0	1
\$520,000 - \$529,999	1	1
\$1,210,000 - \$1,219,999	1	0
Total Numbers	18	15
Total Amount \$'000	1,908	837

Remuneration includes the payout of accrued leave entitlements on retirement, resignation or contract completion.

C Higgins is a board member of Victoria State Emergency Service Authority. J Peberdy is Chair of Victorian Managed Insurance Authority. G Smith is board member of Ambulance Victoria. G Sparkes is a board member of The Royal Children's Hospital Foundation Melbourne and Greening Australia and also Commissioner for Environmental Sustainability. P White is Chair of Victorian Registration and Qualifications Authority.

Transactions with these entities where applicable were at arms-length from CFA Board members and at normal commercial terms.

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

Note 23. Remuneration of executives and payments to other personnel

(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 below in their relevant income bands. The base remuneration of executive officers is shown in the third and fourth columns. Base remuneration is exclusive of bonus payments, long-service leave payments, redundancy payments and retirement benefits. The total annualised employee equivalent provides a measure of full-time equivalent 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.

Income Band	Total Remuneration		Base remuneration	
	2016 No.	2015 No.	2016 No.	2015 No.
\$0 - \$99,999	3	2	4	5
\$100,000 - \$109,999	0	1	2	1
\$120,000 - \$129,999	1	1	1	0
\$130,000 - \$139,999	2	0	1	2
\$140,000 - \$149,999	0	0	1	2
\$150,000 - \$159,999	0	0	2	1
\$160,000 - \$169,999	2	1	2	10
\$170,000 - \$179,999	0	5	4	3
\$180,000 - \$189,999	5	2	2	3
\$190,000 - \$199,999	4	9	4	1
\$200,000 - \$209,999	1	1	4	4
\$210,000 - \$219,999	2	6	0	2
\$220,000 - \$229,999	2	2	2	0
\$230,000 - \$239,999	3	0	0	0
\$240,000 - \$249,999	2	0	0	0
\$250,000 - \$259,999	0	1	0	0
\$260,000 - \$269,999	1	1	0	0
\$270,000 - \$279,999	0	2	0	0
\$290,000 - \$299,999	1	0	0	0
\$310,000 - \$319,999	0	0	0	1
\$330,000 - \$339,999	0	1	0	0
Total Number of executives	29	35	29	35
There was a total of 29 individuals employed as Executives during 2015-16 (35 individuals during 2014-15).				
The total annualised employee equivalent and total remuneration for these Executives (above and below \$100,000) were as follows:				
Total annualised employee equivalent (AEE) ⁽ⁱ⁾	22.7	27.9	22.7	27.9
Total Amount \$'000	5,380	6,910	4,482	5,554

Note:

(i) Annualised employee equivalent is based on working 38 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 two contractors with significant management responsibilities. These contractors are responsible for the planning, directing or controlling, directly or indirectly, of CFA's activities in connection with the 'Fiskville Transition Program' of work relating to the CFA State Training College, Fiskville.

	2016	2015
Expense Band	No.	No.
\$130,000 - \$139,999	0	1
\$230,000 - \$239,999	0	1
\$260,000 - \$269,999	1	0
\$330,000 - \$339,999	1	0

	2016 \$'000	2015 \$'000
Total expenses \$'000 (exclusive of GST)	599	369

Note 24. Remuneration of auditors

	2016 \$'000	2015 \$'000
Audit of the financial statements by the Victorian Auditor-General's Office	140	108
Audit fees - internal audit services	326	243
	466	351

Note 25. Subsequent events

CFA has no material or significant events occurring after the reporting date requiring adjustment to or disclosure concerning the conditions which existed at the reporting date.

Note 26. 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'.

Effective interest method

The effective interest method is used to calculate the amortised cost of a financial asset or liability and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument, or, where appropriate, a shorter period.

Employee benefits expenses

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

Financial asset

A financial asset is any asset that is:

- cash;
- an equity instrument of another entity;
- a contractual or statutory right:
 - to receive cash or another financial asset from another entity; or
 - to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity; or
- 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 contractual obligation:
 - to deliver cash or another financial asset to another entity; or
 - to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity; or
- 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 deliver 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. 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

Depending on the context of the sentence where the term 'financial statements' is used, it may include only the main financial statements (i.e. comprehensive operating statement, balance sheet, cash flow statements, and statement of changes in equity); or it may also be used to replace the old term 'financial report' under the revised AASB 101 (Sept 2007), which means it may include the main financial statements and the notes.

Grants and other transfers

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.

Intangible non produced assets

Refer to non-produced asset in this glossary.

Interest expense

Costs incurred in connection with the borrowing of funds includes 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 acquisition of non-financial assets (from transactions)

Purchases (and other acquisitions) of non-financial assets less sales (or disposals) of non-financial assets less depreciation plus changes in inventories and other movements in non-financial assets. Includes only those increases or decreases in non-financial assets resulting from transactions and therefore excludes write-offs, impairment write-downs and revaluations.

Net result

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

Net result from transactions/net operating balance

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

Net worth

Assets less liabilities, which is an economic measure of wealth.

Non-financial assets

Non-financial assets are all assets that are not 'financial assets'. It includes inventories, land, buildings, infrastructure, road networks, land under roads, plant and equipment, investment properties, cultural and heritage assets, intangible and biological assets.

Non produced assets

Non produced assets are assets used for production that have not themselves been produced. They include land, subsoil assets, and certain intangible assets. Non produced intangibles are intangible assets needed for production that have not themselves been produced. They include constructs of society such as patents or leases.

Other economic flows included in net result

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

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

Other economic flows – other comprehensive income

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

The components of other economic flows other comprehensive income include:

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

Payables

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

Receivables

Receivables include amounts owing from government through appropriation receivable, short and long term trade credit and accounts receivable, accrued investment income, grants, taxes and interest receivable.

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.x) negative numbers
200x year period
200x 0x year period

The financial statements and notes are presented based on the illustration for a government department in the 201516 Model Report for Victorian Government Departments. The presentation of other disclosures is generally consistent with the other disclosures made in earlier publications of CFA's annual reports.

Auditor-General's report

VAGO

Victorian Auditor-General's Office

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Melbourne VIC 3000

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INDEPENDENT AUDITOR'S REPORT

To the Board Members, Country Fire Authority

The Financial Report

I have audited the accompanying financial report for the year ended 30 June 2016 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 chair's, accountable officer's and chief financial officer's declaration.

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, I and my staff and delegates have complied with the applicable independence requirements of the Australian Auditing Standards and relevant ethical pronouncements.

Opinion

In my opinion, the financial report presents fairly, in all material respects, the financial position of the Country Fire Authority as at 30 June 2016 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*.

MELBOURNE
21 October 2016


For Andrew Greaves
Auditor-General

Risk attestation statement

2015-16 Risk Attestation Statement



2015-16 Financial Year Compliance with Ministerial Standing Direction 4.5.5 Risk Management Framework and Processes

We certify that the Country Fire Authority (CFA) has partially complied with the *Ministerial Standing Direction 4.5.5 – Risk Management Framework and Processes*. The CFA Board verifies this assurance.

CFA is committed to continuous improvement and progressively strengthening its risk management processes, and will develop and implement a plan to improve CFA's compliance with requirements found to be partially compliant including:

- the agency has a risk management framework in place consistent with *AS/NZS ISO 31000:2009 Risk Management – Principles and Guidelines*;
- the risk management framework:
 - is reviewed annually to ensure it remains current and is enhanced, as required; and
 - supports the development of a positive risk culture within the agency.
- the risk management processes are effective in managing risks to a satisfactory level;
- it is clear who is responsible for managing each risk;
- inter-agency risks are addressed and the agency contributes to the management of shared risks across government, as appropriate;
- the agency contributes to the identification and management of state significant risks, as appropriate; and
- risk management is incorporated in the agency's corporate and business planning processes.

A handwritten signature in black ink, appearing to read 'Greg Smith', written over a light blue horizontal line.

Greg Smith AM
Chair

Country Fire Authority

Date 20/9/16

A handwritten signature in black ink, appearing to read 'Frances Diver', written over a light blue horizontal line.

Frances Diver
Chief Executive Officer

Country Fire Authority

Date 20/9/16

cfa.vic.gov.au

Additional information

Powers, duties and responsibilities

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

Section	Summary of Power, Duty or Responsibility
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 Chair
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
37	General prohibition against lighting open air fires
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
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 fire
50B	Duty to warn the community
50J(3)	Annual assessment of designated neighbourhood safer places

Section	Summary of Power, Duty or Responsibility
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
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

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 2012
- Public Administration Act 2004
- Public Records Act 1973
- Rail Safety Act 2006
- Residential Tenancies Act 1997
- Subdivision Act 1988
- Traditional Owner Settlement Act 2010
- 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

Disclosure index

Victorian Industry Participation Policy (VIPP)

In accordance with 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 nine contracts were completed during 2015-16 to which the VIPP requirements apply. Two metropolitan fire station projects (Eltham and Warrandyte South) and six regional fire station projects (Portland, Warrnambool, Huntly, Cobram, Kangaroo Flat and Echuca) were

completed. The Geelong DMO Workshop and Protective Equipment Facility was also completed in this period.

Two contracts commenced in Regional Victoria during 2015-16 to which the VIPP requirements applied – Beaconsfield and Wodonga West fire stations.

The local content (including all labour and materials) for the completed fire stations was in the order of 83 per cent.

Compliance with statutory disclosure requirements

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

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Charter and purpose		
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FRD 22G	Purpose, functions, powers and duties	05
FRD 22G	Nature and range of services provided	05
Management and structure		
FRD 22G	Organisational structure	04
Financial and other information		
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Reference	Requirement	Page reference
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FRD 22G	Details of consultancies under \$10,000	27
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