



Annual Report

2020–21

OUR COMMUNITY • OUR CFA



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Foreword

Chair

The 2020-21 year marked the first financial year under the new Fire Service Reform, with legislation taking effect on 1 July 2020.

Over the year, CFA has taken important steps forward while navigating the significant challenges related to COVID-19.

The Board has remained committed to ensuring that CFA is well-placed to support and build sustainable volunteer brigades and to provide a safe environment for volunteers where they feel valued and respected. Its primary focus continues to be helping deliver a modern and sustainable volunteer emergency service.

After an extensive executive search, the Board appointed Natalie MacDonald and Jason Heffernan to the positions of Chief Executive Officer and Chief Officer, respectively.

We continue to invest in our volunteers. In the 2020-21 financial year, we delivered 5,100 next generation protective structural helmets to members. We also commenced delivery of a \$1 million project to upgrade rescue tools to bring all CFA rescue brigades online with the latest battery-operated equipment.

Our brigades have further benefited from both new equipment and programs as a result of the \$27.6 million received by CFA from community donations following the 2019-20 fire season, including the distribution of 400 new life-saving defibrillators to ensure every brigade has at least one defibrillator on a vehicle.

We've also enhanced and adapted our training delivery, both in person and online, to ensure our people are suitably prepared. Our ability to adapt during the challenges of COVID-19 demonstrates the talent and skill set our volunteers and staff bring to CFA.

Further, more than \$85 million has been spent over the past year to deliver nine new fire stations, a large number of modifications and additions to existing fire stations, and 75 new vehicles.

I would like to acknowledge and thank my predecessor, Greg Smith AM, for his dedication and service, and for shepherding CFA through significant changes as it prepared for Fire Services Reform, and Steve Warrington AFSM, who retired as the combined Chief Executive Officer and Chief Officer in June 2020 after 40 years service and having led CFA through the unprecedented 2019-20 fire season.



I would also like to acknowledge and thank Catherine Greaves and Garry Cook, who acted as Chief Executive Officer and Chief Officer, respectively, for their leadership under the new reforms.

Finally, on behalf of the Board, I'd like to thank our volunteers, staff and leaders for their efforts during the course of a very challenging year. CFA's ability to adapt and maintain its standards of service delivery against this difficult and rapidly-evolving backdrop is a credit to our people.

I look forward to continuing our good work for the benefit of the Victorian community.

Greg Wilson

Chief Executive Officer

Since joining CFA in late February 2021, my focus has been on stabilising the organisation following the implementation of Fire Services Reform and that our members, whether they are volunteers or staff, feel supported and engaged in our future.

It has been a time of change for CFA, and I have been so fortunate to have the opportunity to meet many of our members, whether online or in person, to hear about the things that matter and the things we can do to ensure our environment is supportive and safe for our volunteers to do their best in protecting and preparing their communities.

An early priority has been to ensure we have a senior organisational structure that reflects CFA as a world class volunteer emergency service. The feedback received during meetings and visits substantially informed the proposal for the new structure which was widely consulted towards the end of the year.

Another clear priority has been to commence the important work of improving our culture and our working environment. Substantial work was done through this year on the Health and Safety strategy for CFA, even more important in these COVID times. It is pleasing to see the focus and seriousness with which the organisation manages both safety and risk, which also was subject to a refreshed approach in 2020-21, and these will continue to be an extremely high priority.

Also important to our culture is the way we manage issues in CFA as they arise and how we support our people to work together productively. There has been considerable effort put in this year to resolve a number of legacy complaints which had been unresolved for a long time, to improve the way we handle complaints and support those who are involved in the process. We are serious about making CFA a great place to volunteer and work and while there is more to do, it is also pleasing to see progress in this area.

We established a Women's Advisory Committee and a Youth Advisory Committee to ensure we are well informed of the issues and concerns of these members and we have actively set about improving our communications with all members, key stakeholder groups, including with Volunteer Fire Brigades Victoria and with our staff. Hearing a broad range of views and opinions is important and will enable us to develop our CFA.

We are also continuing to improve CFA's governance structures and ensure that there is robust oversight of the many investment projects which we are responsible for delivering.

Pleasingly, we've seen a significant amount of new equipment and infrastructure rolled out for brigades throughout the year, through State Government-funded programs and the donations we received from the 2019-20 fire season. The feedback from our volunteers on the ground has been extremely positive and the delivery of equipment or vehicles has been warmly received.

This has been a challenging year for all of us, with the COVID-19 restrictions creating some significant hurdles in our normal engagement between brigades and their communities. Despite this, CFA volunteers and staff have demonstrated their agility and resilience in finding new ways to connect, including online.

From the smallest brigade in a remote part of Victoria to those large brigades in our metropolitan areas, all our CFA members are highly skilled and professional in what they do and they provide ongoing and vital service to protect and support their fellow residents.

It's this desire to help others in their time of need, but also to prepare them for fire throughout the year, which makes our work so critical and our volunteers so special.

As Victoria's largest volunteer workforce, I thank all our tens of thousands of CFA members for their unwavering commitment.

Natalie MacDonald



Chief Officer

I'm incredibly proud of what the organisation has achieved during this challenging year, which started with Fire Services Reform coming into effect on 1 July 2020 which restored CFA as a volunteer fire and emergency service.

I joined CFA in November 2020, just as Victoria was emerging from its extended second lockdown. This was a challenging time for our brigades as they moved to online meetings, and postponed training and social functions while still providing emergency responses to the community.

I thank and commend DCO Garry Cook for his work as the Acting Chief Officer.

While the 2020-21 season was considerably milder than the previous year, many community and CFA members are still impacted, emotionally and physically, by the experiences of 2019-20. We've continued to support these communities as they recover, and ensured they are prepared for future seasons despite COVID-19 restrictions.

Following the fire season, I spent time meeting as many of our volunteers as possible across the state face to face, where permitted, or online, to outline my vision for the organisation and to give them an opportunity to provide feedback and raise any issues or concerns. I have gained important insights into the focus areas for the organisation to ensure we are meeting the needs of our volunteers.

We've developed new ways for all members to have greater involvement in the future direction of CFA through enhanced engagement opportunities. These allow us to draw on a more diverse range of opinions and knowledge.

Through additional funding from the State Government, 2019-20 fire season donations and general core business activities, we are delivering an extensive program of work with real and tangible improvements for our volunteers. These include the new General Firefighter entry-level operational training course, new virtual reality firefighter training, and close to \$5 million in donations allocated via the District Pick List Program which supplied brigades with practical items such as chainsaws and defibrillators.

In addition, CFA has invested significant funding in specialist response upgrades to improve the equipment provided to CFA's 21 road crash rescue brigades and increase their capabilities. The new rescue tools are the latest in battery-operated technology, which provides heightened safety for our operators and more flexibility on the incident ground.

We also announced the final design for the new CFA workwear which will provide a clear and distinctive identity for CFA members when they are undertaking duties within the community and as part of their brigade roles.



It's great to see our members embrace the training CFA offers and in the past year more than 50,000 CFA members have participated in more than 9,000 training courses. Through digital learning, CFA members combined to complete more than 41,000 individual courses, including important compliance modules.

Severe storms in June caused flooding in Gippsland, particularly Traralgon, and forested areas, particularly in the Dandenong Ranges and Macedon Ranges, were hit with wind gusts in excess of 120km per hour. Hundreds of our volunteers were involved in the response, relief and recovery, supporting their communities every step of the way for several weeks.

Research carried out by CFA and international research bodies has found the number of high-risk bushfire days could triple in some parts of Victoria by the end of the century. CFA is currently undertaking work to identify these challenges and ways to solve them through adaptation and mitigation.

Volunteers make up nine out of every 10 firefighters in Australia and contribute to their communities far beyond response. At CFA we respond to a range of hazards and deliver a variety of community support such as bushfire, house fires, grassfires, road crash rescue, technical rescues (high angle, trench, mine operations), hazardous materials, planned burning, community education and smoke alarm installation, just to name a few.

Victorians have trusted and respected our volunteers for decades and we've always turned out to support people in their darkest hour. We are part of our community and for our community.

I am excited about CFA's future and our future as a strong and passionate volunteer organisation.

Jason Heffernan

CFA Victoria

Who we are

We respond to a range of hazards, support our communities to be fire ready and work as one with our emergency services partners. Our people's skills, experience and expertise in fire prevention, preparedness and response makes us unique in the emergency services sector. Building on our proud history in one of the world's most bushfire-prone environments, we know how to adapt to meet the challenges of a changing climate.

We are a dedicated and skilled team, performing roles beyond fire suppression – we also educate and engage the community to help them become more resilient. We're focused on increasing our diversity, our flexibility and our inclusiveness and providing a range of opportunities and skill development. CFA will continue to evolve, improve and innovate to provide a world-class fire and emergency service.

CFA Vision



Victorian communities are prepared for and safe from fire

This is our ultimate end state, and our mission and strategy are how we will deliver on this vision. It reflects our broad reach across the state and our focus on empowering communities to understand and address their fire risk.

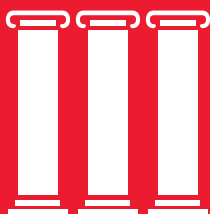
CFA Mission



To protect lives and property

Our mission has been constant for decades. It drives how our members operate and it underpins all their work in fire prevention and preparedness activities and responding to fire and other emergencies.

Our core strengths



We are a trusted authority because of our three core strengths:

Fire safety – Our people's experience and expertise across a range of landscapes makes us unique within the emergency sector. We are a centre of excellence for bushfire response, while responding to residential fires across Victoria where CFA is the lead agency. We also skilfully perform a wide range of roles from community engagement and education to hazard reduction and broader emergency response.

Community connectedness – Our members come from and serve Victoria's unique communities. Our brigades strengthen the social fabric of their communities and make a positive contribution beyond emergency response. Through strong local partnerships we empower communities to prepare for fire.

Volunteering – We are one of the world's largest volunteer fire services, ready and willing to mobilise quickly and in great numbers.

Our Strategic Goals

We put the community at the centre of everything we do



CFA is not just the Country Fire Authority; we are the community's fire authority. We are made up of more than 54,000 Victorians dedicated to protecting the life and property of over four million people. We must put the community at the centre of our planning, of our decision-making and of our service delivery to serve the community effectively. The reach of our network of brigades across Victoria is our strength. CFA is recognised and present from outer suburbs to remote townships. Our people know and care for their communities like no other service. Our members are key to the success of CFA because they are deeply connected to their local area and have a unique understanding of their community risk. We aid others in times of great need and create a sense of belonging, connecting people within the community.

We deliver programs and services that make a positive difference



Whether delivering community education programs to prevent fires or responding effectively to fires that have occurred, the services we deliver seek to achieve a common vision – Victorian communities that are prepared for and safe from fire. We need to make sure that the programs and services we deliver make a positive difference towards achieving our vision. We have an obligation to the community and our people to invest in meaningful service delivery that maximises benefits and minimises risks.

We provide a great place to volunteer and work



CFA relies on volunteers to deliver its programs and services. These dedicated volunteers are supported by hundreds of staff who work at the local and state level to build capability and support service delivery. Our people, whether volunteer or staff, are committed to CFA and its vision. To have a sustainable workforce we need to be an organisation of choice, making CFA a great place to volunteer and work. We need to provide every one of our volunteers and staff with a safe and supportive environment to ensure they continue to be part of CFA into the future.

We are a progressive emergency service



Much has changed since our establishment more than 70 years ago, including the community we serve, their expectations, the environment and the government's regulation of our activity. Our operating environment has changed and we must change with it. Being a progressive emergency service means we embrace change and innovate to continuously improve our service delivery and corporate performance. Being progressive means making the best decisions we can to maximise the benefits of the services delivered to the community. Every day our people make decisions that affect the lives of Victorians and have the potential to save lives and property.





State Championships roar back to life

The excitement at this year's CFA/VFBV State Championships was overwhelming with more than 70 brigades across the state coming together to compete.

After the disappointment of having to cancel the 2020 Championships because of COVID-19, members were eager to showcase their firefighting skills and celebrate all that CFA represents.

The Championships kicked off on 21 March 2021 with the Urban Juniors, followed by Urban Seniors and Rural Juniors and Rural Seniors over the weekend of 27-28 March. Brigades travelled from across the state to showcase their firefighting skills at Mooroopna Recreation Reserve – 187 teams from 73 brigades competed across the two weekends – with about 1,000 CFA members competing each day.

As well as the competition events, the champs included an official opening ceremony, firefighting sprints, training opportunities, a large corporate marquee, food vans and a children's entertainment area.

Acting Executive Director Volunteers and Capability Peter O'Keefe said it was fantastic to see CFA members able to get together again, celebrate and have fun.

"The 2021 Championships will go down in CFA history because for the first time the Rural Juniors and

Seniors and the Urban Seniors events were hosted across one weekend," Peter said. "I think there's a great benefit in having all brigades together to celebrate and understand the depth of CFA's skills and experience.

"There has been some really great feedback received about this year's Championships, including having everything together at the one site and the corporate set-up," Peter added. "Members have said they often don't get the opportunity to see exactly what goes on within CFA and the Championships definitely gave people the opportunity to speak directly with a range of CFA directorates.

CFA Chief Officer Jason Heffernan said it was a great achievement having the Rural and Urban Championships together this year. "My hat goes off to the VFBV organising teams," Jason said. "Bringing the Championships together has really meant that this year's Championships has been a fantastic celebration.

"For 2022, I'm really looking forward to seeing our community join in with the Championships and the fun," Jason added. "To have members of the public come along and watch out firefighters show their skills, cheer them on and become part of that environment is really going to bring the next level to 2022."

Initiatives to support our volunteers

Volunteers are the lifeblood of CFA and enable us to deliver on our vision, mission, role and strategic goals to prepare and protect the community from fire. Following Fire Services Reform on 1 July 2020, we have renewed our focus as a volunteer-based emergency service organisation to create a successful future. Outlined, below, are some of the major projects carried out during 2020-21 to support our volunteers.

General Firefighter training

Through the General Firefighter program, which has replaced the Minimum Skills Wildfire training, we are preparing our new members to safely and effectively perform their firefighting roles with passion, enthusiasm and commitment. More than 600 new operational members have completed their General Firefighter training since the program began in October 2020 and a further 1,932 members are currently in the program. The program includes theoretical and practical training delivered in smaller modules to allow members to choose the learning methods that best suit their needs and the needs of their brigade.

The rollout of General Firefighter training was impacted by Victoria's COVID-19 restrictions and face-to-face training couldn't be held for much of 2020. As a result of the restrictions, the project team prioritised virtual classroom sessions and the online aspects of the General Firefighter program to ensure new members remained engaged in their CFA journey.

New structural helmets

CFA has delivered the new structural firefighting helmets to more than 5,000 volunteer firefighters across Victoria. More than 2,000 were distributed to 179 brigades before distribution was suspended in March 2020 because of COVID-19 restrictions. In September 2020, the remaining helmets were distributed to members of 279 brigades. The helmets were funded as part of the Victorian Government's \$60 million Fire Services Statement.

The helmet, given to volunteers who hold qualifications in search and rescue and the use of breathing apparatus, has a one-touch visor, a full-coverage internal face shield, integrated helmet torch, comfort harness and liner, and flame-resistant multi-layer neck flaps. It also has a reinforced composite shell and an advanced polymer chassis.

Online training and professional development

With face-to-face training postponed for much of 2020 because of COVID-19 restrictions, CFA moved to transition many of its professional development and operational training packages from in-person to online delivery. Online and digital learning options provided the

opportunity for members to develop new skills and build awareness in areas they may not have considered. The ability to continue training in this capacity also ensured members remained engaged during a period of isolation from fellow brigade members and colleagues.

During the year:

- More than 41,000 individual online courses and training modules covering a range of operational and non-operational topics were completed via the Learning Hub
- New courses in Grassland Curing Observer, EM-COP for Collaboration and EM-COP for Situational Awareness joined the more than 50 courses available to members on The Learning Hub
- CFA worked with EMV and other emergency services agencies to develop an online training package - COVID-19 Advisor. This specialist Incident Management Team role ensures the best possible compliance with COVID-19 infection prevention and control protocols
- CFA developed and launched COVID-19 Coordinator training to allow brigades to continue to train during the Victorian lockdown period
- More than 9,900 members completed online COVID-19 learning modules and training
- Eleven General Firefighter skill drill videos were made available on The Learning Hub to allow new members to start their foundation training to become operational members
- A suite of online professional development training packages and resources were released to build change leadership capability and support volunteers and staff to effectively navigate through uncertainty.
- CFA partnered with Mind Tools to provide members with access to more than 2,400 digital resources to support on-the-job and self-directed learning including articles, podcasts, videos, infographics, quizzes, book insights and expert interviews.

Knowledge Sharing Platform

The Knowledge Sharing Platform (KSP) on the CFA intranet has been expanded to include a wider range of topics covering situations members will experience during their time as volunteers. There are more than 20 themes including recognition, health and wellbeing, partnerships, technology and social media, engaging diverse communities, fundraising, recruitment and retention tips, mentoring and succession planning. Sharing knowledge stimulates innovation and growth and can help brigades find inspiration for activities or overcome issues they may be facing.

CFA workwear

The design of new CFA workwear has been finalised following consultation with more than 3,000 volunteers and other stakeholders and will be rolled out in the later part of 2021. It consists of long and short sleeve shirts and blouses, cargo trousers, straight leg trousers, cargo shorts, jacket, epaulettes, cap, wide brim hat and a belt. It features a distinctive colour blue called Patriot Blue which is unique to emergency services in Victoria.

The workwear is in addition to existing dress uniform items and personal protective clothing, and provides a comfortable and distinctive alternative for volunteers when they are carrying out their important role of engaging with members of the community. Volunteers can also wear it for brigade meetings, incident management, site inspections and fundraising.

Virtual reality firefighting training

For the past 20 years, CFA has been at the forefront of computer-based learning for operational skills. Following requests from volunteers to give them a real-life experience to assess their skills without exposing them to danger, we developed a virtual reality firefighting training package so our firefighters can train effectively and safely. This new innovative training will help volunteers to more accurately assess risks, which is the key to staying safe while fighting fires.

The training package is based on FLAIM Trainer and FLAIM Extinguisher – unique training systems developed specifically for firefighters by FLAIM Systems and Deakin University researchers. Different scenarios are available including house fires, grassfires and airplane fires.

Flexible Volunteering project

CFA needs a model of volunteering that's adaptable to suit brigades across the state and allows members of the community to volunteer with CFA in ways that suit their circumstances. The first step of the project was to engage with our members through regional workshops to understand the challenges they face with the current membership model, as well as identify lessons learned from previous experiences. While gathering evidence from our members, research was also carried out to evaluate the volunteering models used by other emergency services agencies in Australia.



Making recruitment easier

CFA aims to make recruitment easier through its Volunteer Recruitment and Retention Project. An important part is the purpose-built online platform which comprises two components:

- The redevelopment of the existing online new member expression of interest (EOI) platform, including enhanced features to help manage new EOIs.
- A new online member registration system that replaces the current paper-based registration process.

The first phase of the platform went live in December 2020, and since its launch there have been more than 1,640 applications submitted through the new system. Phase 2, released at the end of March, gives brigades access to an EOI dashboard and the ability to oversee and manage new applications for their brigade, and work is underway to build Phase 3 – the online registration component.

Succession Planning Framework for brigades

Succession planning is important for brigades because it results in members developing skills in line with future role demands in brigades and groups. CFA has created a Succession Planning Framework that guides CFA members through six foundational areas: structure review; skills review; membership and roles review; developing members; retaining and recruiting members; and preparing for elections.

The framework was developed after extensive consultation with volunteers and staff across the state found that only a small number of brigades and groups are succession planning, with most planning being informal. The framework acknowledges that succession planning may look different for every brigade and group and each of them must determine the best approach to meet local needs.



The Karlsruhe community celebrates the opening of its new fire station.

Improving workplace culture

Following Fire Services Reform, CFA began a program to strengthen our focus on volunteers and to future proof the organisation. We are developing a volunteer engagement plan using Victoria's Public Engagement Framework as the basis for good practice. A series of regional Webex sessions was conducted in late 2020, followed by an online survey assessing gaps, opportunities, frequency and modes of volunteer engagement for the future.

This program also focuses on business process and functions to ensure opportunities and potential for improvement are prioritised. These improvements impact finance, recruitment and enhancing brigade capabilities and reporting.

Over the past 12 months CFA has focused on improving workplace culture and empowering employees, volunteers and secondees to manage and navigate change. We are prioritising training and improving capability to ensure we have a respectful, safe and inclusive environment.

Donations projects

The CFA Public Fund and CFA & Brigades Donations Fund received \$27.6 million in public donations between October 2019 and September 2020 in response to the 2019-20 fire season. All donations were distributed to programs, to be rolled out over several years, by the end of October 2020. Over the past year, the seven donations-funded projects, below, have progressed well given restrictions caused by COVID-19:

District Pick List Program

- More than 12,000 practical items were distributed to 95 per cent of brigades across the state.
- Items ranged from brigade amenities such as washing machines and TVs, to training for medium rigid licences, as well as additional operational equipment such as torches, thermal imaging cameras and chainsaws.

Volunteer digital training equipment

- 320 Samsung tablets were purchased and 4G-enabled for use by CFA's volunteer trainers and assessors (VTAs) as they deliver and assess training for CFA volunteers.
- Extensive consultation to ensure user requirements were met took place over several months.

Mobile education and community engagement vehicles

- A custom design for the standard mobile education and community engagement vehicle (one per region) was agreed.
- The five standard vehicles will be rolled out in 2021-22 and a prototype for a premium vehicle will be road-tested in the regions before commissioning in mid-2022.

Defibrillators

- 400 defibrillators were purchased and distributed to brigades to ensure every brigade had at least one defibrillator on a working vehicle at each station.

Volunteer Leadership Development Program

- An audit was completed of CFA's existing leadership development initiatives.
- A blueprint was agreed to develop CFA volunteers' leadership skills over the next five years.

Mobility communication solution for volunteers

- The project team undertook extensive consultation with volunteers and other emergency services providers to determine the best solution for CFA.
- \$1 million is earmarked for the purchase of equipment to be installed in CFA vehicles when the solution is agreed.

Breathing Apparatus Kits and Cylinder Exchange Project

- 200 breathing apparatus sets and 400 cylinders were ordered.
- Scoping for the cylinder exchange project (like a 'swap and go' system) began.

Connected Brigades Project

The Connected Brigades project provides a CFA-funded internet service for 1,050 brigades. During 2020-21, an internet service was installed at more than 730 brigades. Installation work slowed considerably because of restrictions introduced in response to COVID-19. Brigades that are using the new internet service have reported improved internet performance resulting in an increased use of online services. The project is expected to be completed during the 2021-22 financial year.

Our profile

Table 1: Employee profile breakdown by age and gender

JUNE 2021			
	Number (Headcount)	Ongoing FTE	Fixed term and casual FTE
Gender			
Male	473	276.76	83.49
Female	678	429.56	118.52
Age			
Under 25	36	15.52	9.13
25 to 34	155	93	41.56
35 to 44	255	167.13	47.75
45 to 54	308	203.88	56.86
55 to 64	306	132.05	24.46
65 and over	91	94.74	22.25

Table 2: Employee profile breakdown by PTA status

JUNE 2021			
	Number (Headcount)	Ongoing FTE	Fixed term and casual FTE
PTA Level			
PTA 1	26	2.66	2.92
PTA 2	193	69.4	35.49
PTA 3	287	137.05	39.56
PTA 4	244	198.68	34
PTA 5	140	110.53	26.64
PTA 6	101	76.4	19.8
PTA 7	50	41.6	5.6
Total	1041	636.32	164.01





Women's burn day hits milestone

Close to 100 women firefighters from 39 CFA brigades honed their skills and shared their experiences in late March 2021, as the Cape Clear Women's Burn Day was held for the fifth time. An initiative of Cape Clear Fire Brigade Captain Michael Rowe, the Women's Burn Day was cancelled in 2020 because of COVID-19.

"I wanted to get more women involved in burning. By nurturing those firefighters, they go back to their own brigades and empower other firefighters to have a go," Michael said.

The Women's Burn Day has grown from a one-day event to a full weekend program of skills maintenance, roadside burning and the opportunity for female firefighters to increase their expertise, knowledge and confidence in a fun and safe environment. This year, participants travelled from across the state, including from Sale, Wodonga and Portland.

Portland Fire Brigade Secretary Kim Deane said she attended the Cape Clear Women's Burn Day to mingle with like-minded firefighters and learn new skills.

"I thoroughly enjoyed my first opportunity to drive under instruction in a pumper tanker in a controlled environment and I look forward to completing my Medium Rigid licence," Kim said. "I also learned many new skills to help me become a better firefighter, person and brigade member.

"It was fantastic to see so many incredible firefighters, new and experienced, excelling at everything they put their hand to."

Jasmine Emselle from Wendouree Fire Brigade echoed the sentiment, saying it was a great opportunity to learn new skills in a different environment and to meet new people.

"We're an urban brigade so we don't do too much of the burning, so it was a really awesome opportunity to get some more skills in that area," Jasmine said.

"The camaraderie among the people was a benefit. No matter what their background, everyone was there to learn and get better at what we do and let nothing hold us back. You get that excitement and empowerment just by being around people like that."

CFA Deputy Chief Fire Officer Alen Slijepcevic and District 15 Assistant Chief Fire Officer Eddie Lacko met with participants.

"I've seen a lot of future leaders, future female leaders with a smile on their face when they were learning about planned burning, with a drip torch in their hand – learning about fire behaviour in grasslands, learning about lighting patterns to achieve what they want to do," Alen said.

Table 3: Executive Officer breakdown by gender and classification

JUNE 2021			
	Male	Female	Total
Executive Officer 3	1	1	2
Executive Officer 2	13	1	14
Executive Officer 1	7	7	14
Total	21	9	30

Table 4: Volunteer profile breakdown by role and gender

JUNE 2021		
	Operational	Support
Gender		
Male	25205	15581 ¹
Female	4377	7760 ²
1. Not including 778 Juniors 2 Not including 485 Juniors		

Table 5: CFA workforce

Type	Number
Volunteers	
Operational	29582
Support	24604 ¹
Total volunteers	54186
Staff	1151 ²
Fire Rescue Victoria secondees	228
Total staff/secondees	1379
1. Including Junior members 2. Headcount	

Table 6: Services in 2020–21

Type of service	Number
Total incidents	30843
Total brigade turnouts	58889
Property Advice Visit Service home visits	3524
Public awareness sessions	959
Home fire safety sessions	134
Fire Ready Victoria meetings/workshops	126
Community Fireguard sessions	96
School and youth program sessions	39

Table 7: Brigades

Type of brigade	Number
CFA – Brigade Class 1	538
CFA – Brigade Class 2	301
CFA – Brigade Class 3	131
CFA – Brigade Class 4	118
CFA – Brigade Class 5	66
CFA – Other	20
Forestry industry brigades	21
Coast Guard brigades	18
Total	1213

Table 8: Buildings

Buildings	Number
Fire stations ¹	1189
Regional, district and HQ offices	39
Mechanical workshops	13
Training grounds	7
Support facilities	18

1. Includes satellite sites



The new Central Highlands Regional Training Campus will open in 2021-22



Table 9: Vehicles

Vehicles	Number
Emergency response	
Tankers	1889
Pumpers	218
Pumper tankers	37
Mobile command vehicles	398
Rescue vehicles	23
HAZMAT vehicles	5
Big fills	34
Specialist response	76
Operational transport	4
Support	
General transport	293
Specialist support	62

Where CFA operates

We protect large parts of Victoria, including in the state’s fast-growing urban areas such as Werribee, Wyndham Vale and Mernda. CFA volunteers are also responsible for protecting residents in large regional towns such as Bairnsdale, Horsham, Echuca and Sale, tourist destinations such as Mount Hotham, the Great Ocean Road and Yarra Valley, as well as many of our more isolated communities across the state such as West Wimmera and East Gippsland.”

CFA’s 1,213 brigades are grouped into 21 districts and five regions, and cover country Victoria as well as parts of the Melbourne metropolitan area.

South West Region

Led by Deputy Chief Officer Rohan Luke, the South West Region covers districts 4, 5, 6 and 7 and stretches from the west side of Port Phillip Bay to the western edge of Victoria. It includes Geelong, Colac, Hamilton, Warrnambool, Portland and Casterton plus the Otways and the Great Ocean Road. The region’s high summer bushfire risk is complicated by its large influx of tourists and limited road access.

West Region

Led by Acting Deputy Chief Officer Michael Boatman, the West Region covers districts 15, 16, 17 and stretches from the western edge of metropolitan Melbourne to the western border with South Australia. It includes key regional centres like Ballarat, Ararat and Horsham as well as the Grampians and the Little Desert, where hot and dry conditions fan its bushfire risk. It’s the least populated CFA region and faces unique challenges related to rural decline.

North West Region

Led by Deputy Chief Officer Gavin Thompson, the North West Region covers districts 2, 14, 18, 20 and stretches from the edge of Port Phillip Bay in Melbourne’s western suburbs to the NSW and South Australian borders. It includes metropolitan Melbourne’s northern and western suburbs, the key regional centres of Bendigo, Kerang, Swan Hill and Mildura, as well as the high-bushfire-risk areas of Big Desert and the Macedon Ranges. Its risks range from campaign bushfires to Melbourne house fires.

North East Region

Led by Deputy Chief Officer Ross Sullivan, the North East Region includes districts 12, 13, 22, 23, 24 and stretches from the north-eastern Melbourne suburb of Lilydale to the northern border. It includes the key regional centres of Seymour, Shepparton, Wangaratta and Wodonga, and the house fire risks associated with the north-eastern suburbs of Melbourne. It also covers the unique challenges of the Alpine Region, which include a low permanent population, high tourism, old and high-capacity commercial buildings, and even avalanches.

South East Region

Led by Deputy Chief Officer Trevor Owen, the South East Region covers districts 8, 9, 10, 11, 27 and stretches from the Mornington Peninsula to the eastern corner of Victoria including the south-eastern suburbs of Melbourne, and the key regional centres of Warragul, Morwell, Moe, Sale and Bairnsdale. It also covers the high-bushfire-risk area of Gippsland plus four open-cut brown coal mines in the Latrobe Valley, which pose unique fire and hazardous materials (HAZMAT) risks.

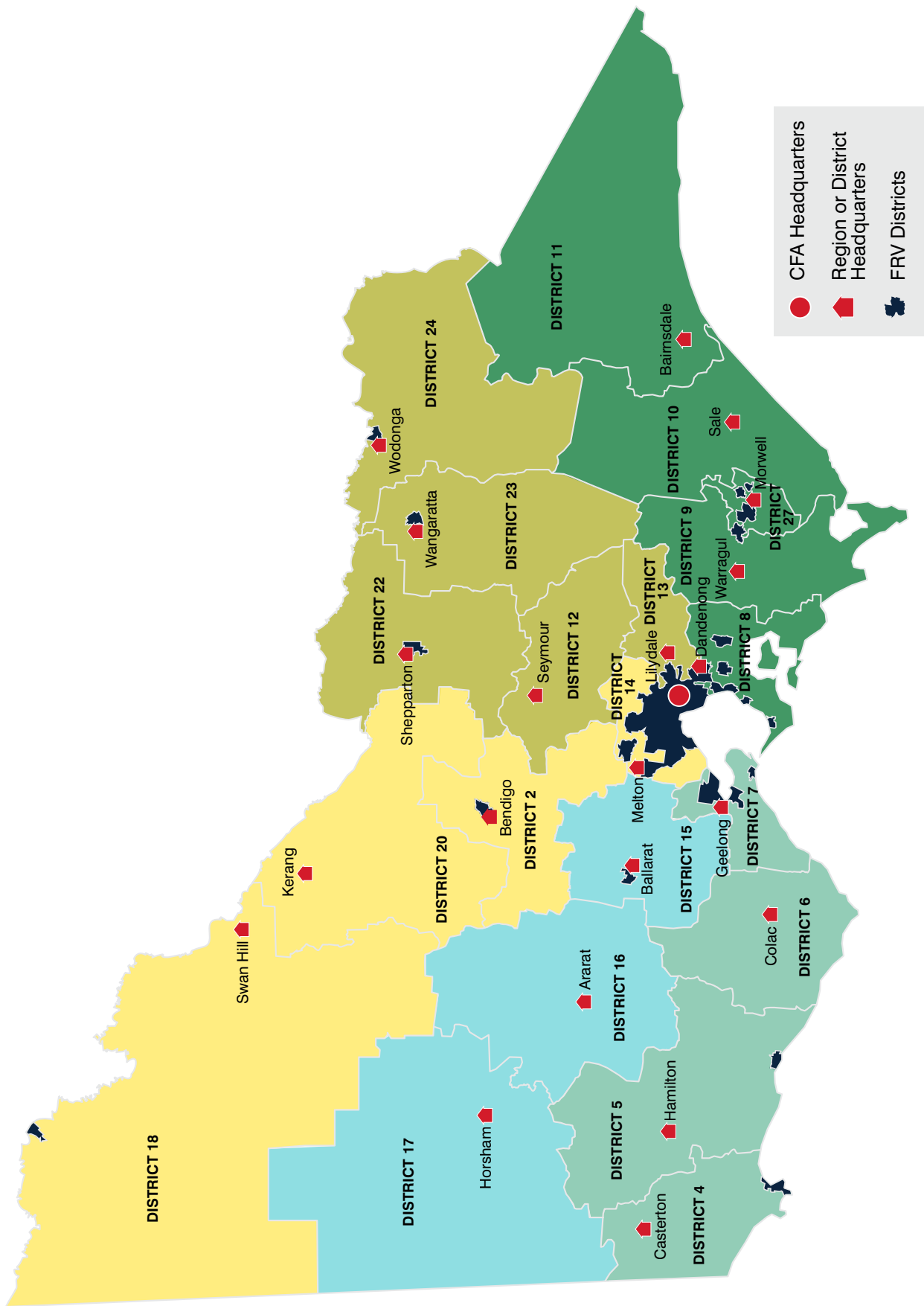


Figure 1: The districts and regions CFA covers in Victoria



Celebrating diversity in CFA

Ruffy Fire Brigade volunteer Colleen Furlanetto is a passionate advocate for more diversity in CFA. She's a member of the District 22 Planning Committee, a member of the District 22 Health Monitoring Rehab team, and the co-chair of the North East Region Inclusion and Fairness Advisory Council.

"I've worked hard to avail myself in roles and committees to ensure diversity is present at the decision and planning table," Colleen said.

"It's essential that the diversity in CFA reflects the communities in which we live. Diversity helps to build holistic, responsive and accountable plans that will ensure we all continue to build quality and best practice across the organisation.

"My acquired disability offers insight and diversity

in thinking. I'm not an expert on disability, I'm an expert on me. My lived experience, however, sees opportunities for me to contribute.

"As a CFA volunteer there are potential perceptions or concerns around capacity of people with a disability, but there's a role for everyone in CFA. We don't all have to be operational or offer the same skills. We offer what we can.

"As a person with a disability, I strive to be an effective volunteer who makes a contribution and is respectful, and I expect the same respect in return.

"I love being a volunteer because I'm part of a community. I'm committed to CFA and will continue to advocate for diversity and the value of having diverse volunteers."



CFA remembers its fallen firefighters

CFA held its annual memorial service for fallen members on Sunday 2 May 2021 in Melbourne. Following the service, attendees visited the new Emergency Services Memorial in Treasury Gardens.

CFA Chief Officer Jason Heffernan said it was an important day to remember the 80 CFA members who have died in the line of duty.

“Every day across Victoria, our firefighters selflessly give their time to serve and protect their communities,” Jason said. “Tragically, too many members have lost their lives doing so, and today we pause to remember them. They are forever in the hearts and minds of everyone at CFA and the Victorian community.

“We honour them today and every day by continuing

their vital firefighting work, and learning, innovating and constantly improving the safety of our members.”

CFA CEO Natalie MacDonald said the new memorial in Treasury Gardens was a fitting tribute to emergency services personnel who have lost their lives.

“CFA and the families of our fallen members contributed to the design and development of the new site,” Natalie said. “It’s a beautiful, public tribute to those we have lost.”

There was no memorial service in 2020 due to COVID-19, so this year’s event also paid tribute to the firefighters lost in the devastating 2019-20 fires: three of our colleagues from Forest Fire Management, three members from New South Wales Rural Fire Service and three firefighters from the US.

Major incidents 2020-21

Overview

A quiet fire season was a welcome relief for our firefighters during a difficult year of COVID-19 restrictions.

In contrast to the 2019-20 fire season, the 2020-21 season had significantly less fire risk and activity. There were just nine days of Total Fire Ban, with no statewide bans and none in the Central Fire District which contains greater Melbourne and Geelong. The TFB declared on 1 December 2020 was revoked at 3pm because of rain and lower than predicted fire danger.

The season played out concurrently with the continued COVID-19 pandemic, with various lockdowns impacting members and communities. At the State Control Centre (SCC) personnel undertook shifts throughout the year in support of the COVID response, and continued throughout the summer period supporting fire and storm events.

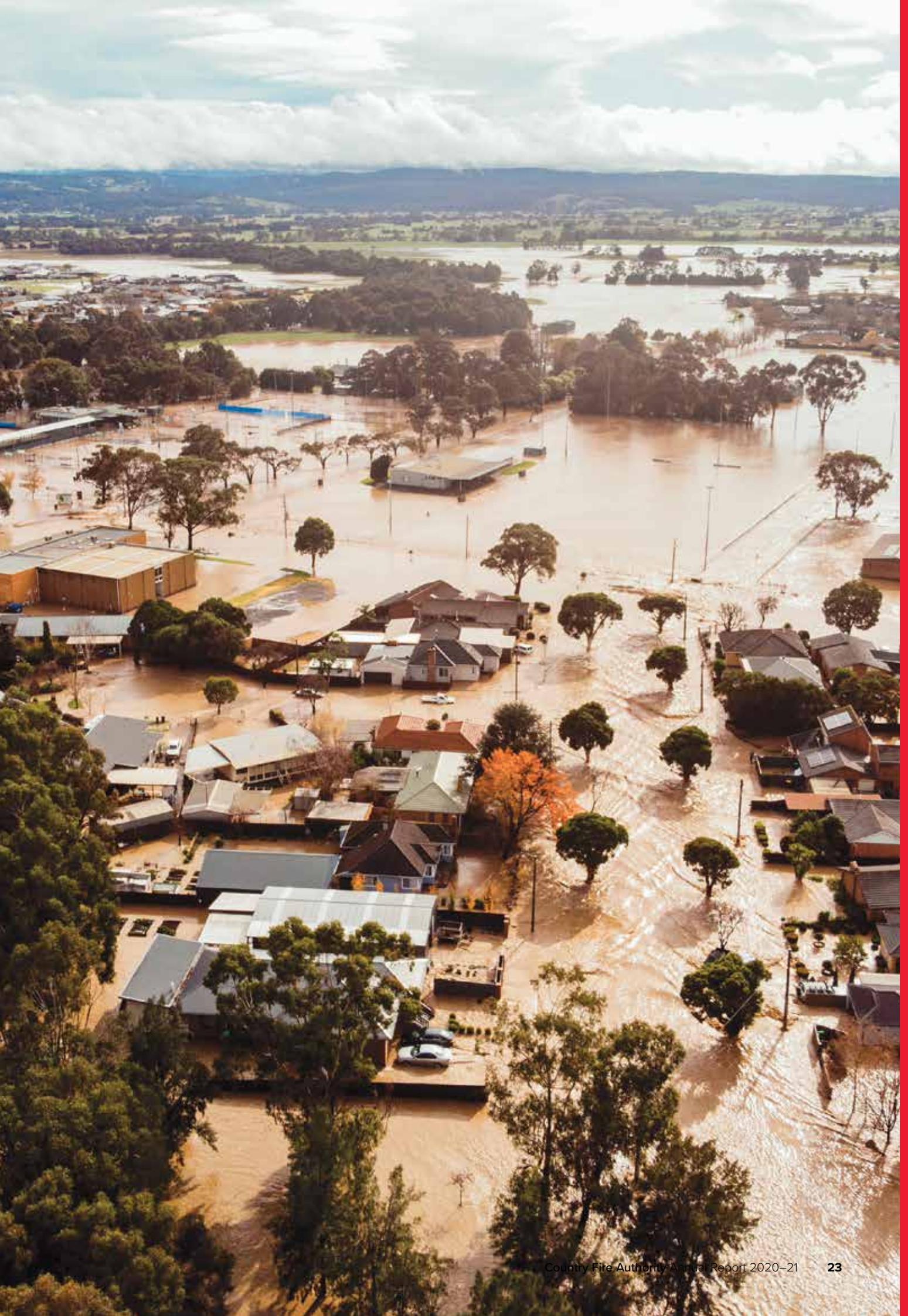
Crews and incident management team (IMT) personnel were kept busy supporting Victoria State Emergency Service (SES) with massive storm damage in Gippsland and Dandenong Ranges areas, where SES recorded an unprecedented log of calls for assistance. Recovery efforts took weeks, and CFA supported these recovery efforts through provision of IMT and personnel, crews assisting clean-up, and moving multiple generators in and out of properties affected by extended power loss.

Some incidents of note during the year proved complex and difficult. These included a school fire on Australian Defence Force property at Puckapunyal, a fire in dense shrub on New Year's morning in Blairgowrie, and a three B-double collision at the SA/Vic COVID checkpoint that tragically resulted in the death of one of the drivers.

Table 10: Summary of major incidents 2020-21

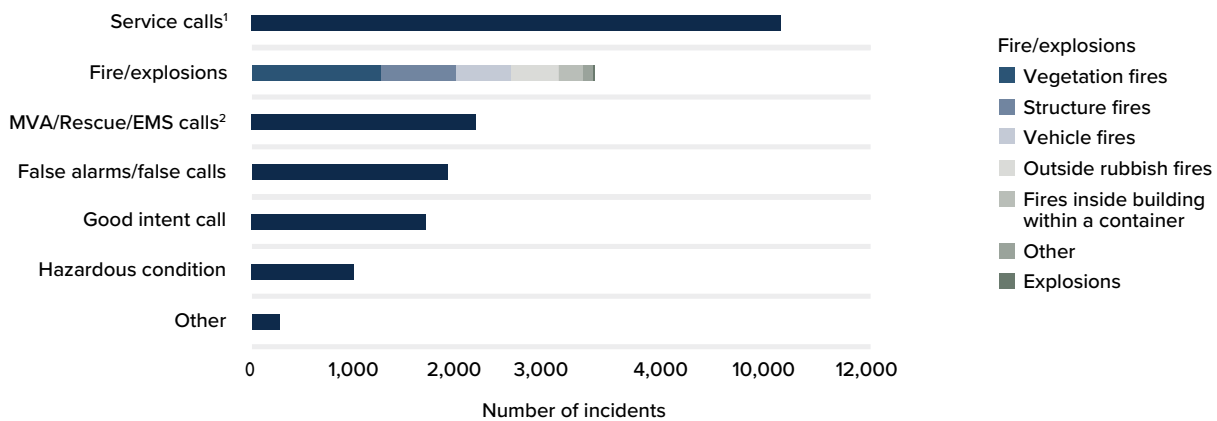
Date	Location	Incident	Description
19/11/2020	Graytown, near Heathcote	Grassfire	Ride-on mower caused a 210-hectare fire. More than 60 DELWP and CFA vehicles and water bombing aircraft attended.
06/12/2020	Puckapunyal Army Base Primary School	Primary school fire	Fully alight, structural collapse.
01/01/2021	Dimmicks Bushland Reserve, Blairgowrie	Scrub fire	Dense coastal scrub and dark of night caused access issues. Air support required.
22-28/03/2021	NSW	Flooding	Large contingent of CFA, SES, FFMVic, FRV to support significant flooding in NSW.
03/04/2021	Apollo Bay	Hazmat	Chlorine leak at swimming pool. 21 people treated.
14/04/2021	Apollo Bay	Structure fire	Two restaurants and a shop destroyed.
20-26/04/2021	WA	Flooding	Large contingent of predominantly VicSES personnel deployed to support storm recovery.
09/06/2021	Gippsland	Storm and flooding	Storms caused significant damage throughout Gippsland. 87 properties in Traralgon damaged by water.
09/06/2021	Dandenong Ranges	Storm	Storms caused significant damage in the Dandenong Ranges, with tree damage and power disrupted for several weeks.

Right: Flooding at Traralgon following the June 2021 storm.
Photo by Blake Bourne.



2020-21 total incidents

Figure 2: 2020-21 incident response by type



¹8,313 of these were to support Fire Rescue Victoria ²Motor vehicle accidents/rescue/emergency medical services

Total Fire Ban days

CFA's Chief Officer has the critical role of declaring Total Fire Bans in districts across the state. Total Fire Bans are declared on days that are considered to be extreme fire risk to the community, and therefore CFA enforces restrictions on what people can and can't do on these days to keep our communities safe.

Table 11: Days of Total Fire Ban 2020–21

Date	Total Fire Ban district(s)
15/11/2020	Mallee
28/11/2020	Mallee, Wimmera, Northern Country
5/12/2020	Mallee, Wimmera
11/12/2020	Mallee, Wimmera (revoked at 3pm)
27/12/2020	Mallee, Wimmera, Northern Country, North Central
11/01/2021	Mallee, Wimmera, Northern Country
13/01/2021	Mallee, Wimmera, Northern Country
25/01/2021	Mallee, Wimmera, Northern Country, North Central, North East, East Gippsland
11/02/2021	Mallee, Wimmera

Table 12: Number of Total Fire Ban Days declared 2016-2021

Declaration	2016-17	2017-18	2018-19	2019-20	2020-21
Whole of state	1	1	5	3	0
Partial	7	15	12	15	9
Total	8	16	17	18	9



Volunteer Level 3 incident controllers

Lachie Gales

Wangaratta Deputy Group Officer Lachie Gales said being a Level 3 incident controller is about consequence management.

“A Level 3 job has the potential to have statewide impacts. Level 3 incident control teams are made up of people from a range of areas and agencies and with a vast amount of experience,” Lachie said.

“My role is often around making sure people get every opportunity to do their best, making an atmosphere where members feel they can bring what they know and contribute.

“Often the challenge for an incident controller is to make decisions from an imperfect set of information and get it right.”

Cameron McKern

In December 2019, Cameron McKern (pictured) received a phone call asking if he would work in the Albury Incident Control Centre.

“I remember being asked if I could support in any way that I could,” Cameron said. “So I arrived, introduced myself and asked what I could do. They said, ‘didn’t anyone tell you, you’re the incident controller’. For the next 12 hours I was the controller for an unfamiliar state, people and systems.

“It challenged me, but everyone was supportive and I think I acquitted myself well. I learned so much from that experience.

“Communication is the key. You need to communicate with everyone: the emergency management team, other agencies, incident management team, the community, regions, the firefighters, and they need to communicate with us.”

Graham Healy

“In the north-east all our big fires are multi-agency and with our river systems prone to flooding there are opportunities for Level 3 ICs to work across all agencies,” Graham Healy said.

“We work closely with DELWP as our landscape is about 90 per cent forest and being on the NSW border means we also make sure NSW Rural Fire Service is involved.

“Everything we do in an incident control centre should directly relate to our people and the community, and if it doesn’t then we don’t need to be doing it.”

Geoff Rowe

“As an incident controller you need to look at the big picture: how quickly will the fire grow, who will it impact, what might happen to the community and its assets? You can’t get stuck micromanaging, you have to work as a team,” Geoff Rowe said.

“Every fire is different and you need to be prepared to be flexible.

“The role is about managing people. You don’t need to know everything, you just need support and to know who to get the information from.

“The strength of CFA is in its volunteers. They bring so many additional skills.

Our year in review

CFA performance reporting

CFA is formally monitored by the Department of Justice and Community Safety and held to account by quarterly reports on government-set KPIs. Table 13 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 13: Emergency management capability (BP3)

Major outputs/deliverables	Unit of measure	2020–21 Target	2020–21 Actual
Performance measures			
Quantity			
1. Permanent operational staff	number	11	11
2. Permanent support staff	number	840	828
3. Volunteers – operational	number	39400-40950	29582
4. Volunteers – support	number	20500-22000	24604
Quality			
5. Road crash rescue accredited brigades/units	number	20	21
6. Level 3 Incident Controller trained staff and volunteers	number	22	16
7. Structural fire confined to room of origin	per cent	70	74.8
Timelines			
8. Emergency response times meeting benchmarks – structural fires	per cent	90	81.8
9. Emergency response times meeting benchmarks – road accident rescue	per cent	90	94.3





Why people at threat don't leave early

When there's a high risk of bushfire, the primary message to at-risk communities is to leave early – either the night before or early in the morning. But anecdotally we've known for some time that many people are likely to 'wait and see'. This year, CFA carried out research to help us understand why people at threat from a bushfire delay their decision.

Many people believe that waiting and then leaving if threatened by bushfire is a safe strategy to improve the chance of simultaneously protecting their property and their personal safety. They choose to delay because they want to be safe from bushfire but don't want their property to be vulnerable to threats such as falling embers which may be readily extinguished.

To them, delaying also means less cost, disruption and inconvenience.

Emergency services personnel need to understand that people don't tend to defer timely action due to indecision, but because delaying is inherent in their archetypal response to bushfire threat. Archetypes are a lens that can be used to understand human behaviour and decision-making by grouping key

characteristics together. In the context of bushfires, research has identified seven self-evacuation archetypes based on a variety of influencing factors including risk perception, stakeholder perceptions, the perceived effectiveness of preparedness actions, self-reliance, experience and intended response.

We need to destigmatise the decisions people make before and during bushfires and adapt our approach to better take account of how people will continue to behave. To this end, CFA is exploring ways in which bushfire archetypes can help us understand the needs and issues faced by individuals living in high bushfire risk areas.

CFA will collaborate with other agencies to address the challenges we face in adapting our overall approach so that we better meet the needs of all community members. This will require thinking outside the square and trying new strategies. It's an exciting prospect and one that builds on the latest evidence from social science research, combined with the collective knowledge and experience of CFA members.

\$126 million CFA Capability funding projects

In 2020-21, the Victorian Government provided a \$126 million funding package over five years for CFA to undertake critical training and procure vital assets and equipment to support ongoing capability management. This CFA Capability Funding Package will fund 10 projects and programs. CFA initiated nine of the projects and programs in 2020-21 and the final project will begin in 2021-22.

Safety Compliance Program

The Safety Compliance Program will deliver training and equipment to improve health and safety for CFA firefighters in three key hazard areas: safe working at heights (SWH), low voltage fuse removal (LVFR) and alternative power sources. CFA commenced delivery of SWH and LVFR courses in 2020-21, delivering three SWH and 22 LVFR skills acquisition courses and one Train the Trainer LVFR course over the past year. Trained volunteers and brigades have been provided with SWH and LVFR kits to ensure response services can be delivered safely in the future.

Wildfire Respiratory Protection Trial

CFA will research and trial alternate wildfire respiratory protection products and make recommendations about the ongoing use of alternate respiratory protection products to protect volunteers responding to bushfires. Research and analysis will occur in early 2021-22.

Wildfire personal protective clothing

This project will deliver approximately 24,000 sets of new wildfire personal protective clothing (PPC) to operational volunteers, improving safety of volunteer firefighters responding to bushfires. This project began in 2020-21 and the delivery and rollout of new PPC is scheduled for early 2022-23.

Crew and strike team leader development

By using specific exercises and targeted coaching and mentoring opportunities, the Crew and Strike Team Leader Development program will enhance volunteer leaders' skills and capability in performing critical operational command roles. The program began in 2020-21 with the development of a baseline for capability development including descriptors for successful crew and strike team leaders.

Enhanced minimum skills training for new volunteers

The General Firefighter program will deliver a series of initiatives to enhance CFA's capability to train and onboard new operational volunteers. CFA has already started to train new operational volunteers through this program, using a mix of virtual and face-to-face sessions. Further work focused on building volunteer trainer and assessor capability to deliver training to new volunteers will progress in 2021-22.

Volunteer support package

This package will deliver improved volunteer support across CFA. In 2020-21 CFA began the scoping of this package with the aim to commence delivery in early 2021-22.





Critical volunteer-facing ICT systems

The critical volunteer-facing ICT systems funding will:

- introduce a customer relationship management (CRM) platform into CFA to improve the management of fundraising and donations across CFA's brigades.
- replace the content management system (CMS) for CFA's internet and intranet sites, improving the ability for members to find critical information and communicate details of their activities
- continue the Enabling Connected Brigades program, originally funded through the Fire Services Statement package to provide fast and reliable internet connection to brigades.

In 2020-21, the Salesforce CRM platform was introduced in CFA and the launch of a new CMS in June 2021 has improved the accessibility and usability of the CFA internet sites.

Station Replacement Program

The Station Replacement Program will support the design and construction of 15 replacement stations over four years in some of the highest priority locations around urban and regional Victoria. Work commenced in 2020-21 to acquire land for new stations at Dartmoor, Golden Square, Pyalong and The Basin. Scoping for station construction commenced for Dimboola, Golden Square, Modewarre, St Leonards and Warracknabeal. Construction also started on the new Coldstream Fire Station.

Clyde Fire Station

CFA also received dedicated funding to replace Clyde Fire Station, which is facing security of tenure issues at its current location. This project began in 2020-21 and will be delivered in 2022-23.

Tanker Replacement Program

The Tanker Replacement Program will replace 50 single cab tankers with crew cab tankers to improve firefighter safety and address the issue of an ageing CFA fleet. Manufacturing started during in 2020-21 and the first tankers are scheduled to be delivered in 2022.

Progress to meet objectives and outcomes

We put the community at the centre of everything we do

Effectively engage communities during COVID-19 restrictions



COVID-19 restrictions limited face-to-face engagement which led CFA to explore and adopt new practices to reach at-risk communities. CFA worked in partnership with consultative community groups to identify tools and systems needed to effectively engage with communities online, and we launched online webinars in time for the 2020-21 fire season. This increased our ability to communicate key fire safety messages to existing and new audiences. To succeed, we had to pivot quickly and mobilise existing capabilities and adapt them to incorporate key priorities such as:

- identifying a community-friendly delivery platform.
- developing governance structures to support the use of an online platform for community engagement activities.
- rolling out live streaming kits statewide, including training videos on how to use them.
- providing digital engagement training to build capability of volunteers and staff to deliver online sessions.
- producing a suite of digital marketing materials and program delivery resources.

These resources were shared with and used by other agencies across the sector.

Implement the Customer Relationship Management tool and new content management system

This financial year, we made significant improvements in our interactive ICT systems. CFA's public website was migrated to a new content management system to make it easier for staff and volunteers to keep content on the sites up-to-date and accurate. As part of the migration, the sites were redesigned and new functionality was introduced to make it easier for the community to find fire safety information and easier for volunteers and staff to access the information they need to perform their roles.

Management of the MyCFA subscriber group has transitioned to a new customer relationship management system to build business and relationship intelligence around our external stakeholders. Through targeted and interactive communication with our community members we can start to build CFA's knowledge of community concerns, risks and issues at a local level to increase the relevance and resonance of our engagement with communities.

We deliver programs and services that make a positive difference



Implement and embed Fire Services Reform across operational and support structures at CFA

With the establishment of Fire Rescue Victoria, CFA was restored to a volunteer-only fire and emergency organisation. While this has posed many challenges over the past 12 months, it has also provided opportunities to refocus on what CFA does best – to protect lives and property. Achievements this year related to fire services reform included:

- developing and implementing the Fire Rescue Victoria (FRV)/CFA Joint Operational Activity Memorandum of Understanding
- developing and implementing the Secondment Agreement
- transitioning many corporate and operational functions including compliance with Ministerial Directions, Allocation Statements and Transfer Statements
- developing policy and process to support arrangements defined in the Service Level Deed of Agreement
- developing co-located brigade plans to allow a supportive environment of transition for previously integrated brigades communicating with members from co-located brigades including more than 50 face-to-face sessions with 1,330 attendees
- establishing the CFA/FRV Fire Services Operations Committee (FSOC) focused on working collaboratively to ensure best service delivery to communities across Victoria and recognising the service of volunteers
- developing the FSOC work plan to further enhance and improve services and work practices
- developing the Tenancy Agreement for co-located stations
- upgrading the General Firefighter training program and the ability to conduct components online
- commencing the delivery of replacement CFA fleet and stations program to improve amenities available to volunteers
- finalising the design of new volunteer workwear
- launching programs to improve volunteer safety through additional training and equipment.



Implement and manage the Summer Preparedness Analysis 2020 Program

The Summer Preparedness Analysis 2020 (SPA20) project was developed to replace the Service Delivery Preparedness Program (SDPP), which has been an annual activity in CFA since the early 2000s to assess CFA's readiness for the forthcoming fire season. CFA members across Victoria identified a need to redefine the SDPP process because of a lack of feedback or connectivity to improvements within CFA. The aim of SPA20 is to assess and report on the systems and processes that CFA has in place and to provide evidence to the Chief Officer and the Board about the level of preparedness for the upcoming fire season. During the development of SPA20 CFA carried out extensive consultation prior to its launch in July 2020. The SPA20 process was developed using the methodology of AS/NZS ISO 9001 – Quality Management Systems as the foundation.

SPA20 consists of two evidence-based processes. The first is a self-assessment checklist based on SDPP with additional performance metrics applied to add consistency across all participants. The second component is obtaining an attestation from CFA members involved in preparedness activities so that we have evidence about the effectiveness of the systems and processes prior to the fire season. SPA21 is currently being developed with help from many regional and district team members to identify improvements to SPA20. It is intended that SPA21 will have increased participation from CFA members and their evidence will be used to develop actionable, progressive change to the processes used by all CFA members. This is continuous improvement at an agency level being driven by evidence collected at the frontline.

Support the delivery of joint agency and community bushfire risk mitigation programs through the implementation of the Safer Together Program

The implementation of Safer Together has been a key innovative program that has fostered improved partnerships with Forest Fire Management Victoria and communities around the state and allowed CFA to test new approaches to engage communities. Initiatives such as community-based bushfire management, supporting local government partnerships, and a pilot fire education program in schools were coordinated by CFA on behalf of the sector.

Safer Together funding allowed CFA to deliver fuel management programs on private land and roadsides, including an increase in mechanical reduction of fuel. It also supported local government to reduce fuel hazards in challenging areas near residential housing. CFA is also leading and conducting several joint agency research projects including fire behaviour, assessing the effectiveness of response strategies, and improving community engagement programs and response planning.

We provide a great place to volunteer and work

Develop the Volunteer Engagement Framework



In late 2020 work commenced to review our current engagement practices to identify opportunities for volunteers to have greater input into decision making and enable better sharing of ideas throughout the organisation. The contribution of a broad range of volunteer and staff members will be used to develop a Volunteer Engagement Plan which will complement existing and emerging forums and empower volunteers to provide their local expertise and community knowledge into CFA's service delivery model into the future.

Implement cultural change programs

Following recommendations and feedback from staff, CFA is undertaking work to create a safe, respectful and inclusive environment to enable all people to reach their full potential. We are developing a complaints management framework to help manage and resolve complaints. We will improve and develop policies, processes, systems, training and support to enable more timely and effective resolution of complaints. Significant focus is being put on empowerment and training to support local resolution with clear, defined formal processes for escalation of serious matters. These efforts are aimed at providing better outcomes for volunteers and staff.

We are a progressive emergency service

Launch the Research Strategic Plan

We strive to prevent, prepare and respond to fire in natural and built environments knowing that these environments are complex and dynamic, and influenced by factors such as population growth and climate change. Additionally, we are a diverse organisation with complex needs and the development of approaches to fulfil them requires investment in research. Therefore, to ensure we address our needs in a structured way, we developed the CFA Research Strategic Plan.

Four overarching research themes were established – our communities, our members, our risks and our services – and key research gaps within each theme were identified. There was significant consultation with stakeholders including forest industry brigades and Volunteer Fire Brigades Victoria, and their feedback was incorporated into the Strategic Plan. This plan will help us to prioritise the research we need and includes a Research Implementation Roadmap to ensure priorities are met.

Develop and implement donation and fundraising policy and procedure. Improve oversight of donation vetting, receiving, receipting and allocation

CFA has improved the oversight of donation vetting, receiving, receipting and allocation by developing governance structures for projects funded by donations, recruiting an Executive Manager responsible for fundraising and donations, and launching a tailored customer relationship management (CRM) database system. The CRM will automate the processes for receipting and allocation of donations and will enhance our communications with donors. A policy framework for donations and fundraising is being developed to provide clear direction to staff and volunteers engaged with incoming donations, fundraising and donations disbursement.



Participate in the inquiries and reviews associated with the 2019-20 bushfire season

The 2019-20 fire season had significant impacts across Australia, with more than 24 million hectares burnt, 33 fatalities, more than 3000 homes destroyed and a financial impact estimated at more than \$10 billion. The Commonwealth government and the governments of jurisdictions impacted by the fires initiated a range of inquiries, reviews and inquests. The focus of these inquiries included the full spectrum of emergency management, public safety and land management practices associated with bushfire management.

CFA actively contributed to the following major enquiries:

- Royal Commission into National Natural Disaster Arrangements
- Inspector-General for Emergency Management: 2019/20 Fire Season Inquiry (Phase 1 – community and sector preparedness and response to the 2019-20 fire season)
- Inspector-General for Emergency Management: 2019-20 Fire Season Inquiry (Phase 2 ongoing – relief and recovery during the 2019-20 fire season)
- Inspector-General for Emergency Management: 10-years of reform in Victoria's emergency management sector
- Victorian Auditor General's Office – Reducing Bushfire Risks
- New South Wales Bushfire Inquiry.

In conjunction with our emergency management partners, CFA contributed written responses, documents and other evidence to the enquiries, and subject-matter experts appeared as witnesses before the Royal Commission. Following the production of final reports and series of recommendations, the Victorian Government, emergency management sector and CFA are considering the implementation of various improvements and programs of work.

2020-21 Honours

Eleven CFA members were recognised for their commitment to fire services with the awarding of the Australian Fire Service Medal. This year's recipients were: Peter Baker, Garry Cook, Ross Coyle (pictured), Ian Hay, Brian Petrie, Lesley Read, Mark Roberts, Alen Slijepcevic, Peter Solly, Stephen Walls, Leighton Wraith.

CFA Board member Dr Gillian Sparkes was awarded a Member (AM) in the General Division of the Queen's Birthday 2021 Honours for significant services to environmental sustainability and to public administration.



Develop the Victorian Fire Risk Register – Structure

CFA's Risk Intelligence team has developed a risk assessment tool to identify, assess, evaluate and treat risk in residential environments. This tool, called Victorian Fire Risk Register – Structure (VFRR-S) is based on research, data and expertise including research by Monash University Accident Research Centre which analysed factors affecting the incidence and impact of residential fires by using CFA's Fire and Incident Reporting System data. By mapping residential fire risk, we can make evidence-based decisions to support and inform the prioritisation of risk mitigation and target service delivery. This gets us one step closer to achieving zero fire-related fatalities and injuries in the community.

In March 2021, VFRR-S was piloted with decision makers and end users in Districts 12 and 20. Different residential environments were tested to ensure the tool was fit for purpose. The feedback from the pilots was positive, with participants saying VFRR-S was thought provoking and can be used to guide and inform our activities in community engagement. We are using this feedback to evaluate the tool so we can improve VFRR-S before it is implemented next financial year.

Develop an online tool displaying community archetypes research

Human behaviour is complex and understanding how people make decisions and behave before and during bushfires is essential for us to be able to meet the diverse needs of residents living in bushfire prone areas of Victoria. Self-evacuation archetypes have emerged from bushfire research in recent years to classify key aspects of people's bushfire preparedness and response. CFA has been working to integrate this research into its community safety programs to ensure that the diverse needs of individuals are reflected in our approaches.

The archetypes online tool is an example of one of the ways the research is being used to enhance our existing services. The tool supports community engagement facilitators by providing a way to identify an individual's archetype and providing tailored fire safety advice based on this information. The tool was developed in collaboration with community engagement practitioners. An iterative design means that the experiences and feedback from CFA's community engagement staff and volunteers will help to refine and enhance the tool to ensure it meets the needs of our people. It will be available to support community education and engagement in the lead-up to the 2021-22 bushfire season.

Our response to COVID-19

CFA's Pandemic Management Team continued to manage the organisation's response to the Coronavirus pandemic this financial year to ensure the health and safety of members and maintain operational capability.

A key focus was to manage preparations for the 2020-21 summer fire season as well as ensuring the organisation was meeting its obligations under Victorian Government and WorkSafe Victoria requirements as the state moved through a period of changing restrictions.

As restrictions eased and the COVID-19 situation in Victoria stabilised, the team's focus shifted to CFA's return to COVID-normal including planning and facilitating the return of staff to workplace locations and the resumption of volunteer face-to-face training and community engagement activities.

Throughout the tenure of the Pandemic Management Team, more than 100 staff from across the state worked in rotation in key roles to effectively manage CFA's COVID-19 response. Mitigation measures were extremely successful with no member-to-member transmissions of COVID-19.

Key outcomes during the 2020-21 financial year:

- We developed COVID-19 Response Protocols – a three-tiered approach to provide clarity for members as to what Coronavirus restrictions and guidance applied under different circumstances.
- We prepared guidance around six key operational activities to ensure a statewide approach to managing COVID-19 during the 2020-21 fire season.
- We prepared COVID-safe plans for more than 1,400 CFA locations and stations.
- QR codes were established for all CFA locations and stations to support contact tracing.
- CFA was one of only three emergency services organisations to complete Department of Health and Human Services' training in infection prevention and control.
- We reconfigured CFA locations, stations, district

headquarters, incident control centres, regional control centres and local command facilities to support compliance with COVID-19 restrictions and legal requirements.

- We produced a Return to Workplace Locations toolkit, booking system, health screening questionnaire and FAQs.
- COVID-19 training modules were developed as part of the Chief Health Officer's requirements for pre-season crew compliance training during Stage 4 restrictions.
- We distributed COVID supplies to CFA locations across Victoria through the State Logistics Centre and supported EMV in the warehousing and distribution of state COVID supplies to other agencies and government departments.
- Special COVID kits were distributed to staging areas, strike team leaders, vegetation management officers and brigades responding to aged care facilities.
- We supported incident teams at border closure points and localised lockdowns.
- Chief Officer Directions were written about face masks, the fire danger period, and training requirements.
- We supported up to 20 mobile COVID-19 testing sites with CO₂ testing.
- There were regular communications from the CEO/Chief Officer and Pandemic Management Team to ensure all CFA people were aware of the support available as well as their obligations and responsibilities.

During the 2020-21 financial year, CFA's State Logistics Centre continued to support members across the state through the distribution of COVID-19 supplies, including:

- 687,000 masks
- 59,000 pairs of gloves and safety glasses
- 3,750 disposable suits
- 1,960 face shields
- 2,630 litres of sanitiser.



A passion to lead the next generation

Leading the next generation of CFA volunteers has come naturally to 20-year-old Colac firefighter Caitlin Willsher, who has climbed the ranks through the Junior program to now take the reins as Junior leader.

Caitlin followed in the footsteps of her father and older brother, who were members of the brigade, when she joined as a Junior member at the age of 12.

"I'm glad I got to give it a go as a Junior. I really enjoyed it and was particularly competitive with my brother who was also a member," Caitlin said.

"It provided a great environment for me to socialise with other members. Since then we've been able to increase the number of Juniors and have built a really strong Junior group."

She applied to be a senior member when she turned 16 years old and officially started as a Junior leader in 2018.

"My role is to discuss with the coach and other leaders

how we can improve as a group, as well as organising events, competitions and social nights.

"I took on the role because I like to see the kids happy and enjoying what they're doing. Every time they win something, when they place or when they just give something a go, I just really like seeing that."

Caitlin is an operational firefighter and was busy during the 2019-20 fire season.

"I had the opportunity to be deployed to the New South Wales bushfires last year," she said. "It was nerve-racking but I loved it. I met so many new people and learned a range of new skills that I was eager to bring back to the brigade."

Caitlin hopes to continue to work as a Junior leader at the brigade for the foreseeable future.

"I'm very keen to stick with the brigade and continue to grow in my firefighting role as well."



Helping vulnerable people

When CFA embarked on the Preparing Vulnerable People (PVP) project in 2019, it was an eye-opening experience.

Imagine how difficult it would be to respond to a 'leave early' warning if you needed two disability workers to help you move about and you didn't have transport. The 2009 Victorian Bushfires Royal Commission found that almost half the people who died in the bushfires were vulnerable – that is, were at least 70 years old, 12 years old or younger or had a disability.

"Last summer, I went into a home on a fire call on a severe fire danger rating day and spoke with the two elderly residents. One was in a wheelchair, the house was cluttered and they were completely disengaged with fire safety," Olinda Fire Brigade volunteer Elissa Jans said.

"They were very vulnerable people who blocked themselves out from the world. These are the people we need to reach with this project."

CFA's PVP project aims to improve how well people who are at greatest risk prepare for fire. These

people have a permanent or significant disability, need day-to-day support to live independently, or are older and frail and live alone.

Wendouree Fire Brigade volunteer Don Garlick, who's on the PVP Project Working Group, believes this is a critical project for CFA.

"CFA is all about protecting life and property," Don said. "This project will help those most vulnerable to fire before they get into trouble. We will be saving lives and we won't even know about it because the vulnerable people will be better prepared to save their own lives in an emergency."

This project acknowledges that people with a disability are often the expert in their own lives. They must manage everyday challenges, and bushfire is just another challenge. The program will ensure people have an equal share of the planning and preparedness conversations.

Trials of the program, co-delivered with Red Cross, ran this year in Bendigo, Yarra Ranges Shire and Bass Coast Shire.



What makes a good group officer?

Richard Hicks

Richard Hicks, Group Officer (GO) for the Terrick Group (pictured), said mentoring is an important way to pass on knowledge and experience.

“Having support from the previous GO has definitely helped me gain experience,” Richard said. “As GO, I’ve continued to support our brigades and have been a conduit between CFA and our brigades, especially through the fire season.

“Having a replacement lined up is a positive thing for the group’s succession planning. I’ll be mentoring the next group officer, for sure. I want to step down knowing the role is in good hands.

“We have a preseason briefing as well as incident control training to increase our knowledge and ability to handle different incidents. It’s important to have a post-season debrief with the captains so the whole group can learn from each other.”

Campbell Hickey

“I want to encourage more young people to get involved in behind-the-scene roles, just like me,” Tabilk GO Campbell Hickey said, when asked about his priorities.”

The 2019-20 fire season was Campbell’s first as GO.

“To experience a season like that one, in my first year in the role, was mind boggling,” Campbell said.

“A lot of work was done behind the scenes to deploy members interstate as well as all the local major significant jobs in the area.”

“Communication is key. To me the most important aspect of being a group officer is being able to liaise with all members of the group. We’re all within 18 kilometres of each other so we are always supporting one another.

Alan Hives

“Preparing for the fire season is about pre-planning and looking for clues around the areas to understand the dangers for the year ahead,” Birch GO Alan Hives said.

“There are always new challenges in the role; we have never fixed all our problems. I find myself constantly learning new things even after 44 years.”

An incident that taught him a valuable lesson came early on in his role.

“In 2010 we had extreme flooding that put a town under water. As a group, we supported the SES and each member was pushed outside their comfort zone.

“That’s what really taught me the role is about coordination and communication, not only with other CFA members but also with the community.”

Governance

Organisational structure at 30 June 2021

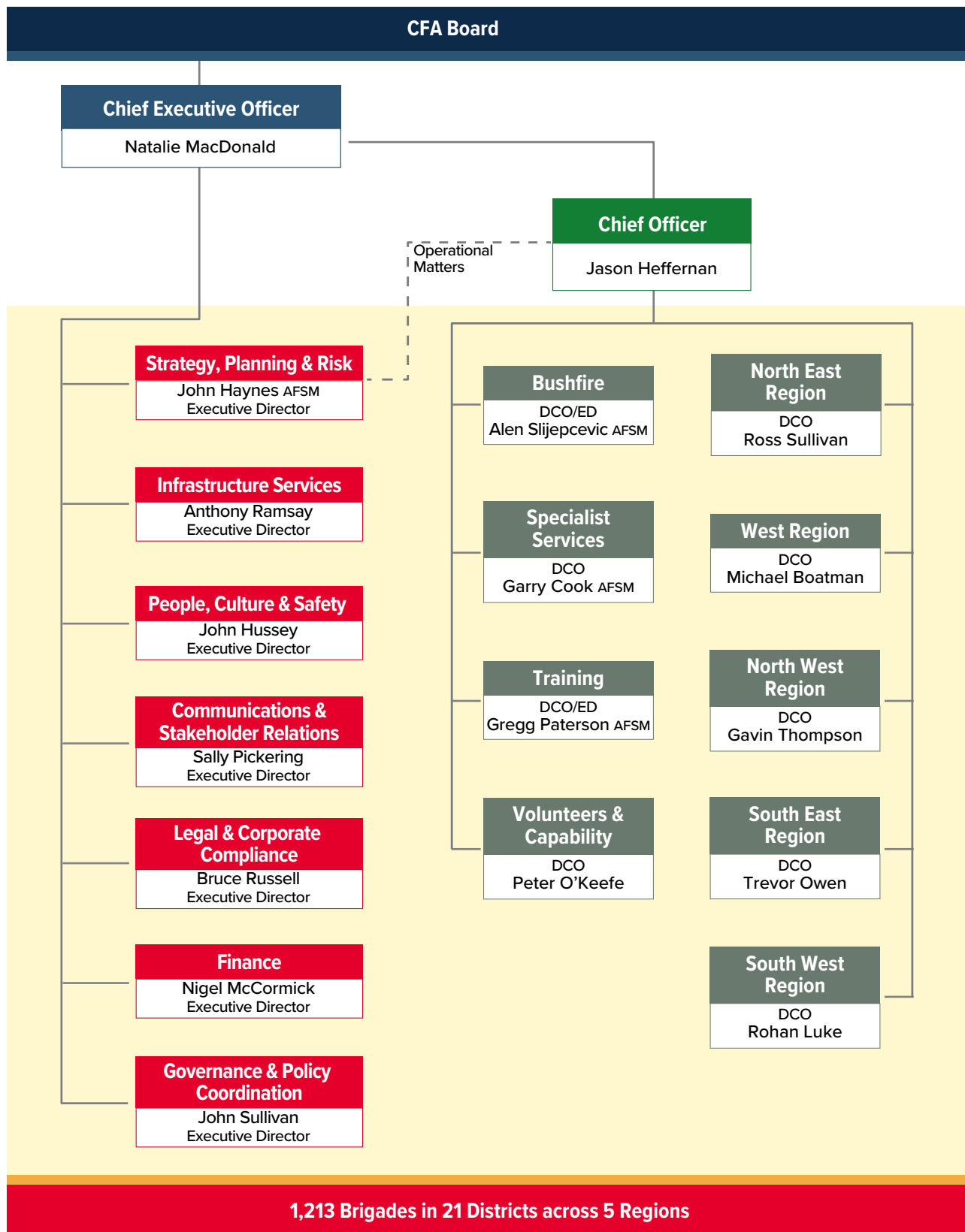


Figure 3: Structure and Executive as at 30 June 2021

CFA Board

CFA's Board is constituted under the CFA Act and is accountable to the Minister for Police and Emergency Services. It sets our strategic direction and ensures government policy is effectively and efficiently implemented. The Board is accountable for our overall performance, ensuring legislative compliance, and that appropriate risk management strategies are in place.

Board members for 2020-21 were:

- Greg Smith AM (Chair) – until 20 July 2020
- Greg Wilson (Chair) – from 21 July 2020
- Michelle McLean (Deputy Chair)
- Gillian Sparkes AM
- Pam White PSM
- Simon Weir
- Kent Griffin
- Peter Shaw AFSM
- Beth Davidson OAM
- Dawn Hartog

CFA Board Committees

Our Board committees structure contains six committees that advise the Board and make recommendations on specific subjects.

Finance, Risk and Audit Committee

This committee provides Board with oversight, review and assurance regarding financial sustainability and reporting, risk management, internal and external audit, and regulatory compliance. Ernst and Young conduct CFA's internal audit and report directly to the committee each time it meets. The Auditor-General audits CFA's annual finance statements and advises the committee. The committee includes an independent member.

Chair: Michelle McLean
Executive sponsor: ED Finance

Health, Safety and Environment

This committee provides the Board with oversight, review and assurance regarding health, safety and environment strategy and policy, compliance and risk, performance, and in meeting external reporting requirements. We appointed an independent member to this committee in September 2017.

Chair: Gillian Sparkes AM
Executive sponsor: ED People Culture & Safety

People and Culture

This committee provides the Board with oversight, review and assurance for people and culture plans, and programs of work and policy, including change management, workplace relations and staff development, and performance and succession. We appointed an independent member to this committee in June 2017.

Chair: Michelle McLean
Executive sponsor: ED People Culture & Safety

Honours, Awards and Remembrance

The committee provides the Board with oversight, review and assurance regarding tributes and the preservation of history and remembrance, as well as recognition work programs within CFA. As per the CFA Honours and Awards manual, it also receives, reviews and endorses nominations for certain honours and awards. This committee has appointed two independent members.

Chair: Dawn Hartog
Executive sponsor: ED Infrastructure Services

Remuneration

This committee provides oversight, review and assurance regarding CFA's executive remuneration policy.

Chair: Greg Wilson
Executive sponsor: ED People Culture & Safety

Community Engagement

This committee provides oversight, review and assurance for community engagement initiatives, building community resilience, and on the quality and performance of our community engagement. We appointed an independent member to this committee in July 2017.

Chair: Beth Davidson OAM
Executive sponsor: ED Bushfire Management

Table 14: Board members' attendance at meetings 2021–21

Meeting*	BM	FRAC	HSE	PC	HAR	REM	CEC
No. meetings to 30 June 2021	14	8	6	4	4	3	4
Greg Smith ¹	1	-	-	-	-	-	-
Greg Wilson ²	13	-	-	-	-	3	-
Michelle McLean	14	8	1	4	-	2	-
Pam White	13	-	-	3	-	3	-
Gillian Sparkes	14	7	6	-	-	-	-
Simon Weir	13	6	6	-	-	-	-
Peter Shaw	14	8	1	4	4	-	-
Kent Griffin	13	8	1	-	-	-	-
Dawn Hartog	14	-	1	-	4	-	4
Beth Davidson	14	-	6	3	-	-	4

* BM, Board meetings; FRAC, Finance, Risk and Audit Committee; HSE, Health, Safety and Environment Committee; PC, People and Culture Committee; HAR, Honours, Awards and Remembrance Committee; REM, Remuneration Committee; CEC, Community Engagement Committee

1. Board member until 20 July 2020. 2. Board member from 21 July 2020.

Attestation for Standing Directions



Attestation for the Standing Directions

2020-21 Attestation Statement

2020-21 Financial Year

Compliance with Standing Direction 5.1.4

CFA Financial Management Compliance Attestation Statement

I, Greg Wilson, on behalf of the Country Fire Authority (CFA) Board, certify that the CFA has no Material Compliance Deficiencies with respect to the applicable Standing Directions under the *Financial Management Act 1994* and Instructions.

Greg Wilson
Chair

Date: 23 August 2021

Financial Statements

Financial Summary

Five year financial summary	\$'m				
	2020-21	2019-20 Restated	2018-19	2017-18	2016-17
Grant income	351.6	807.4	622.2	600.2	577.8
Total income	456.3	865.1	656.7	640.1	590.5
Total expenses*	(468.6)	748.1	(644.4)	(591.0)	(582.2)
Net result	(12.3)	117.0	12.3	49.1	8.4
Comprehensive result	111.2	117.0	84.7	67.9	8.4
Net cash flows from operating activities	76.4	196.7	56.0	93.1	108.8
Total Assets	1,672.7	1,905.5	1,722.1	1,614.6	1,490.2
Total Liabilities	(203.1)	(300.0)	(221.0)	(231.1)	(231.6)
Total Equity	1,469.6	1,605.4	1,501.1	1,383.5	1,258.6

Executive Summary

CFA's comprehensive operating result for 2020-21 was a surplus of \$111.2m, representing a decline over last year's surplus of \$117m (restated**). The significant decline in grant income in 2020-21 was driven by the implementation of Fire Services Reform (FSR) effective 1 July 2020, and consequent transfer of funds to Fire Rescue Victoria (FRV). The impact of the reduction in grant income and one-off supplementary grant funding of \$140.4m received in 2019-20, was offset by the \$123.5m revaluation increase in 2020-21 from the scheduled revaluation of land and buildings.

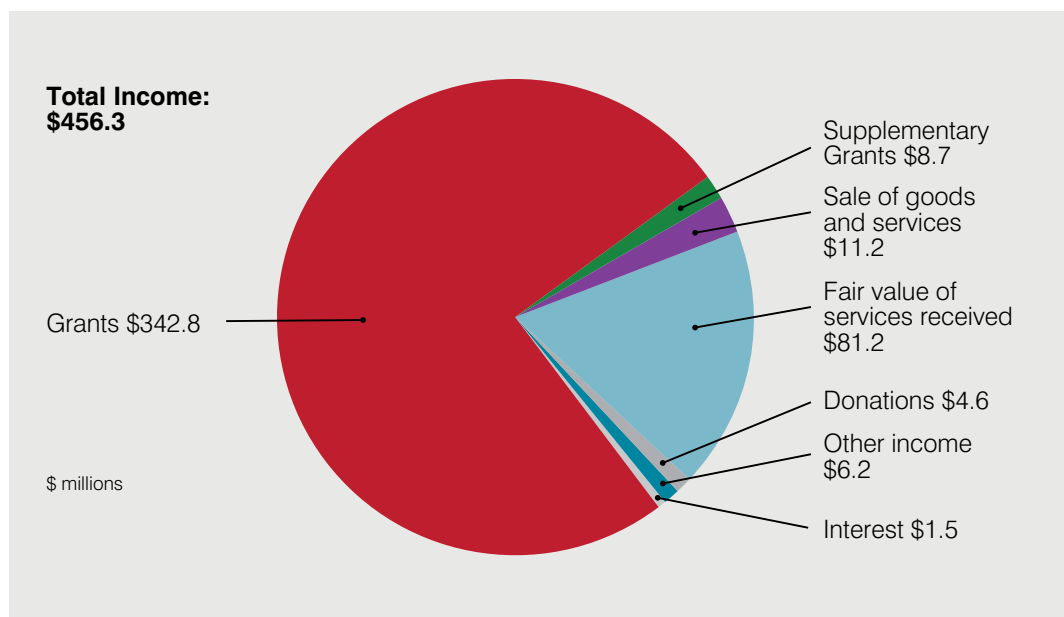
The expenditure in 2020-21 was lower than expected due to the impact of Covid-19, resulting in project being delayed due to supply chain issues, access to sites and general decrease in expenditure to staff working from home and other impacts.

CFA continues to maintain a strong balance sheet with net assets of \$1.47 billion after the implementation of FSR and transfer of net assets of \$279.9m to FRV. These positive financial results reflect the Board's prudent oversight of financial management and CFA's objective of maintaining expenditures to within income over the medium term. Projects remain a significant feature of CFA's financial position from both a balance sheet perspective (cash held to enable the future delivery of projects) and from an operating result perspective.

**2019-20 results have been restated due to correction of prior period error in the calculation of depreciation on buildings.

Comprehensive Operating Statement

Income



Income

In 2020-21, CFA received most of its income (77%) through Grants provided by the Department of Justice and Community Safety (DJCS) and Department of Environment, Land, Water and Planning (DELWP). In addition, CFA recognised an income of \$81.2m (18%) from services provided free of charge by FRV resulting from agreements entered between the parties in the implementation of FSR effective 1 July 2020.

The total income for the 2020-21 year was \$456.3m, a decrease of \$408.8m from the prior year's total of \$865.1m. This was primarily attributable to a reduction in government grant funding as a result of the implementation of FSR, reduction in supplementary funding received as a one-off payment in 2019-20 of \$140.4m towards the reimbursement of costs incurred from the 2016-17 to 2019-20 financial years under the CFA Operational Staff Employment, Conditions and Entitlements Policy conditions, \$21.3m reduction in donations from the public due to 2020-21 fire season being normal in comparison to the 2019-20 significant fire season. These reductions were offset by the recognition of services provided free of charge by FRV of \$81.2m.

Government and statutory grant funding

CFA received Grants and Contributions of \$351.6m for the current year (\$807.4m for 2019-20). Under the Country Fire Authority Act 1958 (the Act), CFA received funding of annual expenditure from the State Government under the property-based fire service levy arrangements. The significant decrease in the grants income for the current year was primarily attributable to partial transfer of grant funding to FRV due to implementation of FSR and reduction in supplementary funding received as a one-off payment in 2019-20 of \$140.4m towards the reimbursement of costs.

Sales of goods and services

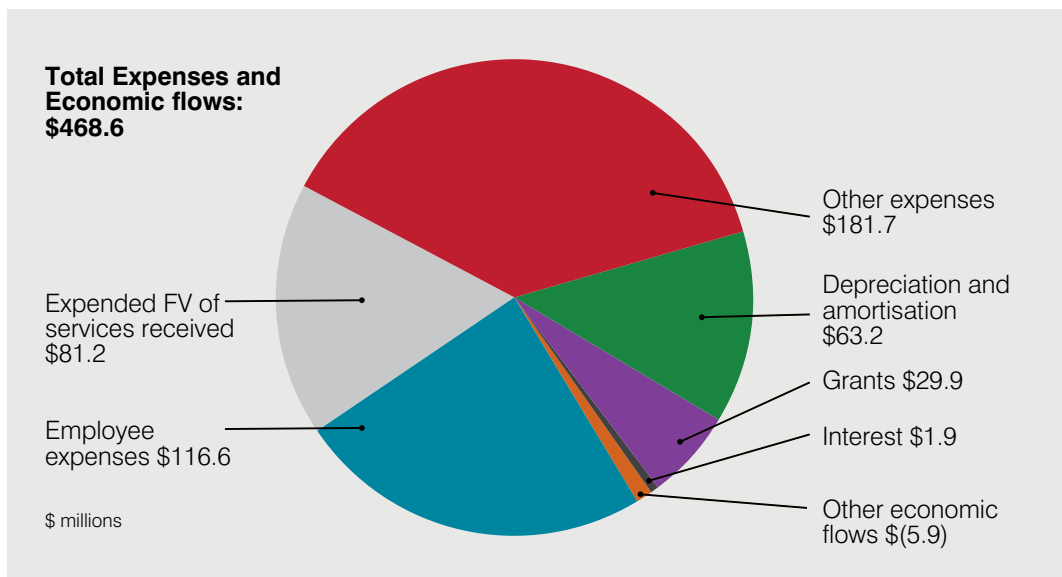
CFA received \$11.2m during the year from the sale of goods and services to external bodies (\$18.2m for 2019-20). This includes the provision of external training services, fire protection fees, dangerous goods inspections, fire and equipment maintenance services, and charges for hazardous materials incidents and emergency attendances. The decrease is primarily due to FSR and changes to CFA's jurisdictional area.

Other income and interest

Other income for the current year of \$10.8m (\$35.8m for 2019-20) was lower than the prior year due to the current year relatively normal fire season, with average donations received of \$4.6m in comparison to the extensive public support following the abnormal 2019-20 fire season, where \$25.9m was received in donations.

Interest income for the current year was \$1.5m (\$3.6m for 2019-20). The reduction in the interest earnings for the current year was a result of declining interest rates and lower cash balances from the reduction in grant funding and payment of significant cash to FRV for settlement of liabilities towards projects and employees as a result of FSR.

Expenses



Expenses

Total expenses excluding other economic flows for the 2020-21 year were \$474.6m compared to \$736.7m for 2019-20 (restated**). The decrease of \$251m year-on-year in expenditure was primarily attributable to the reduction in wages cost by \$322.9m resulting from the implementation of FSR and transfer of a significant portion of the CFA staff to FRV partially off-set by the recognition of \$81.2m expended cost of free services received from FRV.

Net gains from other economic flows were \$8.9m for 2020-21 compared to a net loss of \$11.4m for 2019-20. The net positive movement for the year 2020-21 was due to a one-off recognition of \$19.1m loss in the year 2019-20 from implementation of an updated Long Service Leave (LSL) estimation model.

Employee expenses

During 2020-21 employee expenses were \$116.6m compared to \$439.5m for 2019-20. The decrease of \$322.9m in costs was primarily due to the transfer of a significant portion of the CFA employees to FRV resulting from the implementation of FSR effective from 1 July 2020.

Depreciation and amortisation

Depreciation of property, plant and equipment and amortisation of intangible assets amounted to \$63.2m for 2020-21 and \$70.3m for 2019-20 (restated). The primary reason for the decrease in depreciation was transfer of a portion of CFA's depreciable assets to FRV.

Grants

CFA spent \$29.9m on grants during 2020-21 as against \$28.4m in 2019-20.

Other expenses

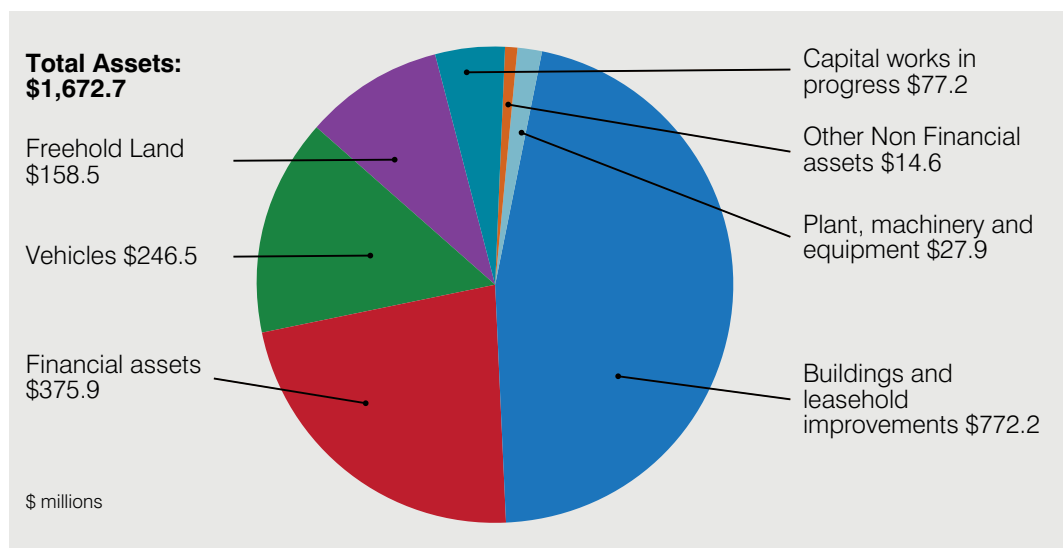
CFA spent \$181.7m on general operating costs and other expenses during 2020-21 as against \$196.9m in 2019-20. The decrease of \$15.2m for the year as compared to the prior year was a net result of various movements in underlying operating costs and provision movements.

The positive variance is attributable primarily to savings of \$42m from expenses such as travel, hire of equipment, vehicle and building maintenance, office maintenance, training and uniform partially offset by additional \$27m in volunteer compensation and insurance expenses and contractor and consultant costs. While FSR and COVID-19 were the primary reasons for reduction in the expenses, significant revisions to case estimates on large insurance claims increased the volunteer compensation provision.

**2019-20 results have been restated due to correction of prior period error in the calculation of depreciation on buildings.

Balance Sheet

Assets



Total Assets

Total assets were \$1,672.7m as of 30 June 2021 compared to \$1,905.5m (restated) as of 30 June 2020. The major elements in the downward movement of \$232.8m assets during the year were \$416.1m of transfer of assets including cash to FRV due to implementation of FSR partially off-set by \$169.8m net addition to non-financial physical assets.

Financial assets

Financial assets totalled \$375.9m as of 30 June 2021 (\$549.5m as of 30 June 2020) and comprise \$290.5m cash at bank and deposits, \$55.1m investments and \$30.3m receivables. Net receivables decreased by \$11.7m primarily due to receipt of \$18m payment from the government.

Cash, deposits, and investments include Trust and brigades' cash and investment balances together with cash holdings held for local initiatives and funded programs such as:

- Capability funding
- Fire Services Statement
- Base capital program
- Regional Radio Dispatch Service
- Environmental Compliance Program
- Coverage of employee accumulated entitlements
- Various other programs

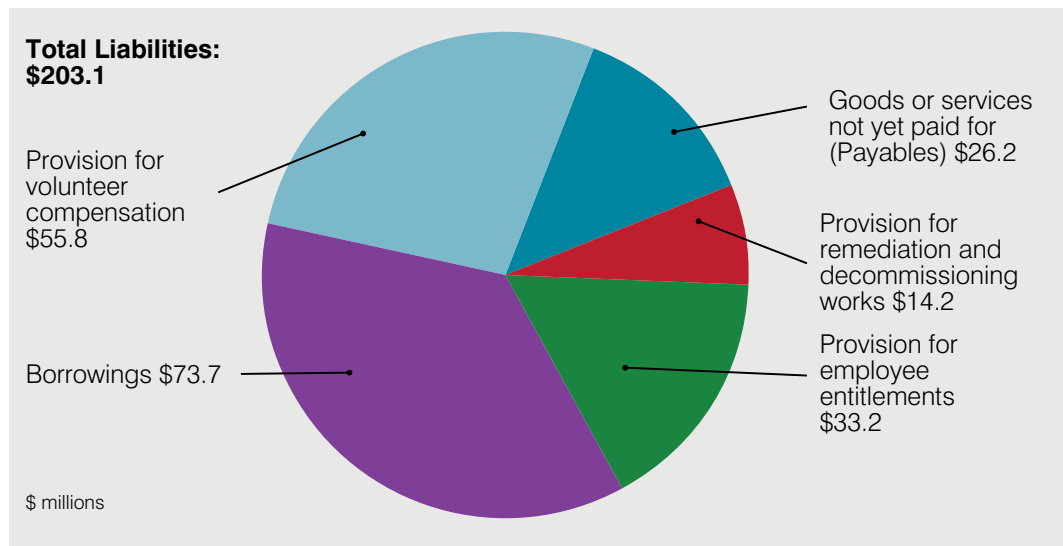
Non-Financial assets

Non-Financial assets totalled \$1,296.8m as of 30 June 2021 (\$1,356m as of 30 June 2020 – restated**) comprising \$1,282.2m property, plant and equipment, and other non-financial assets, \$10.7m inventories of goods held in store, \$2.1m prepayments and \$1.8m intangible assets.

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 in progress, totalled \$77.2m (2019-20: \$80.3m).

**2019-20 results have been restated due to correction of prior period error in the calculation of depreciation on buildings.

Liabilities



Total Liabilities

Total liabilities amounted to \$203.1m as of 30 June 2021 compared to \$300.0m as of 30 June 2020. The \$96.9m decrease in the total liabilities in the current year was primarily attributable to \$136.2m decrease in employee liabilities transferred to FRV from the implementation of FSR effective 1 July 2020 partially offset by increases of \$14.6m in volunteer compensation provision, \$5.3m in environmental remediation provision, and \$19.9m in AASB 16 lease liabilities.

Goods or services not yet paid for (Payables)

On 30 June 2021, a total of \$26.2m was owed for goods or services provided but not yet paid for compared to \$27.0m as of 30 June 2020.

Employee related and other provisions

There was a net decrease of \$116.0m in employee related and other provisions. Employee related provision decreased by \$135.9m primarily due to the transfer of employee liabilities to FRV from implementation of FSR.

This decrease was offset by a net increase of \$19.9m from volunteer compensation provision which was higher than expected due to significant revision to case estimates on large claims, additional provision for off-site Fiskville remediation program and a decrease in provision for environmental decommissioning and remediation works.

CFA and Brigades Donations Fund

In 2004, CFA established the CFA and Brigades Donations Fund (the Trust). The Trust is a public fund with tax-deductible status. It was set up to comply with the Income Tax Assessment Act 1997, to allow people to make tax-deductible donations to support CFA brigades meet the costs of purchasing and maintaining fire-fighting equipment and facilities, providing training and resources and to otherwise meet those administrative expenses of brigades which are associated with their fire-fighting functions.

The Trust is governed by its Deed, which sets out the purpose of the Trust and the purpose for which moneys relating to the Trust can be raised and be used. All donations for brigades whether received by brigades or the CFA on behalf of a brigade must be paid into the Trust. In line with the objects of the Trust the donated money received is subsequently released back to the brigade (known as disbursements) for spending. The Trustees are responsible for the preparation of separate financial statements that are subject to independent audit.

The Trust is an entity controlled by CFA for accounting purposes as per the Australian Accounting Standards Board Standard on Consolidated Financial Statements (AASB 10). The financials of the Trust, therefore, were consolidated within the CFA's Annual Financial Statements as at 30 June 2021. As a result of this consolidation, cash and term-deposits amounting to \$11.7m has been recognised as financial assets in the books of CFA.

A total of 1,213 brigades were registered with the Trust as of 30 June 2021. The Trust received revenue from donations of \$4.0m during the 2020-21 financial year compared to \$17.7m during 2019-20. The Trust received an atypically high level of donations in the previous financial year because of public support during the 2019-20 bush fire season. The 2020-21 financial year saw a return to the longer-term average level of donations.

Trust bank and term-deposits balances were \$7.6m and \$4.1m as of 30 June 2021 (\$6.9m and \$4.2m as of 30 June 2020) respectively.

Subsequent Events

Fire Services Reform (FSR) and COVID-19

A note in respect of implementation of FSR and a brief note on COVID-19 are provided in Note 8.10 of this Annual Financial Statements.

Financial Report

How this report is structured

Country Fire Authority (CFA) has presented its audited general purpose financial statements for the year ended 30 June 2021 in the following structure to provide users with the information about the CFA's stewardship of resources entrusted to it.

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Declaration in the Financial Statements

The attached financial statements for the Country Fire Authority have been prepared in accordance with *Direction 5.2 of the Standing Directions* of the Assistant Treasurer under the *Financial Management Act 1994*, applicable Financial Reporting Directions, Australian Accounting Standards including Interpretations, and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and accompanying notes, presents fairly the financial transactions during the year ended 30 June 2021 and financial position of the Country Fire Authority at 30 June 2021.

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 28 October 2021.



.....
G Wilson

Chair
Country Fire Authority

Melbourne
29 October 2021



.....
N MacDonald

Chief Executive Officer
Country Fire Authority

Melbourne
29 October 2021



.....
M Sashindranath

Acting Chief Financial Officer
Country Fire Authority

Melbourne
29 October 2021

Audit Report



Victorian Auditor-General's Office

Independent Auditor's Report

To the Board of Country Fire Authority

Opinion	<p>I have audited the financial report of Country Fire Authority (the Authority) which comprises the:</p> <ul style="list-style-type: none">• balance sheet as at 30 June 2021• comprehensive operating statement for the year then ended• statement of changes in equity for the year then ended• cash flow statement for the year then ended• notes to the financial statements, including significant accounting policies• declaration in the financial statements. <p>In my opinion the financial report presents fairly, in all material respects, the financial position of the Authority as at 30 June 2021 and its financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the <i>Financial Management Act 1994</i> and applicable Australian Accounting Standards.</p>
Basis for opinion	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the Authority in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
The Board's responsibilities for the financial report	<p>The Board of the Authority is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Financial Management Act 1994</i>, and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Board is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.</p>

report

includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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

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

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



Janaka Kumara

as delegate for the Auditor-General of Victoria

MELBOURNE
4 November 2021

Comprehensive operating statement ^(a)

For the financial year ended 30 June 2021

	Notes	2021	(\$ thousand) Restated ^(d) 2020
Continuing operations			
Revenue and income from transactions			
Grants	2.2.1	351,564	807,448
Sale of goods and services	2.2.2	11,160	18,205
Fair value of services received free of charge or for nominal consideration	2.2.3	81,230	-
Other income	2.2.4	10,810	35,884
Interest income	2.2.5	1,546	3,554
Total revenue and income from transactions		456,310	865,091
Expenses from transactions			
Employee expenses	3.1.1	116,577	439,492
Expended fair value of services received free of charge or for nominal consideration	3.3	81,230	-
Other operating expenses	3.4	181,693	196,878
Depreciation and amortisation	4.1.2	63,234	70,281
Grant expenses	3.2	29,948	28,366
Interest expense	6.4	1,874	1,722
Total expenses from transactions		474,556	736,739
Net result from transactions/ (net operating balance)		(18,246)	128,352
Other economic flows included in net result			
Net gain/ (loss) on non financial assets ^(b)	8.2	4,402	471
Net gain/ (loss) on financial instruments ^(c)	8.2	753	8,320
Other gain/ (loss) from other economic flows	8.2	771	(20,141)
Total other economic flows included in net result		5,926	(11,350)
Net result		(12,320)	117,002
Other economic flows – other comprehensive income:			
Items that will not be reclassified to net result			
Changes in physical asset revaluation surplus	8.4	123,500	-
Total other economic flows – other comprehensive income		123,500	-
Comprehensive result		111,180	117,002

The accompanying notes form part of these financial statements.

Notes

(a) This format is aligned to AASB 1049 Whole of Government and General Government Sector Financial Reporting.

(b) Net gain/ (loss) on non-financial assets includes unrealised and realised gains/ (losses) from revaluations, impairments, and disposals of all physical assets and intangible assets, except when these are taken through the asset revaluation surplus.

(c) Net gain/ (loss) on financial instruments includes bad and doubtful debts from other economic flows, unrealised and realised gains/ (losses) from revaluations, impairments and reversals of impairment.

(d) Refer Note 8.5 for details of correction of a prior period error.

Balance sheet ^(a)

As at 30 June 2021

	Notes	2021	Restated ^(e) 2020	Restated ^(e) 1 July 2019
(\$ thousand)				
Assets				
Financial assets				
Cash and deposits	6.1	290,490	454,651	318,415
Receivables	5.1	30,278	42,008	28,252
Investments	6.3	55,122	52,837	46,476
Total financial assets		375,890	549,496	393,143
Non financial assets				
Inventories	5.2	10,655	9,283	7,774
Property, plant and equipment ^(b)	4.1	1,282,232	1,341,991	1,281,552
Intangible assets	4.2	1,825	2,154	2,775
Prepayments		2,088	2,558	2,486
Total non financial assets		1,296,800	1,355,986	1,294,587
Total assets		1,672,690	1,905,482	1,687,730
Liabilities				
Payables	5.3	26,154	26,999	27,802
Borrowings ^(c)	6.4	73,719	53,829	-
Employee related provisions	3.1.2	33,184	169,118	116,566
Other provisions	5.4	70,025	50,094	76,630
Total liabilities		203,082	300,040	220,998
Net assets		1,469,608	1,605,442	1,466,732
Equity				
Accumulated surplus		518,737	531,057	413,881
Physical asset revaluation surplus	8.4	676,452	552,952	552,952
Contributed capital ^(d)		274,419	521,433	499,899
Net worth		1,469,608	1,605,442	1,466,732

The accompanying notes form part of these financial statements.

Notes

(a) This format is aligned to AASB 1049 Whole of Government and General Government Sector Financial Reporting.

(b) Property, plant and equipment includes right-of-use lease assets as per Australian Accounting Standards Board: *AASB 16 Leases*.

(c) Borrowings are right-of-use lease liabilities as per *AASB 16 Leases*.

(d) Movement in contributed capital includes impact of the restructure of administrative arrangements arising from the Fire Services Reform. Refer Note 8.3 for further information.

(e) Refer Note 8.5 for details of correction of a prior period error.

Cash flow statement ^(a)

For the financial year ended 30 June 2021

	Note	2021	2020
(\$ thousand)			
Cash flows from operating activities			
Receipts			
Receipts from government		369,473	799,235
Receipts from other entities		13,046	23,693
Goods & services tax recovered from the ATO ^(b)		25,208	26,502
Interest received		1,551	3,538
Other receipts		10,810	35,884
Total receipts		420,088	888,852
Payments			
Payments of grant expenses		(29,948)	(28,390)
Payments to suppliers and employees		(311,882)	(662,053)
Interest paid		(1,874)	(1,722)
Total payments		(343,704)	(692,165)
Net cash flows from operating activities	6.1.1	76,384	196,687
Cash flows from investing activities			
Payments for investments		(7,985)	(6,361)
Proceeds from sale of investments		5,700	-
Purchases of non financial assets		(82,597)	(70,675)
Proceeds from sale of non financial assets		7,518	4,530
Net cash flows from/ (used in) investing activities		(77,364)	(72,506)
Cash flows from financing activities			
Owner contributions by State Government		32,908	21,708
Cash transferred out on restructure of administrative arrangements ^(d)		(186,842)	-
Repayment of borrowings ^(c)		(9,247)	(9,653)
Net cash flows from/ (used in) financing activities		(163,181)	12,055
Net increase in cash and cash equivalents		(164,161)	136,236
Cash and cash equivalents at the beginning of financial year		454,651	318,415
Cash and cash equivalents at the end of financial year	6.1	290,490	454,651

The accompanying notes form part of these financial statements.

Notes

- (a) This format is aligned to AASB 1049 Whole of Government and General Government Sector Financial Reporting.
- (b) GST paid to or received from the Australian Taxation Office (ATO) is presented on a net basis.
- (c) CFA has recognised cash payments for the principal portion of lease payments as financing activities; cash payments for the interest portion as operating activities consistent with the presentation of interest payments and short-term lease payments for leases and low-value assets as operating activities.
- (d) Cash transferred out on restructure of administrative arrangements through the Fire Services Reform. Refer Note 8.3.

Statement of changes in equity ^(a)

For the financial year ended 30 June 2021

					(\$ thousand)
	Note	Accumulated surplus	Physical asset revaluation surplus	Contributed capital	Total
Balance as at 1 July 2019, as previously stated		444,448	556,761	499,899	1,501,108
Correction of a prior period error	8.5	(30,567)	(3,809)	-	(34,376)
Balance as at 1 July 2019, restated		413,881	552,952	499,899	1,466,732
Net result for the year, as previously stated		127,748	-	-	127,748
Correction of a prior period error	8.5	(10,746)	-	-	(10,746)
Other comprehensive income for the year		-	-	-	-
Capital appropriations		-	-	21,534	21,534
Other adjustments		174	-	-	174
Balance as at 30 June 2020, restated		531,057	552,952	521,433	1,605,442
Net result for the year		(12,320)	-	-	(12,320)
Other comprehensive income for the year	8.4	-	123,500	-	123,500
Capital appropriations		-	-	32,908	32,908
Restructure of administrative arrangements - net assets transferred out ^(b)	8.3	-	-	(279,922)	(279,922)
Balance as at 30 June 2021		518,737	676,452	274,419	1,469,608

The accompanying notes form part of these financial statements.

Notes

(a) This format is aligned to *AASB 1049 Whole of Government and General Government Sector Financial Reporting*

(b) Net assets transferred out on restructure of administrative arrangement arises from the Fire Services Reform. *FRD119A - Transfers Through Contributed Capital* requires that transfers out of net assets arising from administrative restructurings are treated as distributions to owners.

1. ABOUT THIS REPORT

The Country Fire Authority is a statutory authority of the State of Victoria, appointed by the Governor in Council pursuant to s.6 of the *Country Fire Authority Act 1958*.

Its principal address is:

Country Fire Authority
8 Lakeside Drive,
Burwood East VIC 3151

A description of the nature of its operations and its principal activities is included in the Report of Operations, which does not form part of these financial statements.

From 1 July 2020, CFA has repositioned itself as a volunteer firefighting service, following the Fire Services Reform. Parts of certain fire districts were rezoned from CFA's to Fire Rescue Victoria's area of jurisdiction, along with the associated resources and costs. Further information is contained in Note 8.3 and Note 3.5.

Basis of preparation

These financial statements are presented in Australian dollars and prepared in accordance with the historical cost convention unless a different measurement basis is specifically disclosed in the note associated with the item measured on a different basis. The exceptions to the historical cost convention are:

- non-financial physical assets which, after acquisition, are measured at a re-valued 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 based on actuarial assessments or present value.

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

Consistent with the requirements of *AASB 1004 Contributions*, contributions by owners (that is, contributed capital and its repayment) are treated as equity transactions and, therefore, do not form part of the income and expenses of CFA.

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 to or distributions by owners have also been designated as contributions by owners.

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

Judgements, estimates and assumptions are required to be made about financial information being presented. The significant judgements made in the preparation of these financial statements are disclosed in the notes where amounts affected by those judgements are disclosed. Estimates and associated assumptions are based on professional judgements derived from historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Revisions to accounting estimates are recognised in the period in which the estimate is revised and also in future periods that are affected by the revision. Judgements and assumptions made by management in applying Australian Accounting Standards (AASs) that have significant effects on the financial statements and estimates relate to:

- the fair value of land and buildings based on scheduled five-yearly Valuer General Victoria's valuation and managerial valuations in interim years (Note 7.3 and Note 4);
- the assumptions of likely further lease terms, assumed borrowing rate and future discount rates used to recognise right-of-use assets and comparable market data used to reassess fair value subsequent to initial measurement. (Note 7.3 and Note 4);
- assumptions for employee benefit provisions based on likely tenure of existing staff, patterns of leave claims, future salary movements and future discount rates (Note 3.1.2);
- actuarial assumptions for volunteer compensation provisions based on assessment of outstanding claims (Note 5.4);
- provision for decommissioning and remediation based on expert advice regarding the nature and timing of work involved (Note 5.4);
- the assumptions applied in assessing and, where possible, quantifying value of contingent assets and liabilities (Note 7.2);
- the assumptions applied in quantifying fair value of services received and provided free of charge or for nominal consideration (note 2.3.3, Note 3.3, Note 3.4 and Note 3.5);
- certain attributes of property, plant and equipment such as useful lives of assets, asset condition, fair value and whether assets are specialised assets (Note 4); and
- collectability of receivables given period of outstanding debt, risk of default and expected loss. This is explained further in Note 7.1.3 under Financial instruments: Credit risk.

These financial statements cover CFA as an individual reporting entity and include all the controlled activities of CFA and the Trust for CFA & Brigades Donations Fund.

The Trust for CFA & Brigades Donations Fund (the Trust) is a public fund set up to allow people to make tax-deductible donations, under *Income Tax Assessment Act 1997*, to support CFA brigades' operational firefighting capacity. A total of 1,213 brigades were registered with the Trust as at 30 June 2021.

CFA has determined that it has control over the Trust for CFA & Brigades Donations Fund under *AASB 10 Consolidated Financial Statements* and therefore the Trust is consolidated within CFA's financial statements.

All amounts in the financial statements have been rounded to the nearest \$1,000 unless otherwise stated. Refer to Note 8.13 for a style convention guide and explanation of minor discrepancies resulting from rounding.

Compliance information

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

Where appropriate, those AASs paragraphs applicable to not-for-profit entities have been applied. Accounting policies selected and applied in these financial statements ensure that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

To gain a better understanding of the terminology used in this report, a glossary of technical terms can be found at Note 8.13.

2. FUNDING DELIVERY OF OUR SERVICES

Introduction

CFA's mission is to protect lives and property. Our vision is to ensure Victorian communities are prepared for and safe from fire. We are Victoria's volunteer fire service, operating across the state to reduce the occurrence and impacts of fire and other emergencies.

CFA receives income in the form of grants from the Department of Justice and Community Safety (DJCS) and the Department of Environment, Land, Water and Planning (DELWP) to fulfil its objectives. CFA also receives income from supplementary funding, other grants, regulatory fees, rendering of services and interest income from bank deposits and investments. As a result of Fire Services Reform, CFA receives services free of charge from Fire Rescue Victoria.

Significant judgement:

CFA has made judgements that most of the grants income should be recognised under *AASB 1058 Income of Not-for-Profit Entities* rather than *AASB 15 Revenue from Contracts with Customers* as the grants were earned under arrangements that are either not enforceable and/ or linked to sufficiently specific performance obligations.

Structure

2.1	Summary of revenue and income that funds the delivery of our services	60
2.2	Income from transactions	61

2.1 Summary of revenue and income that funds the delivery of our services

	Notes	(\$ thousand)	
		2021	2020
Grants	2.2.1	351,564	807,448
Sale of goods and services	2.2.2	11,160	18,205
Fair value of assets and services received free of charge or for nominal consideration	2.2.3	81,230	-
Other income	2.2.4	10,810	35,884
Interest income	2.2.5	1,546	3,554
Total revenue and income from transactions		456,310	865,091

Revenue and income that fund delivery of the CFA's services are accounted for consistently with the requirements of the relevant accounting standards disclosed in the following notes.

2.2 Income from transactions

2.2.1 Grants

	(\$ thousand)	
	2021	2020
Income recognised under AASB 1058:		
General purpose ^(a)	342,828	642,388
Supplementary funding ^(b)	8,736	165,060
Total grants	351,564	807,448

Note

(a) Decrease in general purpose grants in 2021 is a result of a restructure of administrative arrangements (Note 8.3).

(b) Supplementary funding in 2020 includes \$140,424k re-imbursement of costs incurred from the 2016-17 financial year to 30 June 2020 under the CFA Operational Staff Employment, Conditions and Entitlements Policy conditions.

Grants recognised under AASB 1058

CFA has determined that the grant income included in the table above under *AASB 1058 Income of Not-for-Profit Entities* has been earned under arrangements that are either not enforceable and/ or linked to sufficiently specific performance obligations.

Income from grants without any sufficiently specific performance obligations, or that are not enforceable, is recognised when CFA has an unconditional right to receive cash which usually coincides with receipt of cash. On initial recognition of the asset, CFA recognises any related contributions by owners, increases in liabilities, decreases in assets, and revenue ('related amounts') in accordance with other Australian Accounting Standards. Related amounts may take the form of:

- contributions by owners, in accordance with *AASB 1004 Contributions* ;
- revenue or a contract liability arising from a contract with a customer, in accordance with *AASB 15 Revenue from Contracts with Customers* ;
- a lease liability in accordance with *AASB 16 Leases* ;
- a financial instrument, in accordance with *AASB 9 Financial Instruments* ; or
- a provision, in accordance with *AASB 137 Provisions, Contingent Liabilities and Contingent Assets* .

Grants recognised under AASB 15

Income from grants that are enforceable and with sufficiently specific performance obligations and accounted for as revenue from contracts with customers under AASB 15. Revenue is recognised when CFA satisfies the performance obligation. This is recognised based on the consideration specified in the funding agreement and to the extent that it is highly probable a significant reversal of the revenue will not occur. The funding payments are normally received in advance or shortly after the relevant obligation is satisfied.

2.2.2 Sale of goods and services

	(\$ thousand)	
	2021	2020
Sale of goods	2,570	3,226
Regulatory fees	3,125	7,658
Rendering of services	5,465	7,321
Total sale of goods and services	11,160	18,205

The sale of goods and services included in the table above are transactions that CFA has determined to be classified as revenue from contracts with customers in accordance with AASB 15.

Performance obligations and revenue recognition policies

Revenue is measured based on the consideration specified in the contract with the customer. CFA recognises revenue when it transfers control of a good or service to the customer, i.e. when, or as, the performance obligations for the sale of goods, or services to the customer are satisfied.

- Customers obtain control of the supplies and consumables at a point in time when the goods are delivered to and have been accepted at their premises.
- Revenue from the sale of goods are recognised when the goods are delivered and have been accepted by the customer at their premises
- Income from regulatory fees and from rendering of services is recognised at a point in time when the performance obligation is satisfied when the service is completed.

2.2.3 Fair value of services received free of charge or for nominal consideration recognised as income

	Note	(\$ thousand)	
		2021	2020
Services			
- Services received from FRV	3.3	81,230	-
Total fair value of services received free of charge or for nominal consideration		81,230	-

Contributions of resources received free of charge or for nominal consideration are recognised at their fair value when the CFA obtains control over the resources, irrespective of whether restrictions or conditions are imposed over the use of the contributions.

Services received from FRV relates to services rendered by Fire Rescue Victoria (FRV) as a result of the Fire Services Reform. CFA has assessed that the fair value of these services can be reliably determined and the services would have been sourced and paid for if not provided free of charge. Further information is disclosed at Note 3.5.

2.2.4 Other income

	(\$ thousand)	
	2021	2020
Public Fund donations	613	8,193
Brigade assets - Cash and donations	5,383	21,879
Brigade assets - Buildings at fair value	159	87
Brigade assets - Vehicles, plant and equipment	392	261
Other	4,263	5,464
Total other income	10,810	35,884

Public Fund donations represent donations received from the public into the Public Fund. Details of the Public Fund are disclosed at Note 6.2.1.

Donations received from the public were significantly higher in 2020 due to community support over the bushfire season of 2019-20.

Brigade Assets represent movements in cash at the brigades and contributions by the brigades towards property, plant and equipment. Brigade assets are recognised when received or receivable. Brigade assets cash and donations include donations from the public to the Trust for CFA & Brigades Donations Fund.

Volunteer Services are only recognised when a fair value can be reliably measured and the services would have been purchased if not donated. CFA has assessed that the fair value of volunteer services via volunteer contribution and effort cannot be reliably measured or estimated through comparative pricing methodology.

Other income includes insurance recoveries, donations received, external capital contributions and employee contributions for Fringe Benefits Tax (FBT) and other items.

2.2.5 Interest income

	(\$ thousand)	
	2021	2020
Interest from financial assets not at fair value through profit and loss		
Interest on Central Banking System account	1,432	3,379
Interest on bank deposits	114	175
Total interest from financial assets not at fair value through profit and loss	1,546	3,554

Interest income includes interest received from operational and call accounts. Interest income is recognised using the effective interest method, which allocates the interest over the relevant period.

3. THE COST OF DELIVERING SERVICES

Introduction

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

Structure

3.1	Expenses incurred in delivery of services	64
3.2	Grant expenses	69
3.3	Expended fair value of services received free of charge or for nominal consideration	69
3.4	Other operating expenses	70
3.5	Services received and provided free of charge or for nominal consideration	72

3.1 Expenses incurred in delivery of services

		(\$ thousand)	
	Notes	2021	2020
Employee benefit expenses	3.1.1	116,577	439,492
Grants expenses	3.2	29,948	28,366
Expended fair value of services received free of charge or for nominal consideration	3.3	81,230	-
Other operating expenses	3.4	181,693	196,878
Total expenses incurred in delivery of services		409,448	664,736

3.1.1 Employee benefits in the comprehensive operating statement

	(\$ thousand)	
	2021	2020
Defined contribution superannuation expense	7,103	9,621
Defined benefit superannuation expense	1,931	19,953
Other on-costs (payroll tax, fringe benefits tax, workcover)	6,585	27,513
Employee allowance and support costs	511	7,840
Salaries and wages, annual leave and long service leave	100,447	374,565
Total employee benefit expenses ^(a)	116,577	439,492

Note

(a) Decrease in employee benefit expenses in 2021 is a result of a restructure of administrative arrangements (Note 8.3)

Employee benefit expenses include all costs related to employment including wages and salaries, fringe benefits tax, leave entitlements, termination payments and work cover premiums.

The amount recognised in the comprehensive operating statement in relation to superannuation is employer contributions for members of both defined benefit and defined contribution superannuation plans that are paid or payable during the reporting period. CFA does not recognise any defined benefit liabilities 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. Instead, the Department of Treasury and Finance (DTF) discloses in its annual financial statements the net defined benefit cost related to the members of these plans as an administered liability (on behalf of the State as the sponsoring employer).

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

3.1.2 Employee benefits in the balance sheet

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

	(\$ thousand)	
	2021	2020
Current provisions:		
Annual leave		
Unconditional and expected to settle within 12 months	7,733	30,933
Unconditional and expected to settle after 12 months	2,733	11,764
Long service leave		
Unconditional and expected to settle within 12 months	1,739	4,084
Unconditional and expected to settle after 12 months	13,613	64,684
Provision for employee entitlements	-	24,130
Provisions for on-costs		
Unconditional and expected to settle within 12 months	1,497	5,875
Unconditional and expected to settle after 12 months	2,576	12,767
Total current provisions for employee benefits	29,891	154,237
Non current provisions:		
Employee benefits	2,852	12,752
On-costs	441	2,129
Total non current provisions for employee benefits	3,293	14,881
Total provisions for employee benefits^(a)	33,184	169,118

Note

(a) The provision for employee benefits decreased as a result of restructure of administrative arrangements (Note 8.3).

Reconciliation of movement in on-cost provision

	(\$ thousand)	
	2021	2020
Opening balance	20,771	19,185
Additional provisions recognised	2,346	10,130
Reductions arising from payments	(2,171)	(8,680)
Restructure of administrative arrangements - transfer out (Note 8.3)	(16,462)	-
Unwind of discount and effect of changes in the discount rate	30	136
Closing balance	4,514	20,771
Current	4,073	18,642
Non current	441	2,129

Annual leave liability is recognised as part of the provision for employee benefits as a current liability, because CFA does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

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

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

Long service leave liability is recognised in the provision for employee benefits.

Unconditional Long Service Leave (LSL) is disclosed 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 defer the settlement of the entitlement should an employee take leave within 12 months.

The components of this current LSL liability are measured at:

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

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 is measured at present value.

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

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

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

Liabilities for salaries and wages payable as at balance sheet date are disclosed at Note 5.3 Payables.

3.1.3 Superannuation contributions

Employees of CFA are entitled to receive superannuation benefits and CFA contributes to both defined benefit and defined 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.

As stated in Note 3.1.1, 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 defined benefit liability is recognised in DTF as an administered liability. However, superannuation contributions paid or payable for the reporting period are included as part of employee benefits in the comprehensive operating statement of CFA.

	(\$ thousand)			
	Paid contribution for the year		Contribution outstanding at year end	
	2021	2020	2021	2020
Defined benefit plans ^(a)				
Emergency Services Superannuation Scheme (ESSS)	1,914	19,892	40	-
Other (Government Superannuation Office)	17	61	1	-
Defined contribution plans				
Emergency Services Superannuation Scheme (ESSS)	-	6,821	-	-
Other (Westpac Quick Super)	7,103	2,800	213	-
Total	9,034	29,574	254	-

Note

(a) The basis for determining the level of contributions is determined by the various actuaries of the defined benefit superannuation plans.

3.2 Grant expenses

	(\$ thousand)	
	2021	2020
General purpose grants		
Grants to Department of Justice and Community Safety (DJCS)	27,646	26,123
Grants to volunteer associations	1,786	1,816
Grants to local governments	303	256
Grants to federal government	174	171
Grants to third parties	39	-
Total grant expenses	29,948	28,366

Grant expenses are contributions of CFA's resources to another party for a specific or general purpose where there is no expectation that the amount will be repaid in equal value (either by money, goods or services).

Grants can either be operating or capital in nature. 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 specific purpose and/or have conditions attached regarding their use.

Grant expenses are recognised in the reporting period in which they are paid or payable.

3.3 Expended fair value of services received free of charge or for nominal consideration

		(\$ thousand)	
	Note	2021	2020
Services			
- Expended value of services received from FRV	2.2.3	81,230	-
Total expended fair value of services received free of charge or for nominal consideration		81,230	-

Expended value of services received from FRV relates to services rendered by Fire Rescue Victoria (FRV), as a result of the Fire Services Reform, and consumed by CFA. CFA has assessed that the fair value of these services can be reliably determined and the services would have been sourced and paid for if not provided free of charge. Further information is disclosed at Note 3.5.

3.4 Other operating expenses

		(\$ thousand)	
	Note	2021	2020
Supplies and services			
Purchase of uniform & equipment		6,925	13,910
Purchase of services			
-- Legal fees		2,459	3,033
-- Contractors and consultants fees		14,076	8,611
-- Audit fees	8.9	577	474
-- Catering - operational		347	814
-- Contractor payments to external services - ESTA and others		38,835	43,295
Maintenance			
-- Building operating and maintenance		12,529	15,256
-- Motor vehicle operating and maintenance		9,045	16,710
-- Computer equipment and systems		5,389	4,228
-- Communications, alarms and radio replacement		8,511	10,334
-- Other operating and maintenance		15,175	11,415
Printing and stationery		1,108	2,423
External training and skills maintenance		1,768	4,569
Hire fees - plant, equipment and vehicles		1,393	3,568
Aircraft hire		5,066	6,560
Publicity/Advertising		1,120	954
Volunteer compensation and insurance	5.4	21,153	(1,142)
Volunteer and brigade running costs ^(a)		2,229	9,755
Fair value of services provided free of charge or for nominal consideration			
-- Services provided to FRV		2,734	-
Contribution to other organisations		3,635	1,036
Lease rental expense			
-- Short-term lease expenses		82	40
-- Low value asset expenses		263	41
Bad debts from transactions		13	8
Cost of goods sold/ distributed		5,121	6,531
Essential remediation and decommissioning expenses	5.4	14,983	10,458
General expenses		5,976	7,849
Travel expenses		1,181	16,148
Assets written off		-	-
Total other operating expenses		181,693	196,878

Note

(a) The basis of incorporating the brigade transactions was revised during the year. The volunteer and brigade running cost for 2019-20 has not been restated and is consistent with prior year financial statements.

Other operating expenses generally represent the day-to-day running costs incurred in normal operations. It also includes bad debts expense from transactions that are mutually agreed.

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

The following **lease payments** are recognised on a straight-line basis:

- Short-term leases – leases with a term less than 12 months; and
- Low value leases – leases with the underlying asset's fair value (when new, regardless of the age of the asset being leased) is no more than \$10k.

Cost of goods sold or distributed: The carrying amounts of any inventories held for sale or distribution are recognised as an expense in the period in which the related income is recognised or the inventories are distributed. The amount of any write down of inventories to net realisable value and all losses of inventories shall be recognised as an expense in the period the write down or loss occurs.

The amount of any reversal of any write down of inventories, arising from an increase in net realisable value, shall be recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

Contributions of resources provided free of charge or for nominal consideration are recognised at their fair value when the recipient obtains control over the resources, irrespective of whether restrictions or conditions are imposed over the use of the contributions.

Services provided to FRV relates to services rendered by CFA to Fire Rescue Victoria (FRV) as a result of the Fire Services Reform. CFA has assessed that the fair value of these services can be reliably determined. (Refer Note 3.5)

Expenditure during the year has been affected by **COVID-19** with some of the impacts being:

- delays in programs and training schedules resulting in lower costs across employee expenses as well other operating expenses;
- reduced call outs with significant lock downs for various periods during 2020-21;
- increased other operating employee costs including low value computer equipment to support working from home; and
- increase in employee entitlement benefits for remaining staff as staff are not utilising leave balances.

Other impact of COVID-19 on CFA financials include:

- delays in planned capital spends including delays in build of fire appliances and refurbishment of stations.

3.5 Services received and provided free of charge or for nominal consideration

As part of implementing Fire Services Reform (refer Note 8.3), the following agreements were entered into between CFA and FRV with effect from 1 July 2020:

- A Secondment Agreement (on-going) for the purpose of FRV providing officers or employees of FRV to CFA. These staff are engaged under this agreement for the provision of operational and management support including administrative, training, community safety and fire safety support to CFA. This gives rise to a recognition of services received free of charge by CFA (Refer Note 2.2.3 and Note 3.3).
- Overarching Operational Services Agreement and two Service Level Deeds of Agreement setting out the services and functions FRV provides to CFA and the services and functions CFA provides to FRV upon the request of the other agency. (Refer Note 2.2.3, Note 3.3 and Note 3.4)

In addition to the above agreements, CFA also provided general and other administrative support services to FRV during the financial year including procurement and ICT support.

These arrangements also give rise to a recognition of services provided free of charge by CFA (Refer Note 3.4).

4. KEY ASSETS AVAILABLE TO SUPPORT OUTPUT DELIVERY

Introduction

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

Significant judgement:

CFA has applied judgement to the following attributes of property, plant and equipment:

- the useful lives of assets;
- asset condition;
- fair values; and
- whether assets are specialised assets.

Fair value measurement

Where the assets included in this section are carried at fair value, additional information is disclosed in Note 7.3 in connection with how those fair values were determined, including the impact of COVID-19, if any, on valuations.

Structure

4.1	Property, plant and equipment	73
4.2	Intangible assets	79

4.1 Property, plant and equipment ^(a)

	(\$ thousand)					
	Gross carrying amount		Accumulated depreciation		Net carrying amount	
	Restated ^(b)		Restated ^(b)		Restated ^(b)	
	2021	2020	2021	2020	2021	2020
Land at fair value	158,517	181,230	-	-	158,517	181,230
Buildings at fair value	775,526	771,382	(14,203)	(33,613)	761,323	737,769
Leasehold improvements at fair value	28,885	31,977	(18,054)	(18,131)	10,831	13,846
Plant and equipment at fair value	106,859	103,166	(78,991)	(75,385)	27,868	27,781
Vehicles at fair value	560,428	626,397	(313,885)	(325,304)	246,543	301,093
Assets under construction at cost	77,150	80,272	-	-	77,150	80,272
Net carrying amount	1,707,365	1,794,424	(425,133)	(452,433)	1,282,232	1,341,991

Notes

(a) This balance includes the initial recognition of right-of-use assets, under AASB16 Leases, applied for the first time from 1 July 2019.

(b) Refer Note 8.5 for details of correction of a prior period error.

An independent valuation of CFA's land and buildings at fair value, excluding right-of-use buildings, was performed by the Valuer-General Victoria on 30 June 2021. This resulted in a revaluation increase in the value of the land by \$37,464k and buildings by \$86,036k and the comprehensive result by \$123,500k. Refer to Note 7.3.2 for details.

The following tables are subsets of buildings, plant, equipment and vehicles by right-of-use assets.

4.1.1 Total right-of-use assets: buildings, plant, equipment and vehicles

	(\$ thousand)					
	Gross carrying amount		Accumulated depreciation		Net carrying amount	
	2021	2020	2021	2020	2021	2020
Buildings	80,685	61,432	(14,203)	(10,028)	66,482	51,404
Plant and equipment	612	613	(570)	(554)	42	59
Vehicles	5,397	1,440	(1,273)	(507)	4,124	933
Net carrying amount	86,694	63,485	(16,046)	(11,089)	70,648	52,396

	(\$ thousand)		
	Buildings	Plant and equipment	Vehicles
Opening balance - 1 July 2020	51,404	59	933
Additions	25,090	-	4,101
Restructure of administrative arrangements - Transfer out	(41)	-	(12)
Depreciation	(9,971)	(17)	(898)
Closing balance- 30 June 2021	66,482	42	4,124
Opening balance - 1 July 2019 ^(a)	61,432	613	1,295
Additions	-	-	145
Depreciation	(10,028)	(554)	(507)
Closing balance- 30 June 2020	51,404	59	933

Notes

(a) This balance represents the initial recognition of right-of-use assets recorded on the balance sheet on 1 July 2019 (recognised under AASB 16 at 1 July 2019).

Property, plant and equipment (including right-of-use asset acquired by lessees)

Initial recognition

Property, plant and equipment are measured initially at cost. A recognition threshold of \$5k is applied. Where an asset is acquired for no or nominal cost, the cost is its fair value at the date of acquisition.

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.

The cost of a leasehold improvement is capitalised and depreciated over the shorter of the remaining term of the lease or its estimated useful life.

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

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

Subsequent measurement

Property, plant and equipment as well as **right-of-use assets under leases** are subsequently measured at fair value less accumulated depreciation and impairment. Fair value is determined with regard to the asset's highest and best use (considering legal or physical restrictions imposed on the asset, public announcements or commitments made in relation to the intended use of the asset) and is summarised by asset category.

Right-of-use assets: CFA depreciates the right-of-use assets on a straight line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful life of the right-of-use assets is the remaining lease period. The right-of-use assets are also subject to revaluation.

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

Specialised land and specialised buildings: The market approach is used for specialised land, although is adjusted for the community service obligation (CSO) to reflect the specialised nature of the land being valued.

The CSO adjustment is a reflection of the valuer's assessment of the impact of restrictions associated with an asset to the extent that the CSO adjustment is also equally applicable to market participants.

For specialised buildings, the current replacement cost method is used, adjusting for the associated depreciation.

A scheduled five-yearly Valuer General Victoria's (VGV) valuation was conducted in the current year for specialised land and specialised buildings, excluding right-of-use buildings. Refer to Note 7.3.2.

Vehicles are valued using the current 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 in CFA who set relevant depreciation rates during use to reflect the utilisation of the vehicles.

Fair value for **plant and equipment** that are specialised in use (such that it is rarely sold, other than as part of a going concern) is determined using the current replacement cost method.

Refer to Note 7.3.2 for additional information on fair value determination of property, plant and equipment.

Volunteer brigade contribution to land and buildings

CFA acknowledges the significant contributions made by volunteer brigades to the capital value of fire stations. Many brigades have made substantial improvements to fire stations and property over many decades. The value of these improvements is considered 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, plant and equipment acquired by volunteer brigades valued above the capitalisation threshold of \$5k.

Impairment of property, plant and equipment

The recoverable amount of primarily non-cash-generating assets of not-for-profit entities, which are typically specialised in nature and held for continuing use of their service capacity, is expected to be materially the same as fair value determined under *AASB 13 Fair Value Measurement*, with the consequence that *AASB 136 Impairment of Assets* does not apply to such assets that are regularly revalued.

4.1.2 Depreciation and amortisation

Charge for the period

	(\$ thousand)	
	Restated ^(a)	
	2021	2020
Buildings	30,511	33,640
Leasehold improvements	1,515	2,020
Plant and equipment	3,607	3,980
Vehicles	27,072	30,459
Total depreciation	62,705	70,099
Intangible produced assets (amortisation) (Note 4.2)	529	182
Total depreciation and amortisation	63,234	70,281

Notes

(a) Refer Note 8.5 for details of correction of a prior period error.

Depreciation

All buildings, plant and equipment and other non-financial physical assets that have finite useful lives, are depreciated. The exception to this rule is land.

Depreciation is generally calculated on a straight line basis, at rates that allocate the asset's value, less any estimated residual value, over its estimated useful life. Typical estimated useful lives for the different asset classes for the current and prior years are included in the table below:

Asset	(years) Useful life
Buildings (excluding leased assets)	50
Leasehold improvements	4 - 50
Plant and equipment (including leased assets)	3 - 25
Vehicles (including leased assets)	3 - 25

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

Heritage buildings and specialised buildings are depreciated over the useful life of 40 to 150 years.

Right-of use assets are generally depreciated over the shorter of the asset's useful life and the lease term. Where CFA obtains ownership of the underlying leased asset or if the cost of the right-of-use asset reflects that CFA will exercise a purchase option, then CFA depreciates the right-of-use asset over its useful life.

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

Indefinite life assets: Land, which is considered to have an indefinite life, is not depreciated. Depreciation is not recognised in respect of this asset because its service potential has not, in any material sense, been consumed during the reporting period.

4.1.3 Carrying values by 'purpose' groups ^(a)

Property, plant and equipment are classified primarily by the 'purpose' for which the assets are used, according to one of six purpose groups based upon government purpose classifications. All CFA property, plant and equipment fall under the public safety and environment purpose group. All assets in a purpose group are further sub-categorised according to the asset's 'nature' (i.e. buildings, plant etc.), with each sub-category being classified as a separate class of asset for financial reporting purposes.

4.1.4 Reconciliation of movements in carrying amount of property, plant and equipment

	(\$ thousand)													
	Land at fair value		Buildings at fair value		Leasehold improvements at fair value		Plant and equipment at fair value		Vehicles at fair value		Assets under construction at cost		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Opening balance, as previously stated		179,621		737,350		12,105		11,214					61,555	1,315,928
Correction of a prior period error ^(c)				(34,376)										(34,376)
Opening balance, restated		179,621		702,974		12,105		11,214		301,093		314,083	61,555	1,281,552
Recognition of right-of-use assets on initial application of AASB 16 ^(a)				61,432			613			1,295				63,340
Additions		-	25,090	-	-	-	-	-	4,101	145	82,596	70,178	111,787	70,323
Disposals	(2,205)	(1,069)	(1,757)	(211)	-	-	-	-	(2,089)	(1,774)	-	-	(6,051)	(3,054)
Restructure of administrative arrangements - Transfer out (Note 8.3)	(63,049)		(121,178)	-	(1,724)	-	-	-	(40,962)	-	(2,426)	-	(229,339)	-
Impact of correction of a prior period error on transfer out ^(d)	-	-	4,553	-	-	-	-	-	-	-	-	-	4,553	-
Asset transfer to government agency	-	(940)	-	-	-	-	-	-	-	-	-	-	-	(940)
Transfer in/ out of assets under construction	5,215	3,618	62,324	7,127	224	3,761	3,677	19,850	11,097	17,626	(82,537)	(51,982)	-	-
Revaluation of freehold land and buildings ^(b)	37,464	-	86,036	-	-	-	-	-	-	-	-	-	123,500	-
Impairment (Note 8.2)	(1,300)	-	-	-	-	-	-	-	-	-	-	-	(1,300)	-
Brigade assets recognised	-	-	159	87	-	-	17	84	375	177	(551)	(348)	-	-
Transfer from/ (to) software under development (Note 4.2)	-	-	-	-	-	-	-	-	-	-	(204)	869	(204)	869
Transfer between categories	1,162	-	(1,162)	-	-	-	-	-	-	-	-	-	-	-
Depreciation	-	-	(30,511)	(33,640)	(1,515)	(2,020)	(3,607)	(3,980)	(27,072)	(30,459)	-	-	(62,705)	(70,099)
Closing balance	158,517	181,230	761,323	737,769	10,831	13,846	27,868	27,781	246,543	301,093	77,150	80,272	1,282,232	1,341,991

Notes:

(a) This balance represents the the initial recognition of right-of-use assets, relating to operating leases, recorded on the balance sheet on 1 July 2019.

(b) A scheduled full revaluation, for this purpose group was conducted in current year FRD 1031 Non-financial Physical Assets. An independent valuation of CFA's land and buildings at fair value, excluding right-of-use buildings, was performed by the Valuer-General Victoria at 30 June 2021. This resulted in a revaluation increase in the value of the land by \$37,464k and buildings by \$86,036k and the comprehensive result by \$123,500k. Refer to Note 7.3.2 for details.

(c) Refer Note 8.5 for details of correction of a prior period error.

(d) Movement in the fair value of assets transferred to FRV as a result of the prior period adjustment.

4.2 Intangible assets

	(\$ thousand)	
	2021	2020
Capitalised software, trademarks and copyrights		
Gross carrying amount		
Opening balance	13,789	12,714
Transfer from software under development	-	1,075
Closing balance	13,789	13,789
Accumulated depreciation and amortisation		
Opening balance	12,310	12,124
Amortisation of intangible produced assets ^(a)	529	182
Amortisation of intangible non-produced assets ^(a)	4	4
Closing balance	12,843	12,310
Net book value - Capitalised software, trademarks & copyrights	946	1,479
Software under development		
Gross carrying amount		
Opening balance	675	2,185
Additions	-	434
Transfer to capitalised software	-	(1,075)
Transfer (to)/ from property, plant and equipment (Note 4.1.4)	204	(869)
Net book value - Software under development	879	675
Net book value at end of financial year	1,825	2,154

Note

(a) The consumption of intangible produced assets is included in 'depreciation and amortisation' line item, whereas consumption of the intangible non-produced assets is included in 'net gain/ (loss) on non-financial assets' line item on the comprehensive operating statement.

Initial recognition

Purchased intangible assets are initially recognised at cost. When the recognition criteria in *AASB 138 Intangible Assets* is met, internally generated intangible assets are recognised at cost. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation 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.

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:

- a) the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- b) an intention to complete the intangible asset and use or sell it;
- c) the ability to use or sell the intangible asset;
- d) the intangible asset will generate probable future economic benefits;
- e) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- f) the ability to measure reliably the expenditure attributable to the intangible asset during its development.

Subsequent measurement

Intangible produced assets with finite useful lives are amortised as an 'expense from transactions' on a straight-line basis over their useful lives. **Intangible non-produced assets** with finite useful lives are amortised as an 'other economic flow' on a straight-line basis over their useful lives.

Useful lives of intangible assets are stated in the below table:

Intangible Asset	(years) Useful life
Software	7
Trademarks and copyrights	10

Impairment of intangible assets

Intangible assets with finite useful lives are tested for impairment whenever an indication of impairment is identified. The policy in connection with testing for impairment is outlined in Note 4.1.

Significant intangible assets

CFA has capitalised development expenditure associated with software. CFA has also capitalised trademarks and copyrights held for protection of its brand and marketing materials. These are amortised over their useful life.

5. OTHER ASSETS AND LIABILITIES

Introduction

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

Structure

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5.1 Receivables

		(\$ thousand)	
		2021	2020
Contractual			
	Sale of goods and services	3,341	3,504
	Allowance for impairment losses of contractual receivables	7.1.3 (373)	(254)
	Other receivables	11,604	21,809
Statutory			
	GST recoverable	2,584	3,810
	Regulatory fees	19,245	20,134
	Allowance for impairment losses of statutory receivables	7.1.3 (6,123)	(6,995)
Total receivables		30,278	42,008
Represented by:			
	Current receivables	18,214	30,606
	Non-current receivables	12,064	11,402

Contractual and statutory receivables mainly include debtors in relation to goods and/ or services. However invoices raised in relation to statutory receivables are at rates specified by Ministerial Direction.

Contractual receivables and statutory receivables are therefore classified as financial instruments and categorised as 'financial assets at amortised costs'. They are initially recognised at fair value plus any directly attributable transaction costs. CFA holds the contractual receivables and statutory receivables, except GST recoverable, with the objective to collect the cash flows and therefore subsequently measured at amortised cost using the effective interest method, less any impairment. Refer Note 7.1 for further explanation.

Statutory receivables arising from GST recoverable are recognised and measured similar to contractual receivables, but are not classified as financial instruments for disclosure purposes. CFA applies AASB 9 for initial measurement of the statutory receivables arising from GST recoverable and, as a result, GST recoverable are initially recognised at fair value plus any directly attributable transaction cost. Refer Note 7.1 for further explanation.

Details about CFA's impairment policies, CFA's exposure to credit risk, and the calculation of the loss allowance are set out at Note 7.1.3.

5.2 Inventories

	(\$ thousand)	
	2021	2020
Current inventories		
Supplies and consumables:		
At cost	10,835	9,283
Loss of service potential	(180)	-
Total current inventories	10,655	9,283

Inventories include 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 for all inventories is measured based on weighted average cost.

The 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.

5.3 Payables

	(\$ thousand)	
	2021	2020
Contractual		
Supplies and services	1,052	5,599
Other payables	24,267	18,955
Statutory		
Payroll tax	424	2,174
PAYG withholding	19	19
FBT payable	333	212
GST payable	59	40
Total payables	26,154	26,999
Represented by:		
Current payables	26,154	26,999

Payables consist of:

- **contractual payables** are classified as financial instruments and measured at amortised cost. Accounts payable represent liabilities for goods and services provided to CFA prior to the end of the financial year that are unpaid; and
- **statutory payables**, that 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 contracts.

Trade payables for supplies and services have an average credit period of 30 days. No interest is charged on outstanding balances.

Other payables include accrual for benefits accruing to employees in respect of wages and salaries for services rendered to the reporting date and recorded as an expense during the period the services are delivered.

Maturity analysis of contractual payables ^(a)

	(\$ thousand)						
	Carrying amount	Nominal amount	Maturity dates				
			Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	5+ years
2021							
Supplies and services	1,052	1,052	1,052	-	-	-	-
Other payables	24,267	24,267	24,267	-	-	-	-
Total	25,319	25,319	25,319	-	-	-	-
2020							
Supplies and services	5,599	5,599	5,599	-	-	-	-
Other payables	18,955	18,955	18,955	-	-	-	-
Total	24,554	24,554	24,554	-	-	-	-

Note

(a) Maturity analysis is presented using the contractual undiscounted cash flows.

5.4 Other provisions

	(\$ thousand)	
	2021	2020
Current provisions		
Volunteer compensation	7,068	6,145
Environmental decommissioning and remediation works	-	8,850
Offsite remediation works	7,307	-
Total current provisions	14,375	14,995
Non-current provisions		
Volunteer compensation	48,740	35,099
Offsite remediation works	6,910	-
Total non current provisions	55,650	35,099
Total other provisions	70,025	50,094

Other 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 provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation.

Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows, using a discount rate that reflects the time, value of money and risks specific to the provision.

Volunteer compensation

CFA administers a compensation scheme, provided for under the *Country Fire Authority Act 1958* that is designed to recompense its volunteers for personal loss and injury incurred as a direct result of their firefighting and emergency response activities. An actuarial assessment of this scheme was performed by Deloitte, to determine the present value of CFA's future payment obligations for injuries sustained up to 30 June 2021. An allowance for anticipated recoveries was made, with these predominately related to lump sum recoveries from the Victorian Managed Insurance Authority (VMIA).

Large Claims: An individual projection model was used, based on current case estimate assumptions, with allowance for future case estimate development and mortality.

Non-Large Claims: Payments and recoveries were modelled using two actuarial techniques: payments per claim incurred, (PPCI) for injuries in 2011 to 2021, and chain-ladder (for injuries prior to 2011).

Allowance was made for claims incurred but not reported (IBNR) and claims incurred but not enough reported (IBNER), based on experience in recent injury years. Inflation adjusted future payments and recoveries were discounted to 30 June 2021 using risk free discount rates.

CFA's net outstanding claims provision increased from \$41.2m at 30 June 2020 to \$55.8m at 30 June 2021. The increase is predominantly attributable to significant revision to case estimates on large claims reflecting longer durations of time off work, and flow on impacts of applying the claims handling expense and Risk Margin assumptions. Due to the size of CFA's volunteer scheme, any material movements on individual large claims (where, for the purposes of the actuarial assessment large claims are defined as having incurred cost greater than \$410,000) will have a significant impact on the overall liability.

Other factors contributing to the increase were:

- Increases on the medical estimates for "common claims"¹
- Increase in the Claims Handling Expense assumption from 13% to 15%; and
- Movements in the economic assumptions.

This was offset by a small reduction in the net liability for non-large claims, reflecting substantially lower numbers of claims reported.

The Risk Margin assumption is unchanged from the previous assessment and for both assessments includes an additional allowance of 4% for increased uncertainty in liability estimates due to the recovery trajectory of COVID-19.

¹ A large claims is classified as "common" if it was deemed large at the previous assessment June 2020 and again at the current assessment, with detailed claims management information available at both assessments

The volunteer compensation provision is based on the following key assumptions

Assumptions	2021	2020
Claim inflation	2.5%	1.7%
Discount rate	1.9%	1.2%
Risk margin ^(a)	29.0%	29.0%
Claims handling expenses	15.0%	13.0%
Weighted average term of settlement ^(b)	7.5 years	6.6 years

Notes

(a) At both assessments, includes an additional allowance of 4% for increased uncertainty due to COVID-19.

(b) The weighted average term of settlement has increased, mainly due to increases in the forecasted remaining years for medical benefits in the large claims case estimates to reflect a consistent approach to expected life expectancy.

Reconciliation of movements in provision for volunteer compensation

	(\$ thousand)	
	2021	2020
Opening balance	41,244	49,282
Payments made during the year	(6,589)	(6,896)
Addition/(Reversal) of provision for the year	21,153	(1,142)
Closing balance	55,808	41,244

Environmental decommissioning and remediation works

Remediation and closure of Fiskville Training College

The Environment Protection Authority (EPA) issued clean up notices for the former Fiskville Training College (Fiskville). In response to this, CFA engaged external consultants to provide strategic environmental advice for the management of legacy contamination, resulting from fire training activities. As part of that advice, the external consultant designed and valued rehabilitation activities required at Fiskville. The design was subsequently endorsed by the EPA's independent environmental auditor.

Based on the environmental auditor's endorsement of the rehabilitation strategy, the cost components determined during the year 2015–16 were included in the provision for environmental remediation and decommissioning works for that year. Construction works are now complete and the site has been remediated and no further provision is held for these works.

Reconciliation of movements in provision for environmental decommissioning and remediation works

	(\$ thousand)	
	2021	2020
Opening balance	8,850	27,348
Reductions arising from payments	(8,850)	(29,019)
Additional provision	-	10,521
Closing balance	-	8,850

Off-site remediation works

During the current year, the CFA received a clean up notice to remediate the immediate neighbouring properties located downstream of the former Fiskville Training College and raised a remediation provision of \$14,217k. This was funded by additional funding from the 2020 State Budget.

Reconciliation of movements in provision for off-site remediation works

	(\$ thousand)	
	2021	2020
Opening balance	-	-
Reductions arising from payments	-	-
Additional provision	14,217	-
Closing balance	14,217	-

6. HOW WE FINANCED OUR OPERATIONS

Introduction

This section provides information on the sources of finance utilised by CFA during its operations, along with interest expenses (the cost of borrowings) and other information related to financing activities of CFA.

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

Structure

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6.1 Cash flow information and balances

Cash and deposits, including cash equivalents, comprise cash on hand and cash at bank, deposits at call and those highly liquid investments with an original maturity of three months or less, which are held for 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.

		(\$ thousand)	
	Note	2021	2020
Total cash and deposits disclosed in the balance sheet			
- Cash at bank and on hand held by CFA Corporate		232,660	400,189
- Cash at bank - Public Fund	6.2.1	11,942	11,304
- Cash at bank - CFA & Brigades Donations Trust Fund	6.2.2	7,606	6,873
- Cash at bank held by Brigades		36,567	35,586
- Short-term deposits held by Brigades		1,715	699
Balance as per cash flow statement		290,490	454,651

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

- future expenditure on projects and activities where funding has been received;
- cash held by brigades, which in general will be deployed for the benefit of the relevant brigade or group of brigades;
- provisions on employee benefits, volunteer compensation, off-site Fiskville remediation works and others;
- cash held by Public Fund is to be expended as per the Public Fund Governing Rules; and
- cash held in the Trust for CFA & Brigades Donations Fund will be expended as per the terms of the Trust Deed.

Short-term deposits held by brigades are invested in Authorised Deposit -Taking Institutions (ADIs) approved by Australian Prudential Regulation Authority (APRA) as per CFA's Treasury and Investment Management Policy.

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

	(\$ thousand)	
	Restated ^(a)	
	2021	2020
Net result for the period	(12,320)	117,002
Non cash movements		
(Gain)/ Loss on sale or disposal of non current assets	(6,018)	(475)
Amortisation of non-produced intangible asset	4	4
Depreciation and amortisation of non current assets	63,234	70,281
Impairment of property plant and equipment (including intangible assets)	1,300	-
Inventory written off	312	-
Impairment of financial assets at amortised cost	(753)	(8,320)
Bad debts written off	13	8
(Gain)/ Loss arising from revaluation of long service leave liability	(771)	20,141
Movements in assets and liabilities		
(Increase)/ Decrease in prepayments	470	(72)
(Increase)/ Decrease in receivables	12,440	(5,445)
(Increase)/ Decrease in inventories	(1,684)	(1,509)
Increase/ (Decrease) in payables	(845)	(803)
Increase/ (Decrease) in employee related provisions	1,071	32,411
Increase/ (Decrease) in other provisions	35,369	2,483
Increase/ (Decrease) in other liabilities	(15,438)	(29,019)
Net cash inflow from operating activities	76,384	196,687

Notes:

(a) Refer Note 8.5 Correction of a prior period error for details.

Transfer of liabilities: During the reporting period CFA transferred net liabilities amounting to \$136,289 (2020: \$nil) as part of the restructure of administrative arrangements, which is funded by CFA and impacts the cashflow movement for the year. Refer Note 8.3.

6.2 Fund accounts

6.2.1 Public Fund

The Public Fund is a public fund for the *Income Tax Assessment Act 1997 (as amended)*. This Fund is controlled by CFA.

The purpose of the Public Fund is to solicit donations and receive funds solely to support CFA in terms of the CFA Public Fund governing rules.

Public Fund controlled by CFA

2021	(\$ thousand)			
	Opening balance as at 1 July 2020	Total receipts	Total payments	Closing balance as at 30 June 2021
Cash and cash equivalents and investments				
Public Fund	11,304	661	23	11,942

2020	(\$ thousand)			
	Opening balance as at 1 July 2019	Total receipts	Total payments	Closing balance as at 30 June 2020
Cash, cash equivalents & investments				
Public Fund ^(a)	3,356	8,202	254	11,304

Notes:

(a) During 2020 CFA received substantially increased donations from the public as a result of the 2019-20 summer bushfire season.

6.2.2 Trust for CFA & Brigades Donations Fund

The Trust for CFA & Brigades Donations Fund is a public fund for 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 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.

Any earnings on the funds held pending distribution are also applied to the trust funds under management as appropriate. The transactions and balances of the Trust are consolidated in this financial statement based on an assessment that CFA has control of the Trust, as defined in *AASB 10 Consolidated Financial Statements*.

Trust for CFA & Brigades Donations Fund controlled by CFA

2021	(\$ thousand)			
	Opening balance as at 1 July 2020	Total receipts	Total payments	Closing balance as at 30 June 2021
Cash and cash equivalents and investments				
Trust for CFA & Brigades Donations Fund	11,073	4,068	3,435	11,706

2020	(\$ thousand)			
	Opening balance as at 1 July 2019	Total receipts	Total payments	Closing balance as at 30 June 2020
Cash and cash equivalents and investments				
Trust for CFA & Brigades Donations Fund ^(a)	1,496	17,710	8,133	11,073

Notes:

(a) During 2020 CFA received substantially increased donations from the public as a result of the 2019-20 summer bushfire season.

6.3 Investments

	(\$ thousand)	
	2021	2020
Term deposits		
Australian dollar term deposits held by the Trust > three months	4,100	4,200
Australian dollar term deposits held by Brigades > three months	51,022	48,637
Total current investments	55,122	52,837

6.4 Borrowings

	(\$ thousand)	
	2021	2020
Current Borrowings		
Right-of-use lease liabilities	8,332	7,064
Total current borrowings	8,332	7,064
Non-current borrowings		
Right-of-use lease liabilities	65,387	46,765
Total non-current liabilities	65,387	46,765
Total borrowings	73,719	53,829

Borrowings refer to interest bearing liabilities, comprising lease liabilities.

Borrowings are classified as financial instruments. Interest bearing liabilities are classified at amortised cost.

Defaults and breaches: During the current and prior year, there were no defaults and breaches of any of the borrowings.

Maturity analysis of borrowings

	(\$ thousand)						
	Carrying amount	Nominal amount	Maturity dates				
			Less than 1 month	1 - 3 months	3 months - 1 year	1 - 5 years	5+ years
2021							
Lease liabilities	73,719	86,549	913	1,791	7,637	33,958	42,250
Total	73,719	86,549	913	1,791	7,637	33,958	42,250
2020							
Lease liabilities	53,829	65,164	872	1,724	5,972	21,128	35,468
Total	53,829	65,164	872	1,724	5,972	21,128	35,468

Lease liabilities arise from the adoption of the *AASB 16 Leases*.

Interest expenses

	(\$ thousand)	
	2021	2020
Right-of-use lease interest expenses	1,874	1,722
Total interest expenses	1,874	1,722

Interest expense represents interest component of lease repayments and is recognised in the period in which it is incurred. The CFA recognises borrowing cost immediately as an expense.

6.5 Leases

Information about leases for which CFA is a lessee is presented below.

CFA leasing activities

The CFA leases various properties, IT equipment and motor vehicles. The lease contracts are typically made for fixed periods of a number of years with an option to renew the lease after that expiry date. Lease payments are renegotiated prior to expiry date to reflect market rentals.

The CFA leases some equipment with contract terms of less than one year. These leases are short-term and/or leases of low value items. The CFA has elected not to recognise right-of-use assets and lease liabilities for these leases.

Leases at significantly below-market terms and conditions

CFA entered into a number of leases for the use of facilities to provide community services. The lease contracts specify lease payments of under \$200 per annum. The leased premises are used by the CFA to provide fire-fighting and rescue services to the community. These leases account for a small portion of similar premises used by CFA for the purpose of providing services to the community and therefore they do not have a significant impact on CFA's operations.

6.5.1 Right-of-use Assets

Right-of-use assets are presented in Note 4.1.1.

6.5.2 Amounts recognised in the Comprehensive Operating Statement

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

	(\$ thousand)	
	2021	2020
Interest expense on lease liabilities	1,874	1,722
Expenses relating to short term leases	82	40
Expenses relating to leases of low-value assets	263	41
Total amount recognised in the statement of comprehensive statement	2,219	1,803

6.5.3 Amounts recognised in the Statement of Cashflows

The following amounts are recognised in the Statement of Cashflows for the year ending 30 June 2021 relating to leases:

	(\$ thousand)	
	2021	2020
Interest expense on lease liabilities	1,874	1,722
Repayment of lease liabilities	9,247	9,653
Total cash outflow for leases	11,121	11,375

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

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

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

Separation of lease and non-lease components

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

Recognition and measurement of leases as a lessee (under AASB 16)

Lease Liability – initial measurement

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

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

- fixed payments (including in-substance fixed payments) less any lease incentive receivable;

Lease Liability – subsequent measurement

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

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

Short-term leases and leases of low value assets

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

Below market/ Peppercorn lease

Right-of-use assets under leases at significantly below-market terms and conditions that are entered into principally to enable CFA to further its objectives, are initially and subsequently measured at cost.

These right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

Presentation of right-of-use assets and lease liabilities

CFA presents right-of-use assets as 'Property, plant and equipment' in the balance sheet. Lease liabilities are presented as 'borrowings' in the balance sheet.

6.6 Commitments for expenditure

Commitments for future expenditure include operating and capital commitments arising from contracts. These commitments are recorded below at their nominal value and inclusive of GST. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised in the balance sheet.

Nominal amounts	(\$ thousand)			
	Less than 1 year	1 to 5 years	5+ years	Total
2021				
Capital expenditure commitments payable	51,023	11,893	-	62,916
Other commitments payable	55,063	40,719	-	95,782
Total commitments (inclusive of GST)	106,086	52,612	-	158,698
Less GST recoverable from the Australian Tax Office	(9,644)	(4,783)	-	(14,427)
Total commitments (exclusive of GST)	96,442	47,829	-	144,271

Nominal amounts	(\$ thousand)			
	Less than 1 year	1 to 5 years	5+ years	Total
2020				
Capital expenditure commitments payable	45,418	1,487	-	46,905
Other commitments payable	51,929	69,134	-	121,063
Total commitments (inclusive of GST)	97,347	70,621	-	167,968
Less GST recoverable from the Australian Tax Office	(8,850)	(6,420)	-	(15,270)
Total commitments (exclusive of GST)	88,497	64,201	-	152,698

7. RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS

Introduction

CFA is exposed to risk from its activities and outside factors. In addition, it is often necessary to make judgements and estimates associated with recognition and measurement of items in the financial statements. This section sets out financial instrument specific information (including exposures to financial risks), as well as those items that are contingent in nature or require a higher level of judgement to be applied, which for CFA relates mainly to fair value determination.

Structure

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7.1 Financial instruments specific disclosures

Introduction

Financial instruments arise out of contractual agreements that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Due to the nature of CFA's activities, certain financial assets and financial liabilities arise under statute rather than a contract (for example taxes, fines and regulatory fees). Such financial assets and liabilities do not meet the definition of financial instruments in *AASB 132 Financial Instruments: Presentation*.

An exception to the above is financial assets from regulatory fees. While this financial asset does not meet the definition of financial instruments in *AASB 132 Financial Instruments: Presentation*, the nature of regulatory fees arising from statutory requirements is, in substance, similar to a contractual receivable, as the regulatory fees also provides CFA with a right to receive cash or another financial asset from another entity. The difference between contractual receivables and regulatory fees is that the rates for regulatory fees are as determined by Ministerial Direction. Accordingly, CFA recognises, measures and presents a statutory receivable arising from regulatory fees as if it were a financial instrument when the statutory requirements establish a right for the entity to receive cash or another financial asset.

Categories of financial assets

Financial assets at amortised cost

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

- the assets are held by CFA to collect the contractual cash flows, and
- the assets' contractual terms give rise to cash flows that are solely payments of principal and interest.

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

CFA recognises the following assets in this category:

- cash and deposits;
- Contractual receivables;
- Statutory receivables - regulatory fees; and
- investments in term deposits.

Categories of financial liabilities

Financial liabilities at amortised cost 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. CFA recognises the following liabilities in this category:

- payables (excluding statutory payables); and
- borrowings (including lease liabilities).

Offsetting financial instruments: Financial instrument assets and liabilities are offset and the net amount presented in the balance sheet when, and only when, CFA has a legal right to offset the amounts and intent either to settle on a net basis or to realise the asset and settle the liability simultaneously.

De-recognition of financial assets: A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is de-recognised when:

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

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

De-recognition of financial liabilities: A financial liability is de-recognised when the obligation under the liability is discharged, cancelled or expires.

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

Reclassification of financial instruments: **Financial assets** are required to be reclassified between fair value through net result, fair value through other comprehensive income and amortised cost when and only when CFA's business model for managing its financial assets has changed such that its previous model would no longer apply.

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

Subsequent to initial recognition, **financial liabilities** are not reclassified.

7.1.1 Financial instruments: Categorisation

	(\$ thousand)			
	Cash and deposits	Financial assets at amortised cost	Financial liabilities at amortised cost	Total
2021				
Financial assets				
Cash and deposits	290,490	-	-	290,490
Receivables^(a)				
Sale of goods and services	-	2,968	-	2,968
Other receivables	-	11,604	-	11,604
Statutory receivables	-	13,122	-	13,122
Investments				
Term deposits	-	55,122	-	55,122
Total financial assets	290,490	82,816	-	373,306
Financial liabilities				
Payables^(a)				
Supplies and services	-	-	1,052	1,052
Other payables	-	-	24,267	24,267
Borrowings				
Lease liabilities	-	-	73,719	73,719
Total financial liabilities	-	-	99,038	99,038
2020				
Financial assets				
Cash and deposits	454,651	-	-	454,651
Receivables^(a)				
Sale of goods and services	-	3,250	-	3,250
Other receivables	-	21,809	-	21,809
Statutory receivables ^(b)	-	13,139	-	13,139
Investments				
Term deposits	-	52,837	-	52,837
Total financial assets^(b)	454,651	91,035	-	545,686
Financial liabilities				
Payables^(a)				
Supplies and services	-	-	5,599	5,599
Other payables	-	-	18,955	18,955
Borrowings				
Lease liabilities	-	-	53,829	53,829
Total financial liabilities	-	-	78,383	78,383

Notes

(a) The total amounts disclosed exclude GST, FBT and other taxes

(b) 2019-20 figures have been restated to align with the current year presentation.

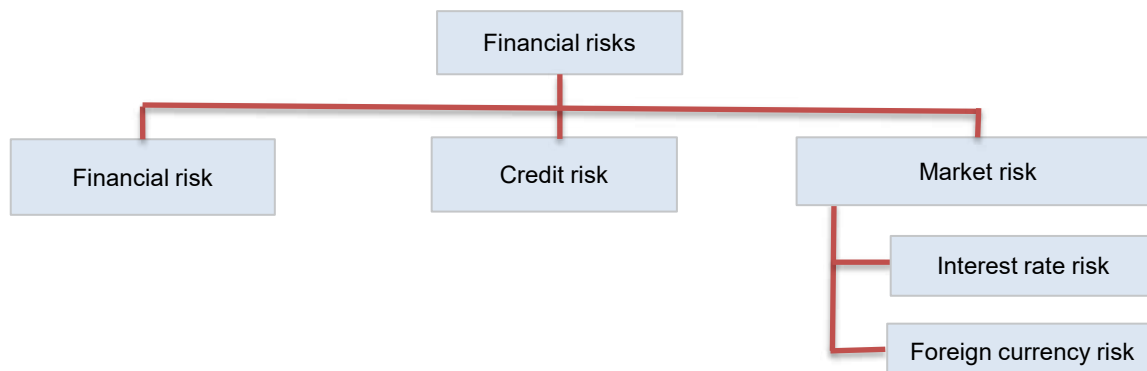
7.1.2 Financial instruments – Net holding gain/ (loss) by financial instrument category

(\$ thousand)			
2021	Interest income/ (expense)	Impairment (loss)/ reversal	Total
Financial assets			
Cash and deposits	1,546	-	1,546
Financial assets at amortised cost – other than on derecognition	-	753	753
Total financial assets	1,546	753	2,299
Financial liabilities			
Financial liabilities at amortised cost	(1,874)		(1,874)
Total financial liabilities	(1,874)	-	(1,874)

(\$ thousand)			
2020	Interest income/ (expense)	Impairment (loss)/ reversal	Total
Financial assets			
Cash and deposits	3,554	-	3,554
Financial assets at amortised cost – other than on derecognition	-	8,320	8,320
Total financial assets	3,554	8,320	11,874
Financial liabilities			
Financial liabilities at amortised cost	(1,722)		(1,722)
Total financial liabilities	(1,722)	-	(1,722)

The net holding gains or losses disclosed above are determined for cash and deposits and financial assets at amortised cost net the gain or loss is the interest income minus any impairment recognised in the net result.

7.1.3 Financial risk management objectives and policies



As a whole, CFA's financial risk management program seeks to manage these risks and the associated volatility of its financial performance.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised, with respect to each class of financial asset and financial liability above are disclosed in Note 7.3 to the financial statements.

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

CFA's main financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk. CFA manages these financial risks in accordance with its Treasury and Investment Management Policy.

CFA uses different methods to measure and manage the different risks to which it is exposed. Primary responsibility for the identification and management of financial risks rests with the Board of CFA.

Financial instruments: Credit risk

Credit risk refers to the possibility that a borrower will default on its financial obligations as and when they fall due. CFA's exposure to credit risk arises from the potential default of counterparties on their contractual and statutory obligations resulting in financial loss to CFA. Credit risk is measured at fair value and is monitored on a regular basis.

Credit risk associated with CFA's financial assets is minimal. CFA minimises the concentration of credit risk 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 (considered to be no credit risk). Other than trade debtors, at times there may be amounts owing from other entities. The assessment of credit risk for these are assessed on a case by case basis.

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

- review debtor aged trial balance report for credit worthiness of customers and collectability of debtor balances
- follow-up on amounts that are 90 to 120 days overdue, via:
 - verbal follow up with debtor
 - written correspondence to customers requesting payment; and
 - refer debts internally for debt collection

The consideration of any impairment of a contractual and statutory receivable is measured at an amount equal to lifetime expected credit losses in accordance with the requirements of *AASB 9 Financial Instruments* and Para 4.3 of FRD 114C. CFA measure expected credit losses of a financial instrument in a way that reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts, and future economic conditions.

Contract and statutory financial assets are written off against the carrying amount when identified, and there is no reasonable expectation of recovery.

Bad debts considered as written off by mutual consent are classified as a transaction expense. Bad debts written off following a unilateral decision is recognised as other economic flows in the net result.

CFA has in place a Board-approved Treasury and Investment Management Policy, which complies with the *Borrowing and Investment Powers Act 1987*.

Investments of cash, surplus to the day-to-day transactional requirements, are invested in an account with the Central Banking System under the Standing Directions 2018. Investments held by brigades are made with Authorised Deposit-Taking Institutions (ADIs) approved by the Australian Prudential Regulation Authority (APRA) as per CFA's Treasury and Investment Management Policy.

Currently CFA does not hold any collateral as security nor credit enhancements relating to any of its financial assets.

Except as otherwise detailed in the following table, the carrying amount of contractual and statutory financial assets recorded in the financial statements, net of any allowances for losses, represents CFA's maximum exposure to credit risk without taking account of the value of any collateral obtained.

There has been no material change to CFA's credit risk profile in 2020-21.

Credit quality of financial assets

2021	(\$ thousand)		
	Financial institution	Other	Total
Financial assets			
Cash and deposits	290,490	-	290,490
Investments held by CFA & Brigades Trust Fund > 3 months	4,100	-	4,100
Investments held by brigades > 3 months ^(a)	51,022	-	51,022
Financial assets with loss allowance measured at lifetime expected credit loss:^(a)			
Contractual receivables applying the simplified approach for impairment	-	14,572	14,572
Statutory receivables - regulatory fees applying the simplified approach for impairment	-	13,122	13,122
Total financial assets	345,612	27,694	373,306

2020	(\$ thousand)		
	Financial institution	Other	Total
Financial assets			
Cash and deposits ^(b)	454,651	-	454,651
Investments held by CFA Corporate > 3 months ^(b)	4,200	-	4,200
Investments held by brigades > 3 months ^(b)	48,637	-	48,637
Financial assets with loss allowance measured at lifetime expected credit loss:^(a)			
Contractual receivables applying the simplified approach for impairment	-	25,059	25,059
Statutory receivables - regulatory fees ^(b) applying the simplified approach for impairment	-	13,139	13,139
Total financial assets	507,488	38,198	545,686

Notes

(a) The total amounts disclosed exclude GST, FBT and other taxes

(b) 2019-20 figures have been restated to align with the current year presentation.

Impairment of financial assets under AASB 9 Financial Instruments

CFA records the allowance for expected credit loss for the relevant financial instruments applying the AASB 9 Expected Credit Loss approach. Subject to AASB 9 impairment assessment include CFA's contractual receivables and statutory receivables.

While cash and cash equivalents are also subject to the impairment requirements of AASB 9, the identified impairment loss was \$Nil.

Contractual receivables and statutory receivables at amortised cost

CFA applies AASB 9 simplified approach for all contractual receivables to measure expected credit losses using a lifetime expected loss allowance based on the assumptions about risk of default and expected loss rates. CFA has grouped contractual receivables on shared credit risk characteristics and days past due and select the expected credit loss rate based on CFA's past history, existing market conditions, as well as forward-looking estimates at the end of the financial year.

CFA's statutory receivables regulatory fees are considered as financial instruments as per para 4.3 of *FRD 114C Financial Instrument* and *AASB 2016-8 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities*. These statutory receivables are recognised and measured in accordance with AASB 9 requirements as financial instruments under FRD 114C. CFA applies AASB 9 simplified approach for statutory receivables to measure expected credit losses using a lifetime expected loss allowance based on the assumptions about risk of default and expected loss rates. CFA has similarly grouped statutory receivables on shared credit risk characteristics and days past due and select the expected credit loss rate based on CFA's past history, existing market conditions, as well as forward-looking estimates at the end of the financial year.

On this basis, CFA determines the closing loss allowance at end of the financial year as follows:

	(\$ thousand)					
30 June 2021	Current	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Total
Contractual Receivables						
Expected loss rate (%)	0.0%	1.0%	2.9%	26.4%	-	
Gross carrying amount	823	319	895	1,304	-	3,341
Loss allowance	-	3	26	344	-	373
Statutory Receivables						
Expected loss rate (%)	1.4%	2.7%	40.2%	64.4%	30.8%	
Gross carrying amount	163	62	115	718	18,187	19,245
Loss allowance	2	2	46	462	5,611	6,123

	(\$ thousand)					
As at 30 June 2020	Current	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Total
Contractual Receivables						
Expected loss rate (%)	0.0%	0.9%	5.9%	15.5%	-	
Gross carrying amount	1,209	247	681	1,367	-	3,504
Loss allowance	-	2	40	212	-	254
Statutory Receivables						
Expected loss rate (%)	0.0%	0.7%	4.6%	18.8%	37.3%	
Gross carrying amount	472	190	232	1,053	18,187	20,134
Loss allowance	-	1	11	198	6,785	6,995

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

	(\$ thousand)	
	2021	2020
Balance at beginning of the year	(254)	(67)
Reversal of unused/ (Increase in) provision recognised in the net result	(119)	(187)
Balance at end of the year	(373)	(254)

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

	(\$ thousand)	
	2021	2020
Balance at beginning of the year	(6,995)	(15,502)
Reversal of unused/ (Increase in) provision recognised in the net result	872	8,507
Balance at end of the year	(6,123)	(6,995)

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

Under the simplified approach, the loss allowance is measured in the same period as an asset is recognised and is measured based on lifetime Expected Credit Losses. For example, the Expected Credit Losses for contractual receivables and statutory receivables from large number of small customers is determined based on a provision matrix, which is in turn, based on historical observed default rates, adjusted for forward-looking estimates.

Financial instruments: Liquidity risk

Liquidity risk arises from being unable to meet financial obligations as they fall due. CFA is exposed to liquidity risk mainly through the financial liabilities as disclosed in the face of the balance sheet. CFA manages its liquidity risk by:

- maintaining an adequate level of uncommitted funds that can be drawn at short notice to meet its short-term obligations;
- holding investments and other contractual financial assets that are readily tradeable in the financial markets; and
- careful maturity planning of its financial obligations based on forecasts of future cash flows.

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 funds invested in call accounts through the Central Banking System.

The carrying amount of contractual financial liabilities detailed in Note 5.3 represents CFA's maximum exposure to liquidity risk.

Financial instruments: Market risk

CFA's exposure to market risk is primarily through interest rate risk. Due to general economic conditions interest rates are at historically low rates. Surplus cash and deposits that are invested in a call account at daily variable rates impacts income and cash.

CFA's exposure to foreign currency risk is insignificant.

Objectives, policies and processes used to manage each of these risks are disclosed below.

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 and prices. Sensitivity analysis shown is for illustrative purposes only. The following movements are 'reasonably possible' over the next 12 months:

- a movement of 10 basis points up and down (2020: 25 basis points up and down) in market interest rates in the Australian Dollar (AUD).

The tables that follow show the impact on CFA's net result for each category of financial instrument held by CFA at the end of the reporting period, if the above movements were to occur.

Interest rate risk

Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market interest rates. CFA does not hold any interest bearing financial instruments that are measured at fair value, and therefore has no exposure to fair value interest rate risk.

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. CFA has exposure to cash flow interest rate risks through deposits at call at floating interest rates with the Central Banking System and a moderate exposure via fixed rate term deposits by brigades with Authorised Deposit Taking Institutions (ADI) approved by Australian Prudential Regulation Authority (APRA).

The carrying amounts of financial assets that are exposed to interest rates and CFA's sensitivity to interest rate risk are set out in the table that follows.

Interest rate exposure of financial instruments

	%	Interest rate exposure				Non interest bearing
		Weighted average interest rate	Carrying amount	Fixed interest rate	Variable interest rate	
(\$ thousand)						
2021						
Financial assets						
Cash and deposits	0.30%	290,490	-	290,490	-	
Receivables ^(a)						
Sale of goods and services		2,968	-	-	2,968	
Other receivables		11,604	-	-	11,604	
Statutory receivables		13,122	-	-	13,122	
Investments > 3 months	0.50%	55,122	55,122	-	-	
Total financial assets		373,306	55,122	290,490	27,694	
Financial liabilities						
Payables ^(a)						
Supplies and services		1,052	-	-	1,052	
Other payables		24,267	-	-	24,267	
Borrowings						
Lease liabilities	2.94%	73,719	73,719	-	-	
Total financial liabilities		99,038	73,719	-	25,319	

	%	Interest rate exposure				Non interest bearing
		Weighted average interest rate	Carrying amount	Fixed interest rate	Variable interest rate	
(\$ thousand)						
2020						
Financial assets						
Cash and deposits	0.92%	454,651	-	454,651	-	
Receivables ^(a)						
Sale of goods and services		3,250	-	-	3,250	
Other receivables		21,809	-	-	21,809	
Statutory receivables ^(b)		13,139	-	-	13,139	
Investments > 3 months	1.22%	52,837	52,837	-	-	
Total financial assets		545,686	52,837	454,651	38,198	
Financial liabilities						
Payables ^(a)						
Supplies and services		5,599	-	-	5,599	
Other payables		18,955	-	-	18,955	
Borrowings						
Lease liabilities	2.93%	53,829	53,829	-	-	
Total financial liabilities		78,383	53,829	-	24,554	

Notes

(a) The total amounts disclosed exclude GST, FBT and other taxes

(b) 2019-20 figures have been restated to align with the current year presentation.

Interest rate risk sensitivity

	Carrying amount	(\$ thousand)	
		-10 basis points	+10 basis points
2021		Net Result	Net result
Contractual financial assets			
Cash and deposits ^(a)	290,490	(290)	290
Total impact		(290)	290

	Carrying amount	(\$ thousand)	
		-25 basis points	+25 basis points
2020		Net Result	Net result
Contractual financial assets			
Cash and deposits ^(a)	454,651	(1,137)	1,137
Total impact		(1,137)	1,137

Note

(a) Cash and deposits include deposits of \$292,591k (2020: \$454,651k) that are exposed to floating rate movements. Sensitivities to these movements are calculated as follows:

- 2021: $\$292,591k \times \pm 0.0010 = \pm \$293k$; and
- 2020: $\$454,651k \times \pm 0.0025 = \pm \$1,137k$.

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 Electronic Fund Transfer. The CFA's exposure and sensitivity to foreign currency movements is not considered material.

7.2 Contingent assets and contingent liabilities

Contingent assets and contingent liabilities are not recognised in the balance sheet but are disclosed, and if quantifiable, are measured at nominal value.

Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively.

Contingent assets

Contingent assets are possible assets that arise from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

These are classified as either quantifiable, where the potential economic benefit is known, or non-quantifiable.

CFA has not identified any contingent assets for the 2021 financial year (2020: \$nil)

Contingent liabilities

Contingent liabilities are:

- possible obligations that arise from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
- present obligations that arise from past events but are not recognised because:
 - it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligations; or
 - the amount of the obligations cannot be measured with sufficient reliability.

Contingent liabilities are also classified as either quantifiable or non-quantifiable.

Non-quantifiable contingent liabilities

A number of potential obligations are non-quantifiable at this time arising from:

- i) At 30 June 2021, CFA is included as a party in many 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.

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 the VEMTC training grounds owned by CFA at Peshurst, Bangholme, West Sale, Wangaratta, Huntly, and Longerenong have been the subject of notices issued by the EPA. Note 5.4 'Other provisions' details the provisions associated with the closure of Fiskville and off-site Fiskville remediation works.

CFA has contingent liabilities arising from the closure of Fiskville and notices issued by EPA. These relate to further notices that may be issued by EPA, 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.

7.3 Fair value determination

Significant judgement: Fair value measurements of assets and liabilities

Fair value determination requires judgement and the use of assumptions. This section discloses the most significant assumptions used in determining fair values. Changes to assumptions could have a material impact on the results and financial position of CFA.

This section sets out information on how CFA determined fair value for financial reporting purposes. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Land, buildings, plant and equipment and vehicles, including right-of-use assets are carried at fair value.

In addition, the fair values of other assets and liabilities that are carried at amortised cost, also need to be determined for disclosure purposes.

CFA determines the policies and procedures for determining fair values for both financial and non-financial assets and liabilities as required.

Fair value hierarchy

In determining fair values, a number of inputs are used. To increase consistency and comparability in the financial statements, these inputs are categorised into three levels, also known as the fair value hierarchy. The levels are as follows:

- 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.

CFA determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Valuer-General Victoria (VGV) is CFA's independent valuation agency. CFA, in conjunction with VGV, monitors changes in the fair value of each asset through relevant data sources to determine whether revaluation is required.

A scheduled five-yearly VGV valuation was conducted in the current year for specialised land and specialised buildings, excluding right-of-use buildings. Refer to Note 7.3.2.

How this section is structured

For those assets and liabilities for which fair values are determined, the following disclosures are provided:

- carrying amount and the fair value (which would be the same for those assets measured at fair value);
- which level of the fair value hierarchy was used to determine the fair value; and
- in respect of those assets and liabilities subject to fair value determination using Level 3 inputs:
 - a reconciliation of the movements in fair values from the beginning of the year to the end; and
 - details of significant unobservable inputs used in the fair value determination.

This section is divided between disclosures relating to fair value determination for financial instruments (refer to Note 7.3.1) and non-financial physical assets (refer to Note 7.3.2).

7.3.1 Fair value determination of financial assets and liabilities

The fair values and net fair values of financial 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 currently holds a range of financial instruments that are recorded in the financial statements where the carrying amounts are a reasonable approximation of fair value due to their short-term nature or with the expectation that they will be paid in full by the end of the 2020-21 reporting period. All financial instruments are determined at Level 3 above. Refer to Note 7.1.1 for the list of financial instruments.

There have been no transfers between levels during the period.

7.3.2 Fair value determination: Non-financial physical assets

Fair value measurement hierarchy

2021	Carrying amount as at 30 June 2021	Fair value measurement at end of reporting period using:		
		(\$ thousand)		
		Level 1 ^(a)	Level 2 ^(a)	Level 3 ^(a)
Land at fair value				
Specialised land	158,517	-	-	158,517
Total of land at fair value	158,517	-	-	158,517
Buildings at fair value				
Specialised buildings	759,854	-	-	759,854
Heritage assets ^(b)	1,469	-	-	1,469
Total of buildings at fair value	761,323	-	-	761,323
Leasehold improvements at fair value				
Leasehold improvements	10,831	-	-	10,831
Total of Leasehold improvements at fair value	10,831	-	-	10,831
Plant, equipment and vehicles at fair value				
Plant and equipment	27,868	-	-	27,868
Vehicles	246,543	-	-	246,543
Total of plant, equipment and vehicles at fair value	274,411	-	-	274,411

2020 Restated ^(c)	Carrying amount as at 30 June 2020	Fair value measurement at end of reporting period using:		
		(\$ thousand)		
		Level 1 ^(a)	Level 2 ^(a)	Level 3 ^(a)
Land at fair value				
Specialised land	181,230	-	-	181,230
Total of land at fair value	181,230	-	-	181,230
Buildings at fair value				
Specialised buildings	735,996	-	-	735,996
Heritage assets ^(b)	1,773	-	-	1,773
Total of buildings at fair value	737,769	-	-	737,769
Leasehold improvements at fair value				
Leasehold improvements	13,846	-	-	13,846
Total of Leasehold improvements at fair value	13,846	-	-	13,846
Plant, equipment and vehicles at fair value				
Plant and equipment	27,781	-	-	27,781
Vehicles	301,093	-	-	301,093
Total of plant, equipment and vehicles at fair value	328,874	-	-	328,874

Notes

(a) Classified in accordance with the fair value hierarchy.

(b) CFA holds \$1,469k (2020: \$1,773k) worth of properties listed as heritage assets. These heritage assets cannot be modified nor disposed of without formal ministerial approval. Heritage buildings were also subject to revaluation as at 30 June 2021.

(c) Refer Note 8.5 for details of correction of a prior period error.

There have been no transfers between levels during the period.

Specialised land and buildings: The market approach to valuation is used for specialised land, although it is adjusted for the Community Service Obligation (CSO) to reflect the specialised nature of the land being valued.

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

For CFA's specialised buildings, the current 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, except right-of-use buildings, was performed by the Valuer-General Victoria (VGV). The valuation was performed using the market approach adjusted for CSO. The effective date of the valuation is 30 June 2021. This resulted in a revaluation increase in the value of the land by \$37,464k and buildings by \$86,036k and the comprehensive result by \$123,500k. In their report, VGV have highlighted that their valuation is reported on the basis of significant valuation uncertainty caused by the COVID-19 pandemic which may impact on fair value of land and buildings in the financial statements.

CFA conducted a desktop fair value assessment of right-of-use buildings as at 30 June 2021 and concluded that there was no material movement in fair value. The assessment considered available market data for similar buildings to assess the value of right-of-use buildings. As the resulting movement in fair value did not meet the requirements for revaluation under FRD 103I Non-financial Physical Assets, no managerial revaluation was performed.

Heritage assets are valued using the current replacement cost method. This cost generally represents the replacement cost of the building/ component after applying depreciation rates on a useful life basis. However, for some heritage and iconic assets, the cost 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.

Where it has not been possible to examine hidden works such as structural frames and floors, the use of reasonable materials and methods of construction have been assumed bearing in mind the age and nature of the building. The estimated cost of reconstruction including structure services and finishes, also factors in any heritage classifications as applicable.

An independent valuation of CFA's heritage assets was performed by the Valuer-General Victoria. The valuation was performed based on the current replacement cost of the assets. The effective date of the valuation is 30 June 2021.

Vehicles are valued using the current 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 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 current replacement cost method. There were no changes in valuation techniques throughout the period to 30 June 2021. For all assets measured at fair value, the current use is considered the highest and best use.

A more detailed analysis of the sensitivity of significant unobservable inputs used in the valuation is disclosed in the table below titled 'Description of significant unobservable inputs to Level 3 valuations'.

Reconciliation of Level 3 fair value movements

(\$ thousand)						
2021	Specialised land	Specialised buildings	Heritage assets	Leasehold improvements	Plant and equipment	Vehicles
Opening balance, restated ^(e)	181,230	735,996	1,773	13,846	27,781	301,093
Purchases	5,215	87,573	-	224	3,694	15,573
Disposals	(2,205)	(1,757)	-	-	-	(2,089)
Asset transfer to other government agencies	(63,049)	(116,625)	-	(1,724)	-	(40,962)
Revaluation of land and buildings	37,464	86,299	(263)	-	-	-
Impairment	(1,300)	-	-	-	-	-
Transfer between categories	1,162	(1,162)	-	-	-	-
Transfers in/(out) of level 3	-	-	-	-	-	-
Depreciation	-	(30,470)	(41)	(1,515)	(3,607)	(27,072)
Closing balance	158,517	759,854	1,469	10,831	27,868	246,543

Notes

(a) Refer Note 8.5 for details of correction of a prior period error.

(\$ thousand)						
2020 Restated	Specialised land	Specialised buildings	Heritage assets	Leasehold improvements	Plant and equipment	Vehicles
Opening balance, restated	179,621	762,593	1,813	12,105	11,827	315,378
Purchases	3,618	7,214	-	3,761	19,934	17,948
Disposals	(1,069)	(211)	-	-	-	(1,774)
Asset transfer to other government agencies	(940)	-	-	-	-	-
Revaluation of land and buildings	-	-	-	-	-	-
Impairment	-	-	-	-	-	-
Transfers in/(out) of level 3	-	-	-	-	-	-
Depreciation	-	(33,600)	(40)	(2,020)	(3,980)	(30,459)
Closing balance	181,230	735,996	1,773	13,846	27,781	301,093

Notes

(a) Refer Note 8.5 for details of correction of a prior period error.

Description of significant unobservable inputs to Level 3 valuations

2020 and 2021	Valuation technique	Significant unobservable inputs
Specialised land	Market approach	2021 : CSO adjustment 16% 2020 : CSO adjustment 20%
Specialised buildings	Current replacement cost	Useful life of specialised buildings
Heritage assets	Current replacement cost ^(a)	Useful life of heritage assets
Vehicles	Current replacement cost	Useful life of vehicles
Plant and equipment	Current replacement cost	Useful life of plant and equipment

Note

(a) For some heritage and iconic assets, cost may be the reproduction cost of the asset rather than the replacement cost if their service potential could only be replaced by reproducing them with the same materials.

Significant unobservable inputs have remained unchanged since 30 June 2020.

8. OTHER DISCLOSURES

Introduction

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

Structure

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8.1 Ex-gratia expenses

Ex-gratia expenses are the voluntary payments of money or other non-monetary benefit, e.g. a write-off, that is not made to acquire goods, services or other benefits for the entity, to meet a legal liability, to settle or resolve a possible legal liability or claim against the entity.

No ex-gratia payments were made during the financial year.

8.2 Other economic flows included in net result

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

	(\$ thousand)	
	Restated ^(e)	
	2021	2020
-		
Net gain/ (loss) on non financial assets		
Amortisation of non produced intangible assets ^(a)	(4)	(4)
Impairment of property plant and equipment (including intangible assets)	(1,300)	-
Inventory written off	(312)	-
Net gain/ (loss) on disposal of property plant and equipment ^(e)	6,018	475
Total net gain on non financial assets	4,402	471
Net gain / (loss) on financial instruments		
Impairment reversal of financial assets at amortised cost ^(b)	753	8,320
Total net gain on financial instruments	753	8,320
Other gain/ (loss) from other economic flows		
Net gain/ (loss) arising from revaluation of long service liability ^{(c) (d)}	771	(20,141)
Total other gain/ (loss) from other economic flows	771	(20,141)

Notes

(a) This is amortisation of non-produced intangible assets with finite useful lives.

(b) Includes (increase)/ decrease in provision for doubtful debts and bad debts from other economic flows: refer to Note 7.1.3

(c) In 2020, CFA has adopted the Department of Treasury and Finance 2008 model for calculation of long service leave liability to better represent CFA's payment pattern. The adoption of the 2008 model and associated discount rate changes resulted in a net loss of \$19,100k, included in the \$20,141k disclosed above and a corresponding increase in Long Service Leave liability.

(d) Revaluation gain/(loss) due to changes in bond rates

(e) Refer Note 8.5 for details of correction of a prior period error.

8.3 Restructure of administrative arrangements through contributed capital

From 1 July 2020, Parts 3 to 11 of the *Firefighter's Presumptive Rights Compensation and Fire Services Legislation Amendment (Reform) Act 2019* came into operation and amended the *Country Fire Authority Act 1958* and the *Fire Rescue Victoria Act 1958 (FRV Act)*, together referred to as Fire Services Reform. This machinery of government change saw the commencement of Fire Rescue Victoria (FRV), bringing together career firefighters from the Metropolitan Fire Brigade and CFA, and restored CFA to a volunteer firefighting service.

Fire Services Reform gave rise to a restructuring of administrative arrangements for CFA during the current year. This restructure resulted in a range of transfers from CFA to FRV, which included associated property, rights, liabilities and obligations (both identified and contingent). Key elements that transferred from CFA to FRV due to this restructure are as follows:

- All staff covered by the Operational Staff Agreement, together with 171 professional, technical and administrative positions and their associated employee entitlements (e.g. annual leave and long service leave) on 1 July 2020;
- Parts of certain fire districts that were rezoned from CFA's to FRV's area of jurisdiction effective 1 July 2020;
- 37 co-located and career-only fire stations and agreed upon appliances;
- Firefighting equipment and other tools of trade such as transport vehicles, laptops, etc associated with staff and stations transferred; and
- Rights and responsibilities of certain projects transitioned to FRV along with associated funding.

The assets and liabilities transferred out by CFA as a result of the administrative restructure to FRV are shown below. The values reflect the carrying amounts of those assets and liabilities immediately before the respective transfers.

	(\$ thousand) 2021 Transfer out: Fire Rescue Victoria
Assets	
Cash and deposits	(186,842)
Receivables	(30)
Property, plant and equipment	(229,339)
Total assets	(416,211)
Liabilities	
Borrowings	55
Employee related provisions	136,234
Total liabilities	136,289
Net assets transferred through contributed capital	(279,922)

In order to complete this restructure of administrative arrangements, further transfers of assets, liabilities, risks and responsibilities through contributed capital are scheduled to occur in 2022 including:

- transfer of two fire stations upon commissioning by CFA to FRV and a reciprocal transfer of two decommissioned fire stations from FRV to CFA; and
- Transfer of five emergency response appliances upon commissioning by CFA to FRV.
- Assets requiring transfer not considered fixtures and fittings within stations and appliances previously transferred.

As a result of the restructure of administrative arrangements, detailed above, there are material decreases in income and expenses noted throughout CFA results, including:

- Income from grants linked to staff, services and projects;
- Income from regulatory fees and rendering of services for areas now forming part of FRV's area of jurisdiction;
- Employee benefit expenses including wages, employee entitlement and related on costs for employees transferred;
- Other operating expenses; and
- Depreciation and amortisation on assets transferred out.

Comparative amounts for the prior year have not been adjusted.

The income and expenses for the year for operations transferred to FRV are for the accounting of FRV.

8.4 Physical asset revaluation surplus

		(\$ thousand)	
	Note	2021	Restated ^(a) 2020
Physical asset revaluation surplus			
Balance at beginning of financial year		552,952	552,952
Revaluation increments/ (decrements)			
- Freehold land	4.1.4	37,464	-
- Buildings	4.1.4	86,036	-
Balance at end of financial year		676,452	552,952
Net changes in physical asset revaluation surplus		123,500	-

Notes

(a) Refer Note 8.5 for details of correction of a prior period error.

8.5 Correction of prior period error and change in accounting estimate

CFA has adjusted the financial statements including restatement of 2019-20 comparative for a prior period error. The adjustments are explained and shown in the tables below.

Error in application of remaining useful life post revaluation of buildings

CFA has incorrectly applied its depreciation policy on its building assets, excluding right-of-use buildings, by continuing to use the original remaining useful lives instead of remaining useful lives, as advised by Valuer-General Victoria, following a scheduled revaluation in 2016. The financial impacts of this are:

- an understatement of building depreciation charges since 2017;
- an overstatement of the managerial revaluation of land and building done at 30 June 2019; and
- understatement of net gain on disposal of buildings.

As per Australian Accounting Standards AASB 108 Accounting Policy, Changes in Accounting Estimates and Error, CFA has corrected the prior period error retrospectively by adjusting its opening balances of impacted balances as at 1 July 2019. Key balances affected include

- Depreciation and amortisation expense;
- Net gain/ (loss) on disposal of property plant and equipment;
- Gross carrying amount, accumulated depreciation and net carrying value of buildings at fair value;
- Physical asset revaluation surplus; and
- Accumulated surplus.

Impact of correction of error on the comprehensive operating statement

	(\$ thousand)			
	For the financial year ended 30 June			
	2021	2020	2020	2020
		Restated	Adjust- ment	Previously stated
Expenses from transactions				
Depreciation and amortisation	63,234	70,281	11,171	59,110
Total expenses from transactions	474,556	736,739	11,171	725,568
Net result from transactions/ (net operating balance)	(18,246)	128,352	(11,171)	139,523
Other economic flows included in net result				
Net gain/ (loss) on non financial assets	4,402	471	425	46
Total other economic flows included in net result	5,926	(11,350)	425	(11,775)
Net result	(12,320)	117,002	(10,746)	127,748
Comprehensive result	111,180	117,002	(10,746)	127,748

Note: Only impacted lines are presented

Impact of correction of error on the balance sheet

	(\$ thousand)						
	2021	2020	As at 30 June		2019	As at 1 July	
			Restated	Adjust- ment		Previously stated	Restated
Property, plant and equipment	1,282,232	1,341,991	(45,122)	1,387,113	1,281,552	(34,376)	1,315,928
Total non financial assets	1,296,800	1,355,986	(45,122)	1,401,108	1,294,587	(34,376)	1,328,963
Total assets	1,672,690	1,905,482	(45,122)	1,950,604	1,687,730	(34,376)	1,722,106
Net assets	1,469,608	1,605,442	(45,122)	1,650,564	1,466,732	(34,376)	1,501,108
Equity							
Accumulated surplus	518,737	531,057	(41,313)	572,370	413,881	(30,567)	444,448
Physical asset revaluation surplus	676,452	552,952	(3,809)	556,761	552,952	(3,809)	556,761
Contributed capital	274,419	521,433	-	521,433	499,899	-	499,899
Net worth	1,469,608	1,605,442	(45,122)	1,650,564	1,466,732	(34,376)	1,501,108

Note: Only impacted lines are presented

Impact of correction of error on the Buildings at fair value

	(\$ thousand)						
	2021	2020	As at 30 June		2019	As at 1 July	
			Restated	Adjust- ment		Previously stated	Restated
Gross carrying amount	775,526	771,382	(33,975)	805,357	702,974	(34,376)	737,350
Accumulated depreciation	(14,203)	(33,613)	(11,147)	(22,466)	-	-	-
Net carrying amount	761,323	737,769	(45,122)	782,891	702,974	(34,376)	737,350

Note: Only impacted lines are presented

Impact of correction of error on Net gain/ (loss) on non financial assets

	(\$ thousand)			
	As at 30 June			
	2021	2020	2020	2020
		Restated	Adjust- ment	Previously stated
Net gain/ (loss) on disposal of property plant and equipment	6,018	475	425	50
Net gain/ (loss) on non financial assets	4,402	471	425	46

Note: Only impacted lines are presented

Change in accounting estimate

CFA has determined that the useful lives of its standard buildings should be 50 years instead of the previous range of 50 to 67 years. This is based on CFA's actual historical asset maintenance and renewal information.

Australian Accounting Standards 108 (AASB 108) Accounting Policy, Changes in Accounting Estimates and Error requires that changes in accounting estimates are applied prospectively. Accordingly, CFA has applied this change effective from 1 July 2020 to determine its financial position as at 30 June 2021.

CFA will apply this revised estimate of 50 years total useful life for all its buildings, excluding right-of-use buildings, in the future. The impact of this change in accounting estimate is that the annual depreciation charge for buildings will be higher. For 2020-21, this resulted in \$9.4m additional depreciation and amortisation charges.

8.6 Responsible persons

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

Names

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

Responsible Minister

Minister for Police and Emergency Services

The Hon Lisa Neville, MP 1 July 2020 to 30 June 2021

Acting Ministers

The Hon James Merlino, MP 8 November 2020 to 10 November 2020

The Hon Martin Foley, MP 13 February 2021 to 19 February 2021

The Hon Danny Pearson, MP 20 February 2021 to 25 June 2021

The Hon Jaclyn Symes, MP 26 June 2021 to 30 June 2021

Authority Members (CFA Board Members)

Greg Smith AM (Chair) 1 July 2020 to 20 July 2020

Greg Wilson (Chair) 21 July 2020 to 30 June 2021

Michelle McLean (Deputy Chair) 1 July 2020 to 30 June 2021

Peter Shaw AFSM 1 July 2020 to 30 June 2021

Pamela White PSM 1 July 2020 to 30 June 2021

Dr. Gillian Sparkes AM 1 July 2020 to 30 June 2021

Simon Weir 1 July 2020 to 30 June 2021

Kent Griffin 1 July 2020 to 30 June 2021

Dawn Hartog 1 July 2020 to 30 June 2021

Beth Davidson OAM 1 July 2020 to 30 June 2021

Accountable Officer

Steve Warrington AFSM *
Chief Executive Officer/Chief Officer 1 July 2020 to 31 July 2020

Catherine Greaves **
Acting Chief Executive Officer 1 July 2020 to 21 February 2021

Natalie MacDonald
Chief Executive Officer 22 February 2021 to 30 June 2021

* CEO/CO Steve Warrington was on leave from 1 July 2020 to 31 July 2020 (resigned).

** Acting CEO Catherine Greaves was acting from 1 July 2020 to 21 February 2021.

Remuneration (other than the Responsible Minister)

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

Income Band	Number	
	2021	2020
\$0 - \$9,999 ^(a)	2	5
\$30,000 - \$39,999	1	1
\$50,000 - \$59,999	6	5
\$60,000 - \$69,999	1	1
\$100,000 - \$109,999	1	-
\$110,000 - \$119,999	-	1
\$160,000 - \$169,999	1	-
\$270,000 - \$279,999	1	-
\$440,000 - \$449,999	-	1
Total numbers	13	14
Total amount (\$ thousand)	982	935

Note

(a) Dr. Gillian Sparkes AM is the Commissioner for Environmental Sustainability Victoria and received nil remuneration from CFA during 2021 (2020: Nil).

8.7 Remuneration of executives

The number of executive officers, other than Ministers and the Accountable Officer, and their total remuneration during the reporting period are shown in the table below. Total annualised employee equivalents provides a measure of full time equivalent executive officers over the reporting period.

Remuneration comprises employee benefits (as defined in *AASB 119 Employee Benefits*) in all forms of consideration paid, payable or provided by the entity, or on behalf of the entity, in exchange for services rendered. Accordingly, remuneration is determined on an accrual basis, and is disclosed in the following categories.

Short-term employee benefits include amounts such as salaries, wages, annual leave or sick leave that are usually paid or payable on a regular basis, as well as non-monetary benefits such as allowances and free or subsidised goods or services.

Post-employment benefits include employer's contribution to superannuation and other retirement benefits paid or payable on a discrete basis when employment has ceased.

Other long-term benefits include long service leave, other long service benefits or deferred compensation.

Termination benefits include termination of employment payments, such as severance packages.

Remuneration of executive officers (including Key Management Personnel disclosed in Note 8.8)	(\$ thousand)	
	Total remuneration	
	2021	2020
Short-term employee benefits	7,266	6,800
Post-employment benefits	589	584
Other long-term benefits	145	149
Termination benefits	346	86
Total remuneration	8,346	7,619
Total number of executives ^(a) (number)	33	34
Total annualised employee equivalents ^(b) (number)	32.6	33.8

Notes

(a) The total number of executive officers include persons who meet the definition of Key Management Personnel (KMP) of the entity under AASB 124 Related Party Disclosures and are also reported within the related parties note disclosure. Refer to note 8.8.

(b) Annualised employee equivalent is based on the time fraction worked over the reporting period.

8.8 Related parties

CFA is a wholly owned and controlled entity of the State of Victoria.

Related parties of CFA include:

- all Key Management Personnel and their close family members and personal business interests (controlled entities, joint ventures and entities they have significant influence over); and
- all Cabinet Ministers and their close family members.

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

Key Management Personnel of CFA includes the Portfolio Minister, Board of Directors, Chief Executive Officer, Chief Officer and Chief Financial Officer.

Following a review of CFA's key management personnel disclosure policy, the number of key management positions requiring disclosure is reduced to 12 (2020: 24).

KMP	KMP Category	Position title	Period
The Hon Lisa Neville, MP	Portfolio Minister	Minister for Police and Emergency Services	1 July 2020 to 30 June 2021
The Hon James Merlino, MP	Portfolio Minister	Acting Minister for Police and Emergency Services	8 November 2020 to 10 November 2020
The Hon Martin Foley, MP	Portfolio Minister	Acting Minister for Police and Emergency Services	13 February 2021 to 19 February 2021
The Hon Danny Pearson, MP	Portfolio Minister	Acting Minister for Police and Emergency Services	20 February 2021 to 25 June 2021
The Hon Jaclyn Symes, MP	Portfolio Minister	Acting Minister for Police and Emergency Services	26 June 2021 to 30 June 2021
Greg Wilson	Board of Directors	Chair	21 July 2020 to 30 June 2021
Greg Smith AM	Board of Directors	Chair	1 July 2020 to 20 July 2020
Michelle McLean	Board of Directors	Deputy Chair	1 July 2020 to 30 June 2021
Peter Shaw AFSM	Board of Directors	Board Member	1 July 2020 to 30 June 2021
Dr. Gillian Sparkes AM	Board of Directors	Board Member	1 July 2020 to 30 June 2021
Pamela White PSM	Board of Directors	Board Member	1 July 2020 to 30 June 2021
Simon Weir	Board of Directors	Board Member	1 July 2020 to 30 June 2021

KMP	KMP Category	Position title	Period
Kent Griffin	Board of Directors	Board Member	1 July 2020 to 30 June 2021
Dawn Hartog	Board of Directors	Board Member	1 July 2020 to 30 June 2021
Beth Davidson OAM	Board of Directors	Board Member	1 July 2020 to 30 June 2021
Steve Warrington AFSM ^(a)	CFA Executive	Chief Executive Officer/Chief Officer	1 July 2020 to 31 July 2020
Catherine Greaves ^(a)	CFA Executive	Acting Chief Executive Officer	1 July 2020 to 21 February 2021
Natalie MacDonald	CFA Executive	Chief Executive Officer	22 February 2021 to 30 June 2021
Garry Cook ^(a)	CFA Executive	Acting Chief Officer	1 July 2020 to 29 November 2020
Jason Heffernan	CFA Executive	Chief Officer	30 November 2020 to 30 June 2021
Nigel McCormick	CFA Executive	Chief Financial Officer	1 July 2020 to 30 June 2021

Overlapping dates in the schedule are due to KMP on leave in July 2020.

(a) CEO/CO Steve Warrington was on leave from 1 July 2020 to 31 July 2020 (termination).

- Acting CEO Catherine Greaves was acting from 1 July 2020 to 21 February 2021.
- Acting CO Garry Cook was acting from 1 July 2020 to 29 November 2020.

Remuneration of key management personnel

The compensation detailed below excludes the salaries and benefits the Portfolio Minister receives. The Minister's remuneration and allowances is set by the *Parliamentary Salaries and Superannuation Act 1968* and is reported within the Department of Parliamentary Services financial report.

Compensation of Key Management Personnel	(\$ thousand)	
	2021	2020
Short-term employee benefits	1,570	4,203
Post-employment benefits	59	252
Other long-term benefits	18	81
Termination benefits	-	-
Total^{(a)(b)}	1,647	4,536

Note

(a) KMPs that are members of CFA Executive Team are also reported in the disclosure of remuneration of executive officers at Note 8.7.

(b) Decrease in compensation of KMPs is attributable to reduced count of KMP's following revision of CFA's key management personnel disclosure policy as mentioned above.

Significant transactions with government-related entities

CFA's main source of funding was from State Government grants that are allocated to the Department of Justice and Community Safety for distribution to CFA on a quarterly basis. CFA regularly transacted with other emergency services.

All payments made or received between CFA and other government entities are on arm's length basis and at normal commercial terms.

A summary of transactions with other State Government entities above \$100k during the period are shown below

Entity	Nature	Receipts	Payments	(\$ thousand) Net dues owed to / (by) CFA as at 30 June 2021
Emergency Services Telecommunication Authority (ESTA)	Communication Services	-	45,790	-
Department of Justice and Community Safety (DJCS)	Grant receipts and payments	343,480	29,449	-
Emergency Management Victoria (EMV)	Grant receipts	653	-	50
Fire Rescue Victoria (FRV)	Staff and other cost recoveries, vehicle sales; ICT services payments	8,685	898	1,063
Victoria State Emergency Service	Training, grant and capital receipts; Infrastructure payments	852	462	263
Department of Environment, Land, Water and Planning (DELWP)	Grant receipts; Aircraft flying and hire payments	8,230	3,786	14
Victorian Managed Insurance Authority (VMIA)	Insurance premium payments	-	6,046	-

During 2021, there was a restructure of administrative arrangements with Fire Rescue Victoria (FRV). Transactions that occurred as a part of this restructure are detailed in Note 8.3. Refer Note 3.5 for services received from or provided to FRV free of charge or for nominal consideration.

Transactions and balances with key management personnel and other related parties

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

No provision has been required, nor any expense recognised, for impairment of receivables from related parties.

A summary of related party transactions above \$100k during the period are shown below

Entity	Position title	Nature	Receipts	Payments	(\$ thousand)
					Net dues owed to / (by) CFA as at 30 June 2021
Transport Accident Commission (TAC)	Chairperson	Road accident rescue grant receipts	2,703	-	-
Ambulance Victoria	Chairperson	Rental cost recoveries, capital receipts; Volunteer cost reimbursements.	252	16	(2)

No other transactions that have occurred with KMP and their related parties have not been considered material for disclosure. In this context, transactions are only disclosed when they are considered necessary to draw attention to the possibility that CFA's financial position and profit or loss may have been affected by the existence of related parties, and by transactions and outstanding balances, including commitments, with such parties.

No provision has been required, nor any expense recognised, for impairment of receivables from related parties.

8.9 Remuneration of auditors

	(\$ thousand)	
	2021	2020
Victorian Auditor-General's Office		
Audit of the financial statements		
- Audit fee	220	204
- Audit fee for 30 June 2020	22	-
Internal and other audit services ^(a)	335	270
Total remuneration of auditors	577	474

Notes:

(a) The Victorian Auditor-General's Office is prohibited from providing non-audit services.

8.10 Subsequent events

The policy in connection with recognising subsequent events, which are events occurring between the end of the reporting period and the date when the financial statements are authorised for issue, is as follows:

- adjustments are made to amounts recognised in the financial statements where those events provide information about conditions that existed at the reporting date; and/ or
- disclosure is made where the events relate to conditions that arose after the end of the reporting period that are considered to be of material interest.

Fire Services Reform and restructure of administrative arrangement

Certain elements of the restructure of administrative arrangements resulting from the Fire Services Reform are scheduled for the 2022 financial year. Refer Note 8.3.

COVID-19

The impact of COVID-19 pandemic is ongoing. It is noted that COVID-19 induced volatility in financial markets, the economic downturn and changing work practices may have an impact on property values which creates uncertainty as to the fair valuation of property, plant and equipment in the financial statements.

There are no other subsequent events requiring adjustment or disclosure.

8.11 Other accounting policies

Contributions by owners

Consistent with the requirements of *AASB 1004 Contributions*, contributions by owners (that is, contributed capital and its repayment) are treated as equity transactions and, therefore, do not form part of the income and expenses of CFA.

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

Foreign currency balances/ transactions

All foreign currency transactions during the financial year are brought to account using the exchange rate in effect at the date of the transaction. Foreign monetary items existing at the end of the reporting period are translated at the closing rate at the date of the end of the reporting period.

8.12 Australian Accounting Standards issued that are not yet effective

The following Australian Accounting Standards related to CFA become effective for reporting periods commencing after the operative dates stated. CFA has not adopted these standards early.

Topic	Key Requirement	Effective date for CFA	Impact on CFA's financial statements
AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current	This Standard amends AASB 101 to clarify requirements for the presentation of liabilities in the statement of financial position as – current or non-current. For example, the amendments clarify that a liability is classified as non-current if an entity has the right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period. The meaning of settlement of a liability is also clarified.	1 July 2023	<p>The standard only becomes effective for CFA in the 2023-24 financial year. CFA will assess and adopt this amendment, if required at the appropriate time.</p> <p>AASB 2020-6 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Deferral of Effective Date was issued in August 2020 and defers the effective date to annual reporting periods beginning on or after 1 January 2023 instead of 1 January 2022, with earlier application permitted.</p>

Topic	Key Requirement	Effective date for CFA	Impact on CFA's financial statements
AASB 2021-3 <i>Amendments to Australian Accounting Standards – Covid-19-Related Concessions beyond 30 June 2021</i>	This Standard amends AASB 16 to extend by one year the application period of the practical expedient added to AASB 16 by AASB 2020-4 <i>Amendments to Australian Accounting Standards – Covid-19-Related Rent Concessions</i> . The practical expedient permits lessees not to assess whether rent concessions that occur as a direct consequence of the covid-19 pandemic and meet specified conditions are lease modifications and, instead, to account for those rent concessions as if they were not lease modifications (e.g. account for as variable lease payment instead). This standard extends the practical expedient to rent concessions that reduce only lease payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met.	1 April 2021	The standard only becomes effective for CFA in the 2021-22 financial year. To date CFA are not aware of any concessions received as a result of the COVID-19 pandemic. We will continue to monitor this during the year and adopt this amendment, if required.

In addition to the new standards and amendments above, the AASB has issued a list of other amending standards that are not effective for the 2020-21 reporting period (as listed below). In general, these amending standards include editorial and reference changes that are expected to have insignificant impacts on CFA.

- *AASB 2020-3 Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments.*
- *AASB 2020-8 Amendments to Australian Accounting Standards - Interest Rate Benchmark Reform – Phase 2.*
- *AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definitions of Accounting Estimates.*

8.13 Glossary of technical terms

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

Actuarial gains or losses on superannuation defined benefit plans are changes in the present value of the superannuation defined benefit liability resulting from:

- a) experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred); and
- b) the effects of changes in actuarial assumptions.

Amortisation is the expense that results from the consumption, extraction or use over time of a non-produced physical or intangible asset. This expense is classified as an 'other economic flow'.

Borrowings refer to interest bearing liabilities, mainly lease liabilities.

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

Comprehensive result is the amount included in the comprehensive operating statement representing total change in net worth other than transactions with owners as owners.

Control means the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

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

Current grants are amounts payable or receivable for current purposes for which no economic benefits of equal value are receivable or payable in return.

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 transactions'.

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

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

Ex-gratia expenses mean the voluntary payment of money or other non-monetary benefit (e.g. a write-off) that is not made either to acquire goods, services or other benefits for the entity or to meet a legal liability, or to settle or resolve a possible legal liability or claim against the entity.

Expected Credit Loss (ECL) is a calculation of the present value of the amount expected to be lost on a financial asset, for financial reporting purposes. This is measured in a way that reflects:

- a) an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- b) the time value of money; and
- c) reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Financial asset is any asset that is:

- a) cash;
- b) an equity instrument of another entity;
- c) 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
- d) a contract that will or may be settled in the entity's own equity instruments and is:
 - a non-derivative for which the entity is or may be obliged to receive a variable number of the entity's own equity instruments; or
 - a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

Financial instruments arise out of contractual agreements that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Due to the nature of CFA's activities, certain financial assets and financial liabilities arise under statute rather than a contract (for example taxes, fines and regulatory fees). Such financial assets and liabilities do not meet the definition of financial instruments in *AASB 132 Financial Instruments: Presentation*.

An exception to the above is financial assets from regulatory fees. While this financial asset does not meet the definition of financial instruments in *AASB 132 Financial Instruments: Presentation*, the nature of regulatory fees arising from statutory requirements is, in substance, similar to a contractual receivable, as the regulatory fees also provides CFA with a right to receive cash or another financial asset from another entity. The difference between contractual receivables and regulatory fees is that the rates for regulatory fees are as determined by Ministerial Direction. Accordingly, CFA recognises, measures and presents a statutory receivable arising from regulatory fees as if it were a financial instrument when the statutory requirements establish a right for the entity to receive cash or another financial asset.

Financial liability is any liability that is:

- a) 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
- b) 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 Reporting Directions (FRDs) are financial and non-financial reporting requirements prescribed by Department of Treasury and Finance (DTF).

Financial statements comprise:

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

Grant expenses and other transfers are transactions in which one unit provides goods, services, assets (or extinguishes a liability) or labour to another unit without receiving approximately equal value in return. Grants can either be operating or capital in nature.

While grants to governments may result in the provision of some goods or services to the transferor, they do not give the transferor a claim to receive directly benefits of approximately equal value. For this reason, grants are referred to by the AASB as involuntary transfers and are termed non-reciprocal transfers. 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 taxpayers in return for their taxes.

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.

General government sector comprises all government departments, offices and other bodies engaged in providing services free of charge or at prices significantly below their cost of production. General government services include those that are mainly non-market in nature, those that are largely for collective consumption by the community and those that involve the transfer or redistribution of income. These services are financed mainly through taxes, or other compulsory levies and user charges.

Interest expense represents costs incurred in connection with borrowings. This includes the interest component of lease liabilities.

Interest income includes interest received on bank term deposits and other investments.

Key Management Personnel (KMP) – people with the authority and responsibility for directly or indirectly planning, directing and controlling the activities of the entity.

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

Net acquisition of non-financial assets (from transactions) are 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 financial liabilities are calculated as liabilities less financial assets. This measure is broader than net debt as it includes significant liabilities, other than borrowings (e.g. accrued employee liabilities such as superannuation and long service leave entitlements).

Net financial worth is equal to financial assets minus liabilities. It is a broader measure than net debt as it incorporates provisions made (such as superannuation, but excluding depreciation and bad debts) as well as holdings of equity. Net financial worth includes all classes of financial assets and liabilities, only some of which are included in net debt.

Net operating balance or net result from transactions 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 result is a measure of financial performance of the operations for the period. It is the net result of items of revenue, gains and expenses (including losses) recognised for the period, excluding those classified as 'other non-owner movements in equity'.

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

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

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.

Operating result is a measure of financial performance of the operations for the period. It is the net result of items of revenue, gains and expenses (including losses) recognised for the period, excluding those that are classified as 'other non-owner movements in equity'. Refer also '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. In simple terms, other economic flows are changes arising from market re-measurements. They include gains and losses from disposals, revaluations and impairments of non-financial physical and intangible assets; fair value changes of financial instruments.

Other economic flows – other comprehensive income comprises items (including reclassification adjustments) that are not recognised in net result as required or permitted by other Australian Accounting Standards. They include changes in physical asset revaluation surplus, changes in accumulated surplus and gains and losses on remeasuring available-for-sale financial assets.

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

Prepayments 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.

Produced assets include buildings, plant and equipment, inventories, cultivated assets and certain intangible assets. Intangible produced assets may include computer software, motion picture films and research and development costs (which does not include the start-up costs associated with capital projects).

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.

Related party is a person who has significant influence over a KMP or vice versa and/ or a close family member of a KMP.

Related party transaction is a transaction between CFA and one of its KMPs, a related party or any entity they control.

Sales of goods and services refers to income from the direct provision of goods and services and includes fees and charges for services rendered, sales of goods and services, fees from regulatory services and work done as an agent for private enterprises. It also includes rental income from leases and on produced assets such as buildings and entertainment, but excludes rent income from the use of non-produced assets such as land. User charges includes sale of goods and services income.

Standing Directions refers to the Standing Directions 2018 of the Assistant Treasurer under the *Financial Management Act 1994* and its Instructions.

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

8.14 Style conventions

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

The notation used in the tables is as follows:

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

The financial statements and notes are presented based on the illustration for a government department in the 2020-2021 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 report.

Appendix

Financial Disclosures

Consultancy expenditure

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

As at 30 June 2021, there were eight consultancies where the total fees payable to the consultants were \$10,000 or greater

Consultant	Purpose of consultancy	Start date	End date	Total approved project fee (excl. GST) (\$'000)	Expenditure 2020-21 (excl. GST) (\$'000)	Future expenditure (excl. GST) (\$'000)
Nation Partners	Delivery of an environmental framework, strategy, and risk assessment.	Sep-19	Sep-20	300.0	17.6	0.0
Pinnacle Group Australia	Strategic advice for CFA Executive re-alignment and organisation design as a result of Fire Services Reform.	May-20	Jun-20	50.0	22.6	0.0
Global Public Safety	Advise CFA Board on best practice processes in risk management for CFA events, ahead of the 2021 VFBV/ CFA Championships events.	Dec-20	Jan-2	116.5	16.7	0.0
Foley's List	Development of defined Concept of Operations plan for CFA's future state during and after Fire Services Reform.	Jun-20	Jun-21	72.7	72.7	0.0
HLB Mann Judd (Vic)	Review of Assurance Framework over Brigade Finances.	Apr-21	Nov-21	39.1	28.0	11.1
KPMG	Review of staff establishment model.	May-21	Jun-21	106.0	105.9	0.0
Parkins Lane	Review of Legal Services Operating Model.	Apr-21	Jun-21	30.4	30.4	0.0
Thoughtpost Governance	Review of Finance, Risk and Audit Committee performance in support of Standing Directions requirements.	Apr-21	Sep-21	12.5	12.5	0.0
Total				627.2	306.5	11.1

Details of consultancies valued at less than \$10,000

As of 30 June 2021, there were two consultants engaged during the year, where the total fees payable to each of the consultants was less than \$10,000.

Information and communication technology expenditure

Details of information and communication technology (ICT) expenditure*

(\$ million)			
Business As Usual (BAU) ICT expenditure Total	Non-Business As Usual (non-BAU) ICT expenditure A + B	Non-BAU Operational expenditure A	Non-BAU Capital expenditure B
31.8	13.8	11.1	2.7

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.

*Includes amounts incurred for operational communication.

Relevant Legislation and Policies

Legislation and delegated legislation provide a clear framework for 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
Building Act 1993
Carers Recognition Act 2012
Charter of Human Rights and Responsibilities Act 2006
Child Wellbeing and Safety Act 2005
Conservation, Forests and Lands Act 1987
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
Evidence Act 2008
Financial Management Act 1994
Forests Act 1958
Freedom of Information Act 1982
Fundraising Act 1998
Gambling Regulation Act 2003
Gender Equality Act 2020
Health Records Act 2001
Heavy Vehicle National Law Application Act 2013
Independent Broad-based Anti-Corruption Commission Act 2011
Liquor Control Act 1987
Local Jobs First Act 2003
Occupational Health and Safety Act 2004
Ombudsman Act 1973
Planning and Environment Act 1987
Privacy and Data Protection Act 2014
Public Interest Disclosures Act 2012
Public Administration Act 2004
Public Construction Management Act 1994
Public Records Act 1973
Rail Safety (Local Operations) Act 2006
Road Safety Act 1986
Residential Tenancies Act 1997
Subdivision Act 1988
Surveillance Devices Act 1999
Traditional Owner Settlement Act 2010
Victorian Civil and Administration Tribunal Act 1998
Working with Children Act 2005

Workplace Injury Rehabilitation and Compensation Act 2013
Wrongs Act 1958
Commonwealth Acts
A New Tax System (Goods and Services Tax) Act 1999
Climate Change Act 2017
Competition and Consumer Act 2010
Disability Discrimination Act 1992
Fair Work Act 2009
Fringe Benefits Tax Assessment Act 1986
National Vocational Education and Training Regulator Act 2011
Public Interest Disclosure Act 2013
Racial Discrimination Act 1975
Sex Discrimination Act 1984
Telecommunications Act 1997

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

FOI requests can be lodged online at www.foi.vic.gov.au. In the 2020-21 year an application fee of \$29.60 applied. Access charges may also be payable for documents and search time

Access to documents can also be obtained through a written request to CFA's FOI team, as detailed in s17 of the FOI Act. As such, requests can also be lodged directly with CFA via email to foi@cfa.vic.gov.au. The application fee can be paid either by cheque in the mail or by direct deposit to CFA's bank. Details are as follows:

Account Name: CFA
BSB: 063 225
Account number: 1007 1353

Please include confirmation of the payment in your email so that our accounts receivable department can be notified accordingly.

Written requests for documents in the possession of CFA should be addressed to:

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

FOI statistics/timelines

During 2020-21, CFA received 134 applications. Of these requests, 12 were from Members of Parliament, one from the media, 48 from law firms and the remainder from CFA members and the general public.

CFA made 89 FOI decisions during the 12 months ended 30 June 2021.

All decisions apart from three were made within the statutory time frame. The delayed decisions were caused by working offsite because of COVID-19.

From the requests received during 2020-21, four were subject to a complaint/review by the Office of the Victorian Information Commissioner (OVIC).

Further information

Further information regarding the operation and scope of FOI can be obtained from the FOI Act, the Professional Standards and Regulations made under the Act and foi.vic.gov.au.

Financial Management Act 1994 (Vic)

All the financial information contained in the report for the financial year has been prepared and presented in accordance with the Financial Management Act 1994 and the Standing Directions of the Minister for Finance 2016 issued under that Act. Relevant information is available to the Minister for Emergency Services, the Parliament of Victoria, and the public on application to CFA's Accountable Officer (the Chief Executive Officer).

Public Interest Disclosures Act 2012 (Vic) formerly known as Protected Disclosure Act 2012 (Vic)

In relation to the matters specified in section 70 of the Public Interest Disclosures Act 2012 during the reporting year, there were nil disclosures notified to the Independent Broad-based Anti-corruption Commission by CFA under section 21(2) during 2020-21.

Privacy and Data Protection Act 2014 (Vic)

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.

Building Act 1993 (Vic)

CFA complies with the Building Act 1993, with respect to alterations and maintenance to the buildings owned by CFA.

National Competition Policy

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

Environment and sustainability

During the 2020–21 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.

Sponsorships

CFA has a Managing Strategic Partnerships and Sponsorships business rule which outlines the processes, procedures and obligations for entering into a sponsorship agreement (including a corporate sponsorship), strategic partnership or fundraising appeals in order to meet financial, strategic and legal requirements. In the 2020-21 financial year, there was no expenditure on sponsorships.

Government advertising expenditure

As at 30 June 2021, the annual expenditure on advertising campaigns was \$940,122. CFA spent \$175,401 (exclusive of GST) on the Winter Fire Safety Campaign:

Name of campaign: Silence is deadly.

Campaign dates: 16 August to 13 September 2020 and 16 May to 30 June 2021.

Campaign description: For several years, CFA and FRV, (previously the Metropolitan Fire Brigade) have run a joint communications and marketing campaign encouraging Victorians to install and maintain smoke alarms in their homes. For the past three years, the campaign has focused on updated advice by the Australasian National Fire and Emergency Services Council (AFAC) focusing on the number and location of smoke alarms (in bedrooms and living areas) and recommending that interconnected smoke alarms should be installed in all bedrooms and living areas.

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.

Inclusion and fairness

A key focus for Inclusion and Fairness through the reporting period has been to progress activities relating to the Gender Equality Act 2020 (Vic). This includes holding more than 20 briefing sessions for volunteers and staff around CFA's requirements under the Act. The inaugural CFA Inclusion and Diversity Strategy 2021-2024 was drafted ahead of a formal period of consultation. A range of inclusion and diversity education sessions were delivered to all members including active bystander training and LGBTIQ+ inclusion training. In addition, 999 online SBS Inclusion Modules were completed by 394 members.

CFA continued to raise awareness and support a range of activities including NAIDOC Week, National Reconciliation Week, IDAHOBIT Day, Harmony Day, International Women's Day, and attendance at the 2021 Midsumma Pride March, as well as ongoing participation in cross-sector initiatives including Emergency Management Victoria Inclusion & Diversity Group and AFAC Champions of Change.

Carers Recognition Act 2012 (Vic)

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

Disability Act 2006 (Vic) and Disability Discrimination Act 1992 (Cth)

Disability inclusion initiatives progressed this financial year included:

- the delivery of Disability Confidence Training to 18 participants selected on the basis of their role at CFA.
- acquisition and launch of Disability Confidence Manager eLearn.
- development and distribution of a Concept Brief on International Day of People with Disability (which encouraged members to acknowledge the day and outlined options members could take to increase their awareness and support the day).
- publication of stories on CFA's news website about International Day of People with Disability, International Day of Sign Language, and stereotypes.
- development of the Junior Disability Inclusion Guide.

Local Jobs First Act 2003 (Vic)

In accordance with the requirement of the Local Jobs First Act 2003, government agencies are required to report contracts valued at more than \$3 million in metropolitan areas and \$1 million in regional areas.

A total of three contracts commenced during 2020-21 in regional Victoria which exceeded \$1 million in value. There were no contracts within the metropolitan area that the VIPP requirements applied. The regional contracts were new fire stations at Port Fairy, Buninyong and Phillip Island.

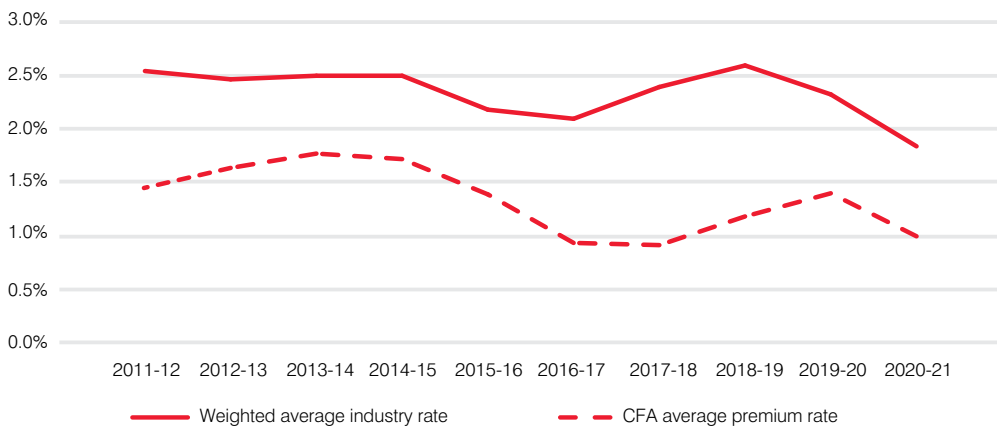
The local content (including all labour and materials) for these contracts was in the order of 96 per cent.

Occupational Health and Safety

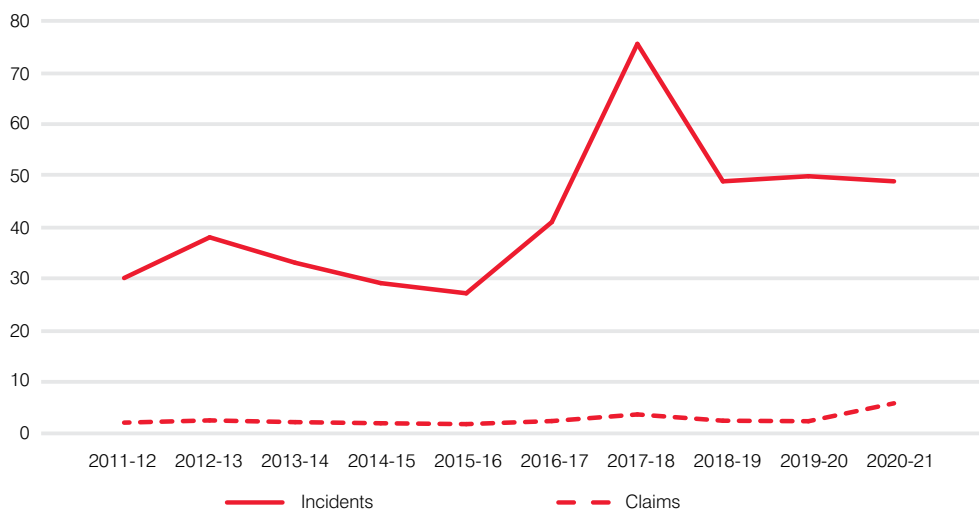
Employee incidents and claims

CFA's performance continues to be significantly better than the industry average. There was a reduction in the premium and rate largely because of the transfer of operational firefighters to Fire Rescue Victoria. Reduced training and brigade activity due to COVID-19 restrictions combined with a quieter fire season reduced volunteer claims. However, the number of claims with time loss of 13 weeks or greater increased because COVID-19 impacted members' access to treatment and return-to-work options.

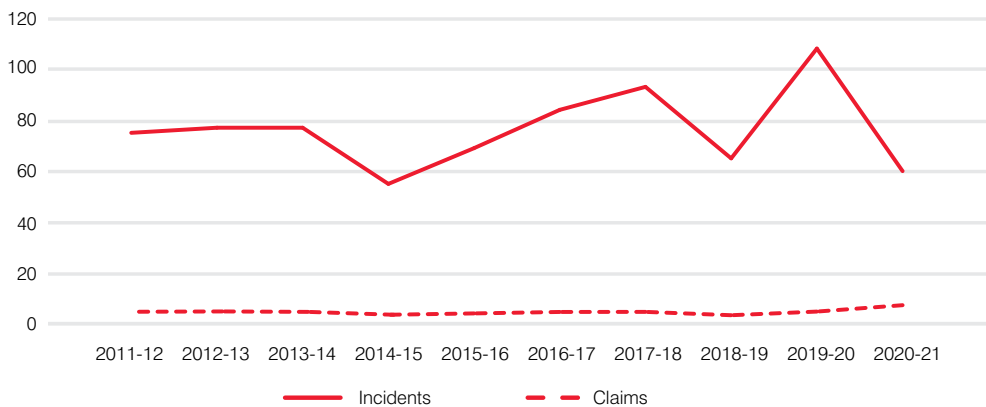
CFA Worksafe premium vs industry rate



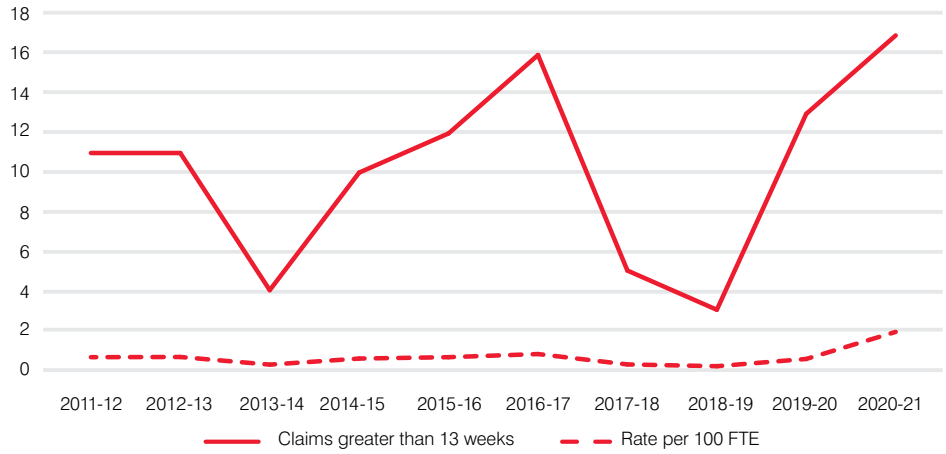
Employee lost time claims and rate per 100 FTE



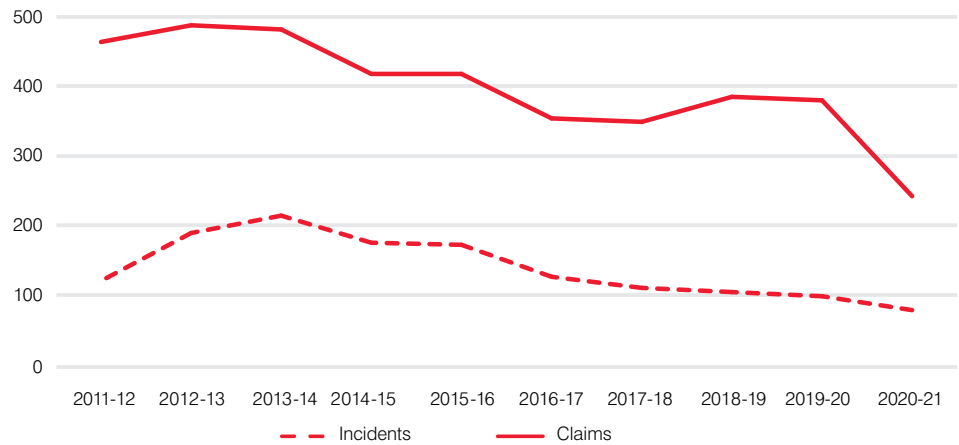
Number of Standard Employee claims and rate per 100 FTE



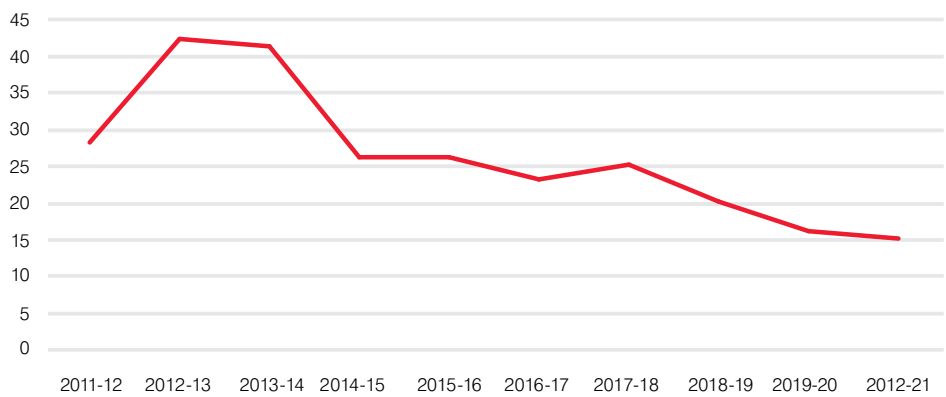
Employee claims with timeloss of 13 weeks or greater and rate per 100 FTE



Volunteer claims and incident trends (date of injury)



Volunteer lost time claims (date of injury)



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