Country Fire Authority

Annual Report 2016–17

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CHAIR'S FOREWORD

While the last 12 months have presented us with significant challenges, the Board has successfully strengthened the organisation with important improvements to governance and operations. It would be remiss of me not to acknowledge the significant budget deficit and division within the organisation the current Board faced on being appointed.

As Victoria's modern, and largest, urban and country fire and emergency service, we're focused on strengthening our organisation for future growth. We've managed to turn around our finances, which puts us on a more sustainable foundation, while always maintaining the highest levels of service to the community. This has not been an easy task.

Our future planning focuses on culture, stakeholder engagement, strategy and our internal processes, as well as keeping an eye on how to inspire and recruit the next generation of career and volunteer firefighters. We're also providing greater transparency across the organisation.

This year we reaffirmed our commitment to supporting people and improving our culture. We also want to work better with our emergency management partners and improve management of our resources.

Key to improving CFA culture has been the establishment of the Workplace, Culture, Diversity and Inclusion Taskforce to lead the Inclusion and Fairness at CFA program and support ongoing reform. I want to thank all members of the taskforce for their outstanding efforts. As a result, we now have a strategic approach to inclusion and fairness, including establishment of a dedicated team.

Skilful Executive and Board leadership provides a strong foundation, enabling CFA to withstand challenges and set a clear course for the future. Improving accountability has been central to this, through the introduction of a more robust quarterly performance reporting system and actively strengthening our budget position. Internally, we've worked to improve our governance and accountability so we can continue to operate at the highest level.

From a community perspective, this renewed focus has seen us recruit more firefighters, improve access to training, and work to grow our volunteer base.

I want to thank all involved, particularly Frances Diver and her executive team, for their hard work in putting these initiatives into action, all of which make CFA stronger. While no one should be singled out, this year we appointed Steve Warrington AFSM as Chief Officer and he is to be congratulated for his leadership.

The resilience of our people and organisation has been on clear display throughout this year – in supporting interstate services battling fires, responding to floods, providing an emergency medical response and, more locally, through helping communities prepare for summer.

This year we also saw the Victorian Government announce an intention to reform fire services articulated in the Fire Services Statement, with CFA becoming an operational volunteer organisation.

While this process has meant uncertainty for our people, our CFA volunteer and career firefighters and staff have acted professionally and admirably, continuing to focus on the protection of life and property.

For CFA, our contribution to the community doesn't stop on the fire ground and this year we built on our long tradition of supporting the Royal Children's Hospital Good Friday Appeal by raising over $1.7 million.

The community-first attitude of all involved with CFA is reflected in the fact that we are the single-biggest fundraising contributor to the Good Friday Appeal. This year, Werribee and Wyndham Vale CFA brigades reached the outstanding milestone of $1 million raised over 40 years.

In the eyes of the community, CFA ended the year as a highly-regarded emergency service organisation that will continue to provide a quality response to protect Victorians.

Greg Smith AM
Chair

CEO'S FOREWORD

Over the last 12 months a key mission has been to strengthen CFA's leadership to ensure ongoing community confidence in our much-cherished organisation.

Coming into this year, the sustained public focus on CFA and significant changes in personnel had affected our workforce. To address this, we realigned our executive structure to improve capability and drive cultural change. This has resulted in a strong and capable executive structure, united in working to improve CFA's performance, integrity and accountability. Part of this has been increased operational representation at the executive level.

My priority has been to work with the newly appointed Board to establish an effective leadership team that supports CFA, and addresses the significant and complex industrial, operational and organisational issues.

A permanent executive team was quickly established and worked with the operational leadership team to steer CFA through an intensely difficult period, while always maintaining service delivery.

We began rebuilding more effective relationships with our representative bodies, recognising the important role they play in representing their members' interests. This remains a work in progress. Rebuilding trust requires commitment from all parties to operate with respect and clarity.

We also continued providing first-class emergency response, whether it be fires, road rescues or, increasingly, as first responders in medical emergencies. This includes rolling out our emergency medical response (EMR) program at more integrated stations, and clearly demonstrates the role CFA plays apart from fires, particularly in and around Melbourne's growth corridors.

We've made significant progress in establishing a new Central Highlands Training Campus, and several other high-priority infrastructure and appliance builds as well as recruiting more firefighters under Project 350.

Supporting our brigades, and the men and women behind them, has been another focus and I was pleased to have secured an additional $5.5 million state government funding for volunteers through the Volunteer Sustainability program, and an additional $20 million funding for appliances.

We've prioritised service delivery focused on safety throughout the year. This included introducing a 'safety share moment' at each meeting within CFA to increase safety awareness.

In the last 12 months we've also significantly improved our financial position, going from an operating deficit to an operating surplus.

Finalising an operational staff enterprise agreement for certification at the Fair Work Commission has not been possible. However, CFA successfully negotiated the PTA (Professional, Technical and Administrative) Agreement, which was certified by the Fair Work Commission and implemented.

Our strong focus on inclusion and fairness across CFA led to the appointment of a dedicated inclusion and fairness Assistant Chief Officer.

As we strive to reflect modern Victoria and the communities we protect, an ongoing challenge is renewal and regeneration of volunteers, particularly attracting more women and people from diverse backgrounds.

This year, we also supported a Ministerial Advisory Committee on Policy and Performance to help inform our future direction. This gives volunteers, government and CFA staff the opportunity to have input into shaping our future.

Our focus remains on improving our organisation and building a modern inclusive, resilient and future-ready firefighting and emergency agency.

On a personal note, it has been a tremendous privilege to be part of such an iconic organisation. Our success this year would not be possible without the support of the Board, led by Greg Smith, and the shared vision to drive change by Chief Officer Steve Warrington and our Executive.

The future is bright for CFA.

Frances Diver
Chief Executive Officer

CFA VICTORIA

The Country Fire Authority

The Country Fire Authority (CFA) is a modern, inclusive, resilient and future-focused firefighting agency. We proudly protect Victorians from fire and other emergencies, and help our many communities prepare and plan for an increasing range of hazards, threats and disasters.

CFA mission

To protect lives and property.

CFA values

The following core values guide our actions, and how our people should act and be treated:

- safety first
- respect for each other
- acting with integrity
- working as one
- be adaptive and agile.

Long-term community outcomes

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

Strategic objectives

- Empowering and sustaining our frontline
- Transforming service delivery to meet needs
- Working with communities
- Strengthening relationships through collaboration.

Our profile

SERVICES IN 2016–17

Type of service	Number
Total incidents	43,261
Total brigade turnouts	83,924
Number of Property Advice Visit Service home visits	6,195
Total Fire Ready Victoria meetings/workshops	669
Community Fireguard sessions	238
School and youth program sessions	359

CFA WORKFORCE

	Number
Volunteers	
– Operational	35,263
– Support	20,896 [1]
Total volunteers	**56,159**
Staff	
– Operational	1,226
– Support	1,281
Total staff	**2,507** [2]

1. Including Junior members. 2. Headcount.

BRIGADES

Type of brigade	Number
CFA – Brigade Class 1	542
CFA – Brigade Class 2	306
CFA – Brigade Class 3	133
CFA – Brigade Class 4	115
CFA – Brigade Class 5	63
CFA – District Headquarters Brigades	19
CFA – Other	2
Forestry Industry Brigades	23
Coast Guard Brigades	17
Total	**1,220**

BUILDINGS

Type of building	Number
Fire stations	1,229*
Integrated stations	35^
Regional, district and HQ offices	34
Mechanical workshops	13
Training grounds	8
Other	24

** Includes satellite sites. ^This figure is included in total fire stations.*

VEHICLES

Type of vehicle	Number
Operational	
Tankers	1,629
Pumpers	269
Pumper tankers	38
Field command vehicles	425
CFA operations vehicles	173
Field operations vehicles	15
Rescue vehicles	25
Aerial firefighting vehicles	12
HAZMAT vehicles	13
Ultralights	249
Big fills	31
Support	
CFA transport vehicles	417

Our people

EMPLOYEE PROFILE

CFA staff and volunteers come from a broad section of the community, with the organisation taking active steps to ensure it is reflective of the communities it protects. Table 1 shows a breakdown of employees by age and gender, and Table 2 shows a breakdown of volunteers by role and gender.

Table 1 : Employee breakdown by age and gender

	30 June 2016			30 June 2017		
	Number*	Ongoing FTE	Fixed term /casual FTE	Number*	Ongoing FTE	Fixed term /casual FTE
Gender						
Male	1,662	1,471.2	72.4	1,809	1,589.8	91.0
Female	655	450.1	78.3	698	461.1	98.0
Age						
<25	56	31.2	9.7	61	27.9	17.3
25–34	510	443.5	26.1	579	509.3	35.1
35–44	686	609.3	35.8	709	619.2	45.3
45–54	564	472.5	38.9	613	506.2	51.2
55–64	415	318.4	34.3	452	337.3	35.3
>65	86	46.4	5.8	93	51.0	4.8

** Headcount*

Table 2 : Volunteer breakdown by role and gender

	Operational volunteers	Support volunteers
Male	30,194	11,988[1]
Female	5,069	6,833[1]

1. Not including Juniors.

BRIODY WALKER

‘Take it from me, if you’re female and considering a career in firefighting, it’s absolutely worth doing.’

Dandenong Fire Station Leading Firefighter Briody Walker was a personal trainer before taking on an exciting career as a firefighter. While you couldn’t write a better script in terms of ideal job preparation, Briody’s road to graduation day wasn’t exactly a walk in the park.

‘The training to become a fully-fledged firefighter was tough. It challenged me every day to be the best I possibly could be. That said, I loved recruits and found the whole process very rewarding.’

That was nearly six years ago and Briody’s loved every minute since. ‘It’s an amazing job, and I am driven every day to make a difference in the community and to take on new challenges.’

Briody will tell you the most rewarding part of her job is the camaraderie and friendships she has forged. ‘For me, this was made clear with the great support I received from my colleagues at Geelong when I was pregnant.’

Briody also credits CFA for making it easy for her to get back to work after having her baby. ‘The opportunity to transfer to Dandenong when I returned was a great help. On top of that my new workmates made me feel welcome and provided great support from day one.’

Briody is proud to be a female role model, and one who embodies the many opportunities for women firefighters, and the all-round benefits of greater female participation.

‘I’ll never forget the advice from another female firefighter when I was going through the recruitment process ... Be persistent. If you want it enough, you’ll get it.’

WHAT CFA DOES

Purpose and functions

CFA protects Victorians from fire and other emergencies and prepares its many communities for a range of disaster threats. As a first-rate organisation we ably protect country Victoria and 60 per cent of Melbourne from house and building fires, bushfires and more. We're also playing an increasingly critical role in EMR, providing medical treatment to Priority Zero calls before paramedics arrive.

CFA is an integrated fire service with over 1,200 career firefighters working alongside volunteer firefighters and support staff. We also enjoy an impressive history of supporting rural and regional communities through education, support and fundraising. In other words, CFA is more than just a fire service.

Some of the lifesaving services we provided to the community during 2016–17 include:

- responding to structural fires, bushfires and other emergency fire events, road accident rescues, technical rescues, EMR events, hazardous material event responses and support calls
- other emergency activities like flood assistance
- community awareness, education and safety programs
- fire safety input planning for major community risks
- fire prevention and planning including vegetation management of private and public land
- technical services including building-code-related inspections, post-incident analysis and fire investigation.

CFA is a statutory authority, enshrined in legislation under the *Country Fire Authority Act 1958* (CFA Act). While the CFA Act outlines our formal obligations, the other key legislation shaping our organisational and operational requirements include the:

- *Building Act 1993*
- *Emergency Management Act 1986* and *2013*
- *Financial Management Act 1994*
- *Freedom of Information Act 1982*
- *Privacy and Data Protection Act 2014*
- *Planning and Environment Act 1987*
- *Protective Disclosure Act 2012*
- *Workplace Health and Safety Act 2011*
- *Public Administration Act 2004*.

Victoria’s emergency management sector

As part of the broader Victorian emergency management sector we work alongside Emergency Management Victoria (EMV) and all sector partners towards a sustainable, efficient emergency management system that reduces the likelihood and impact of emergencies.

PAT BIGHAM

'I get back more than I ever put in.'

Pat Bigham is a passionate advocate for her local community and a widely-loved reformer who's played an integral role in shaping a more modern, diverse and responsive CFA.

After the devastating Ash Wednesday fires in 1983, CFA saw the need to do more to support its traumatised responders. Along with others, Pat developed what's now known as CFA's Peer Support Program, which operates in every CFA district in Victoria.

'Nothing can prepare you for what you experience in the field, but CFA will train and support you so you're equipped to deal with anything that comes your way,' said Pat.

Pat's a current member of Gruyere Fire Brigade where she's helped create a district with CFA's highest number of female volunteers.

Her inspiring leadership and outstanding commitment to Victoria saw Pat inducted into the Victorian Honour Roll of Women 2017.

Where CFA operates

We protect large parts of Victoria including the state's fastest growing urban areas like Point Cook and Werribee. CFA career firefighters and volunteers are also responsible for protecting residents in Geelong, Ballarat, Bendigo and Mornington, and tourist destinations like Mount Hotham, the Great Ocean Road and Yarra Valley. During 2016–17, we helped protect over 3.4 million Victorians, and 1.4 million homes and properties.

CFA's 1220 brigades are grouped into 21 districts and five regions, and cover country Victoria (Figure 1) as well as parts of the Melbourne metropolitan area (Figure 2).

SOUTH WEST REGION

Led by Assistant 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.

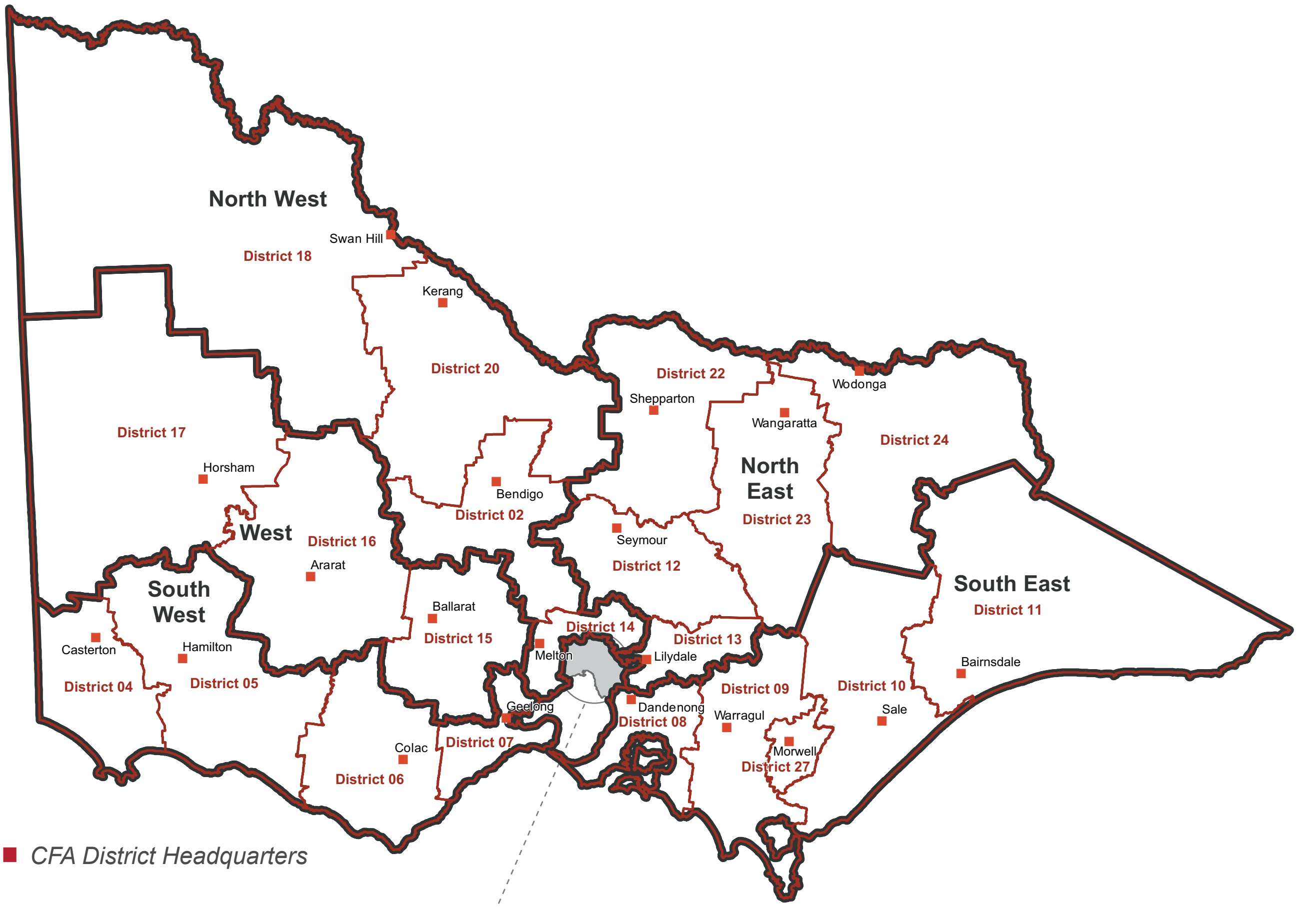
WEST REGION

Led by Assistant Chief Officer Peter O'Keefe, 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 Assistant 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.

Figure 1 : The districts and regions CFA covers in Victoria



■ *CFA District Headquarters*

■ *MFB Metropolitan District*

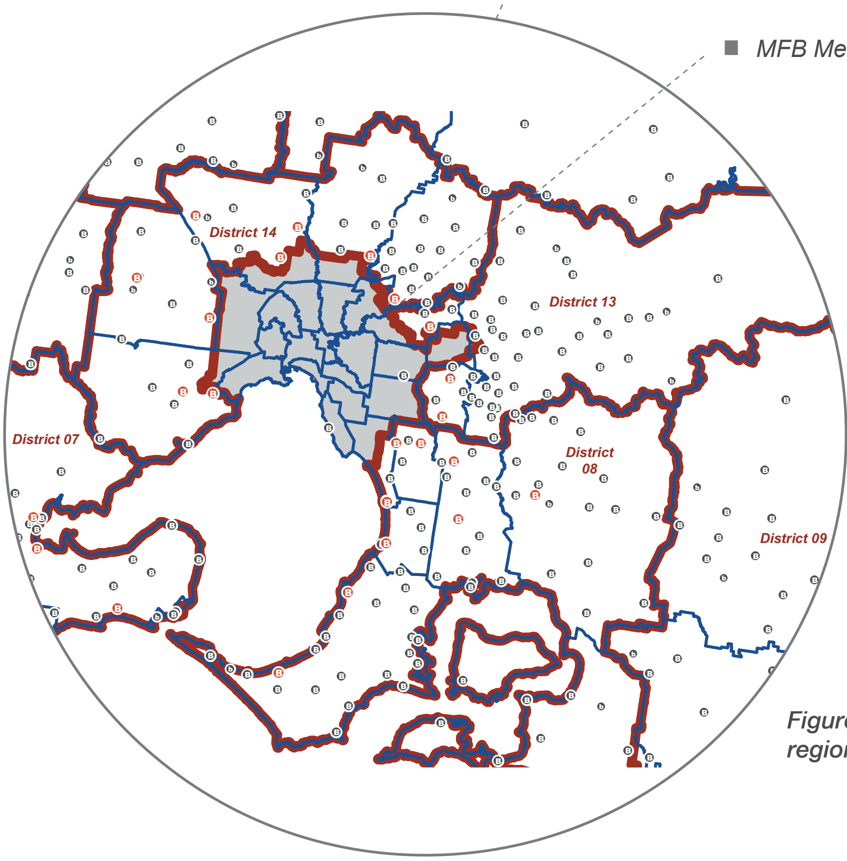


Figure 2 : Melbourne metropolitan regions covered by CFA

NORTH EAST REGION

Led by acting Assistant 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 Assistant 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.

DI FERGUSON

'It was an open, forward-thinking environment that embraced women firefighters.'

Di Ferguson holds the honour of being the first female captain of a CFA urban brigade. At 16, 23 years ago, Di joined Boronia Fire Brigade and, in 1997, she transferred to Bayswater.

'I was encouraged to explore my leadership potential,' said Di.

And she did just that, becoming fourth lieutenant in 2004 and rising to captain in April 2011.

'It's a humbling experience to be empowering women in such a male-dominated environment, and to create change. At the brigade, our active membership is now over 30 per cent female.'

A busy mother of three, Di is currently an operations officer with Victoria State Emergency Service (VICSES).

'Family and friends have supported me every step of the way, through large incidents, campaign fires, community engagement events, fundraising and many other activities. Without them I couldn't do it. It's so rewarding. I'm part of a large extended family with other volunteers who go above and beyond.'

Now joining Di at the station is her 11-year-old son, Thomas, who joined CFA as a Junior.

'He's loving it.'

OUR YEAR IN REVIEW

From the Chief Officer

This year our people continued to work hard to protect Victorian communities.

While we were fortunate to experience a relatively tame summer season, our staff supported interstate colleagues with recovery efforts following severe storms in South Australia, and Cyclone Debbie in Queensland.

This year, we significantly upgraded our training processes. Training now falls within my area of command, which allows me to drive improvements in the training we offer our people and how we deliver it.

As part of these improvements we are replacing CFA TRAIN with a state-of-the-art Learning Management System (LMS). Key to this is the launch of the CFA Learning Hub, which modernises access to training and record keeping, and helps us provide better training opportunities. In partnership with TAFE colleges and universities we're reviewing our current training packages and developing new ELearning modules.

This year I was humbled and honoured to be appointed to lead our iconic organisation as Chief Officer. Despite some challenges this year, I've stayed 100 per cent focused on supporting our people and continuing to ensure the community has every confidence in our service.

While I am no stranger to CFA, having joined as a volunteer in 1978, I've spent much of this year on the road getting to know our people better, and hearing first-hand from staff and volunteers about what we can do better. Firefighters see a lot of things and our people can do it tough, so one area that continues to generate discussion is how we address our people's wellbeing.

As a first-rate emergency service we do a terrific job, and give our heart and soul to protecting our communities. But this intense focus on others can mean we don't always take the time to focus on our own wellbeing. Within the organisation, we aim to look further at how we support each other, and to improving services available for those seeking support. I have made no secret of my passion for fostering a culture where we look after one another, and those needing help are encouraged to seek it. After all, good mental health is good for everyone. At CFA we're tackling this by:

- building mental health awareness and capability
- delivering training and educational programs
- providing mental health checks
- providing access to our Peer Support Program and Member Assistance Program.

It would be remiss of me not to mention the government's announcement in May 2017 of its intention to reform fire services. I support any changes that will improve service to the community.

Looking ahead to next year, our organisation will remain committed to its service to our communities and, above all, protecting lives and property.

Steve Warrington
Chief Officer

NADA EL-MASRI

‘I am totally focused on building stronger ties between CFA and the broader community, and in any given week I could meet with Afghans, South Sudanese, indigenous Australians or Sikhs.’

As CFA’s first Multicultural Liaison Officer and the daughter of Lebanese immigrants, you’d be hard-pressed to find a more passionate advocate than Nada El-Masri for driving our engagement with Victoria’s increasingly diverse community.

After volunteering at her local brigade three years ago, Nada was immediately struck by the level of interest in her background and her religion. ‘I was inundated by questions about my headscarf, my culture and my religion. There was a real level of healthy curiosity.’

And so began the journey towards her current role, which, today, sees her travelling throughout districts 8 and 9 meeting with a range of communities, particularly those who, for language, cultural and other reasons, haven’t strongly engaged with us or don’t fully understand what we do.

‘Part of my role is delivering CFA’s Home Fire Safety and Early Fire Safety programs to culturally and linguistically diverse (CALD) communities.’

While community education is vital, so too is building on the progress made towards greater CFA engagement and understanding of the diverse community we serve.

‘Since starting in this role I’ve been really struck by the appreciation and recognition within CFA of how important my work is to the organisation. The support I get is outstanding.’

And looking ahead? ‘I’d really like to see more young people, of all backgrounds, join CFA and hope my example will serve as an inspiration.’

Spotlight on CFA – inclusion and fairness

STEVE SMITH

‘We want CFA to better reflect the communities we protect.’

This year we appointed Steve Smith as the dedicated Assistant Chief Officer to drive our inclusion work, which focuses on improving engagement with staff, volunteers and the community.

‘I appreciate the importance of the role; it’s meaningful work to be leading at this time,’ said Steve.

Steve’s work sends a clear message to communities – CFA not only protects them but actively fosters inclusive environments within them.

‘My team and I have been busy getting the message of inclusiveness and fairness out there by talking to staff and volunteers across the state. This will be an ongoing journey for all staff and volunteers. And it won’t be just confined to headquarters. It’s up to all of us to make CFA more inclusive, whether you work in Burwood or Benalla, the message is the same.

‘If I could achieve one thing it would be to set up the governance and structure to create a culture that empowers our people to take responsibility for ensuring that we are a truly fair and inclusive organisation.

‘From what I’ve seen so far, everyone at CFA is very keen to make this a reality.’

2016–17 summer season

TOTAL FIRE BAN DAYS

Table 3 : Days of Total Fire Ban 2016–17

Date	Total Fire Ban district
22 February 2017	Mallee, Wimmera, South West, Northern Country, North Central and Central (includes Melbourne and Geelong)
15 February 2017	Wimmera, South West and Central (includes Melbourne and Geelong)
9 February 2017	Mallee, Wimmera and Central (includes Melbourne and Geelong)
30 January 2017	State of Victoria
17 January 2017	Mallee, Wimmera and North Central
1 December 2016	Mallee, Wimmera and Northern Country
4 December 2016	Mallee
21 November 2016	Mallee

Table 4 : Number of Total Fire Ban days declared 2012–17

Declaration	2012–13	2013–14	2014–15	2015–16	2016–17
Whole-of-state	2	6	1	2	1
Partial	15	11	11	20	7
Total	**17**	**17**	**12**	**22**	**8**

In September and October significant spring rains flooded much of our state, delaying the onset of the fire season, while drier conditions in November and December saw fast-moving grassfires flare-up in the west. Extended warm weather in March and April provided planned burning opportunities for CFA and Forest Fire Management Victoria, alongside our continued response to grassfires.

Of the eight Total Fire Ban (TFB) days during the season, one was statewide (Table 3). Table 4 provides comparative data of TFBs for the period 2012–17, which suggests the fire threat was less this year. However, as Table 5 and Figure 3 show, we responded to numerous other major and minor incidents throughout the year.

MAJOR INCIDENTS

Table 5 : Summary of major incidents 2016–17

Date	Incident location	Incident type	Description
11/11/2016	Mildura	Storm	One day of storms in Mildura caused damage to 236 buildings, downed 162 trees CFA provided support to SES
18/11/2016	Springvale	Structure fire	Fire at Commonwealth Bank 27 people hospitalised
25/12/2016	Watchem	Grass/scrub fire	583 hectares burnt/1 day
25/12/2016	Woomelang	Grass/scrub fire	1,816 hectares burnt/1 day
07/01/2017	Bangerang	Grass/scrub fire	200 hectares burnt/1 day One abandoned home and several sheds lost
28/01/2017	Heathcote	Grass/scrub fire	10 hectares burnt/2 days One home, eight cars and several sheds lost
04/02/2017	Diggers Rest	Grass/scrub fire	111 hectares burnt/1 day Organ Pipes National Park evacuated No property losses
12/03/2017	Crooked River – Wonnangatta Road	Grass/scrub fire	3,066 hectares burnt/12 days Started by lightning

PAULINE RICHARDSON

> ‘It was an opportunity to have a career that serves my community.’

What started out as a career change, has become a passion for Pauline Richardson, who has much to share about what being a CFA District Support Officer means to her.

‘After five-and-a-half years I’m still here and I love it. It is so rewarding being part of an organisation that protects our community.’

In her role Pauline supports the Operations Manager and Operations Officers in District 14, and helps other brigades with membership, awards functions, elections and administration.

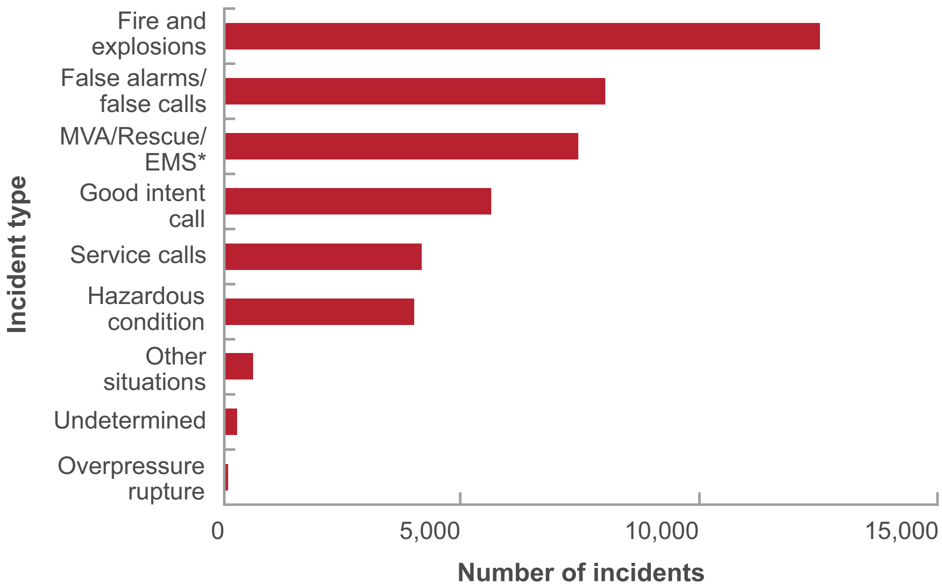
She sees first-hand the countless hours CFA staff and volunteers spend in skills training or visiting schools and other community programs to educate people about protecting themselves. She witnesses selfless acts of courage whether it’s a major fire or a road rescue, and she knows such dedication often means sacrificing time with loved ones.

But for Pauline the best thing about CFA is the community focus of the organisation.

‘CFA people always put their communities first and I’m really proud to be part of such an iconic organisation.’

2016–17 total incidents

Figure 3 : 2016–17 incident response by type



** Motor vehicle accidents, rescue and emergency medical services*

Over 15,500 of CFA's volunteer firefighters responded to an incident during 2016–17, with thousands more volunteers providing support for CFA's operations. Of those firefighters who attended an incident:

- 735 attended more than 50 incidents during the year
- 3,425 attended between 12 and 50 incidents during the year
- 11,663 attended less than 12 incidents during the year.

CFA performance reporting

CFA is committed to continuous improvement, and we regularly monitor and report on our performance to identify and embrace improvement opportunities. Internal monitoring covers district and regional performance, coordinated by the Assistant Chief Officer in each region, plus state-level performance monitoring. The endorsement of the CFA Performance Framework by the Board in July 2016 significantly increases the accountability and transparency of our performance monitoring and reporting. CFA is working towards a more outcomes-based performance framework that will align it with best practice performance measurement. We began to expand and refine the current framework in 2016–17.

CFA is formally monitored by the Department of Justice and Regulation (DJR), and held to account by quarterly reports on government-set KPIs. Table 6 shows CFA's actual performance together with measures reported in Budget Paper No. 3. CFA adheres to the national requirements for counting rules, which is normal for fire and emergency service organisations.

Table 6 : Emergency management capability (BP3)

Major outputs / deliverables Performance measures	Unit of measure	2016–17 target	2016–17 actual
Quantity			
1. Permanent operational staff	number	1,203	1,226
2. Permanent support staff	number	935	991
3. Volunteers – operational	number	39,000–40,950	35,263
4. Volunteers – support	number	18,000–19,000	20,896
Quality			
5. Road crash rescue accredited brigades/units	number	23	23
6. Level 3 incident controller-trained staff and volunteers	number	41	66
7. Structural fire confined to room of origin (A23 Type Incident 110–129 where K20 Extent of Flame Damage is (1,2,3)*100)	per cent	70	77
Timelines			
8. Emergency response times meeting benchmarks – structural fires	per cent	90	86
9. Emergency response times meeting benchmarks – road accident rescue	per cent	90	94

WILLIAM MAYNARD

'I was drawn to working with CFA by the promise of exciting new skills and the satisfaction of serving my local community.'

Twenty-five-year-old William Maynard embodies the new generation of CFA staff inspiring other young Victorians to protect lives and property.

Currently winding-up his diesel mechanic apprenticeship at CFA's Bairnsdale workshop, as well as servicing and repairing CFA trucks, he is inspiring other young indigenous locals to stay in school and reach their goals.

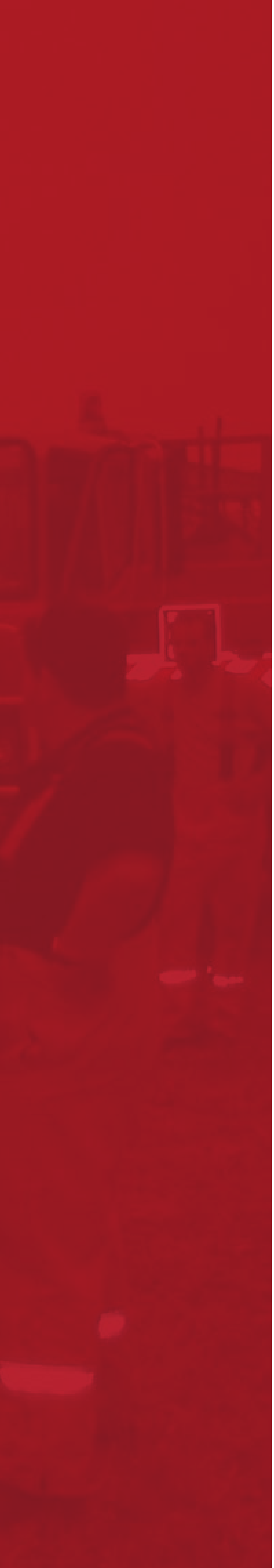
This impressive work won William the 2016 Djillay Ngalu Outstanding Youth Leadership Award together with a spot as a finalist in the Australian Employment Network Apprentice of the Year Awards.

With the end of his apprenticeship firmly in sight William is currently considering a firefighting career as a way of continuing to put his community first and keep his fellow Victorians safe.

Progress to meet our objectives and outcomes

OBJECTIVE 1: EMPOWERING AND SUSTAINING OUR FRONTLINE

1. In one of our largest ever infrastructure programs, this year we delivered 81 new and upgraded stations. Significant projects included:
    - new urban volunteer brigade stations for Wodonga West and Beaconsfield
    - upgrades to the Mooroolbark and Woodend Stations
    - new rural fire stations at Edi, Skye, Clematis and Flinders
    - new Lavers Hill Community Fire Refuge co-location
    - major upgrades to existing integrated stations at Morwell and Geelong City
    - minor works to Shepparton, Corio, Hoppers Crossing and Traralgon fire stations.
2. The Hon. James Merlino MP, Minister for Emergency Services, opened new stations at Cobram in October 2016 and South Warrandyte in April 2017.
3. CFA provided 61 new appliances to our integrated and volunteer brigades. Funded under the Capital Works Project and the Volunteer Emergency Services Equipment Program these included:
    - 15 heavy, three medium and 20 light tankers
    - seven medium pumpers
    - two technical rescue cab chassis and multiple other vehicles
    - a prototype sand tanker.
4. In October 2016 the government announced an additional $20 million in grants for volunteers. This increased our capability in the form of:
    - six additional medium pumpers in growth areas
    - 10 replacement medium pumpers
    - 10 replacement heavy pumpers
    - two additional bulk water carriers
    - $5 million for volunteer workwear and structural firefighter gloves, with an additional $0.25 million to expand the Junior Brigades program and engage future CFA generations.
5. The Growth Program was established in 2015 to deliver on the government's commitment to provide 350 new Victorian firefighters by 2021. The program is enhancing service delivery and safety for both firefighters and the community, and is one of the largest programs CFA has ever undertaken.



OBJECTIVE 2: TRANSFORMING SERVICE DELIVERY TO MEET LOCAL NEEDS

1. CFA delivered EMR capability to nine integrated brigades in 2016–17, which greatly increases our ability to provide lifesaving services. This program is an important part of Victoria's all-hazards, all-agencies approach to emergency management, with CFA staff responding to more than 900 emergency medical events in 2016–17.
2. CFA has made great progress in understanding the baseline capability of the state's brigades. The new Baseline Capability Matrix is helping us to define, plan for and manage the capability of our volunteers by identifying gaps to ensure high-quality service to the community. This year we also continued work on a Capability Framework to determine the best way to deliver services and we will continue this into 2017–18.
3. Our comprehensive videoconferencing project will ease the significant travel burden our staff face, while also improving collaboration and greatly assisting staff and volunteers.

OBJECTIVE 3: WORKING WITH COMMUNITIES

1. In April 2017 CFA joined other emergency services organisations, the Australian Defence Force and the community for a charity walk around Ballarat's Victoria Park to raise awareness of depression and PTSD.
2. CFA continued to support the Royal Children's Hospital Good Friday Appeal, raising over $1.7 million through grassroots, statewide fundraising.
3. CFA successfully implemented mandatory Working with Children checks for volunteers working with children, to strengthen the protection of children.

OBJECTIVE 4: STRENGTHEN OUR RELATIONSHIPS THROUGH COLLABORATION

1. CFA continued to work with its sector partners to build community resilience and strengthen Victoria's emergency management arrangements during 2016–17. CFA contributed to the progress on several key actions of the Emergency Management Strategic Action Plan, including the development of an EM Capability Roadmap, and the Victorian Preparedness Goal and Framework. CFA also worked collaboratively with MFB to establish a joint firefighter recruit course, to streamline training arrangements and promote interoperability in the fire services. This year we partnered with the Department of Environment, Land, Water and Planning (DELWP) to develop a new land management approach called the Safer Together project. By working directly with local government and the community under Safer Together, CFA and DELWP are increasing engagement with communities so they can be more involved in land management decisions like planned burning.

2. As part of the Government's commitment to reduce red tape, CFA has supported DELWP to streamline the processes for obtaining bushfire-related conditions for the development of land and construction of residential buildings within the Bushfire Management Overlay (BMO). DELWP estimates approximately 69,367 properties can now utilise the preconditions within gazetted schedules to the BMO. Ongoing discussions with the Red Tape Commissioner and DELWP have commenced to identify additional opportunities to minimise red tape.

3. CFA participated in the Victorian Parliament Inquiry into Fire Season Preparedness, providing input into the whole-of-government submission and presenting evidence to the Inquiry in August and September 2016.

- Fourteen new Health, Safety, Environment and Wellbeing (HSEW) initiatives will better support staff and volunteers. These include:
  - revitalising management system requirements to ensure HSEW business rules are consistently applied
  - delivering new welfare programs and specialist wellbeing services
  - reviewing risk management processes
  - updating the operational HSEW risk register.
- Our new complaints management process includes an external hotline for bullying and harassment. These more streamlined processes:
  - help staff and volunteers know where to make a complaint
  - provide transparency to staff and volunteers about the investigation process
  - better support people through the process.
- CFA has also established a new integrity function within the Office of the General Counsel to promote integrity, transparency and accountability.
- We piloted the Human Resources Business Partnership (HRBP) model in late 2016, which embedded HR advisors in all regions. The HRBP model has already provided increased HR capability and expertise in the regions, with HR issues more likely to be dealt with at a local level.

Training

- CFA's restructure saw the training portfolio come under the Chief Officer's command, and the appointment of a dedicated Deputy Chief Officer of Training in October 2016. This gives us better oversight of statewide training needs and availability, as well as operational needs and training.
- The LMS, launched in March 2017, provides a more tactical approach to training, digital learning and records management. It's also boosted training opportunities for CFA staff.
- We began phase one of the CFA Digital Learning Roadmap. Where possible, to eliminate significant travel distances, quality training packages will go online.
- The 2016–17 state budget contributed funding to build the new Central Highlands regional training campus. With the site purchased in May, we're well on the way.
- Upgrades to the Huntly Training Campus will boost volunteer access to specialist training. A new Fire Investigation Unit at the campus will provide the sector with better facilities to develop specialist skills and knowledge required for fire incident investigations.
- As part of delivering the Brown Coal Mine Firefighter Training Package, CFA rolled out priority face-to-face training to firefighters operating in the Latrobe Valley. It will be supported by additional training across the region. This is an important part of our response to the Hazelwood Mine Fire Inquiry: Victorian Government Implementation Plan.
- The Water Treatment Plant Project means new plants at all seven of CFA's regional training campuses. Once completed, they'll produce drinking-quality water for training.
- The Operational Use of Firefighter Foam Policy sets out a PFAS residual threshold limit for foam and water firefighting appliances. This joint policy with MFB protects firefighters and the community.

ADAM YOUNG

‘At the end of my shift when I take off my uniform, I am still a firefighter.’

In 1996, at the age of 16, challenge-seeking Adam Young volunteered with CFA. He started at Loch Fire Brigade and also volunteered at Wendouree, Romsey, Hamilton and Irymple. In 2011 he was offered a regional officer secondment with VICSES and, while there, decided to become a CFA career firefighter. After graduating in 2012, Adam was stationed at Mildura and has been there since.

Adam is passionate about his job and the role he plays in his local community. He’s responsible for the preparedness, response and recovery capability of one of four daily shifts.

He and his crew fight structure, vehicle and bushfires, and attend hazardous materials incidents. The occasional rescue is also thrown in for good measure.

‘I love being placed under pressure and having to solve a given problem or a series of them,’ said Adam.

‘This career extends me every day. I often step outside the box to fix a situation where other attempts have failed.

‘We’re generally dealing with people during the most traumatic moment of their life. I’m conscious that empathy and a kind word from us can be all they need to begin the healing process. That challenge, coupled with working with good mates on a shift, is all I could ever ask for in a career.

‘The morals, work ethic, empathy and concern for people I apply as a firefighter, I also apply as a member of the community.’

Fiskville decommissioned

Following the closure of the Fiskville Training Campus in 2015, CFA has been working on the decommissioning and rehabilitation of the site and has implemented a number of significant control measures to minimise any risks identified.

Demolition of the Practical Area Drill (PAD), a major step in the rehabilitation of the site, started in July 2017. The former accommodation areas, learning centre and other structures outside of the PAD area will not be impacted by the works.

CFA has developed a rehabilitation strategy together with EPA. Rehabilitation works at the site are scheduled to commence in 2018 and be completed by 2020, in line with the notice requirements.

Environmental risk assessments will continue to be carried out on and off site.

Enhancing volunteerism

CFA volunteers lie at the heart of many communities, playing a critical role during bushfires and through their year-round activities. Driven by our passion to grow volunteers and better support them and their brigades we carried out a range of initiatives during 2016–17. These included:

- $1.4 million funding for Volunteer Fire Brigades Victoria (VFBV).
- Captains forums in the districts, Brigade Management Team workshops for volunteers in new leadership roles, and the Captain Peer Mentoring Program across 12 districts.
- Securing over 370 grants for brigades under the government's new Emergency Services Volunteer Sustainability Grants Program. These will be delivered throughout 2017–18 and range from supply of operational equipment, facility improvement, and training and development. To further strengthen grassroots volunteering, we'll also continue our valuable regional programs with GrainCorp, IGA and others.
- Promoting the CFA Volunteer Recognition Program saw us hold over 90 barbeques, morning teas and family activity days during National Volunteer Week.
- Hosting an inaugural Enhancing Volunteerism State Forum in June that brought together over 160 staff to discuss ways to support brigades and sustain volunteering. Staff collaborated and raised awareness of contemporary issues facing our volunteers, and strengthened their capability to support volunteers and brigades.

We're actively securing our next generation of volunteers through CFA Youth Engagement Working Group and through improving the Junior Volunteer Development Program. Other challenges include rural decline and an ageing population, both of which challenge the viability and effectiveness of our rural brigades. In 2016–17, the West and NW Regions began developing a plan to address these issues.

2016–17 Honours

The commitment of those involved in CFA was recognised with the awarding of the Australian Fire Service Medal to Anthony Archer, Henry Barton, William Bowery, Paul King, Graham Petrie, James Robertson, Allan Cracknell, Warren Curry, Lance King, and Chief Officer Steve Warrington.

Building our future

Over the last 12 months a priority for CFA has been to create the foundations that will help us to thrive as a modern emergency services organisation.

These steps have included:

- A new executive leadership structure was introduced in October 2016, which provides a solid foundation with clear roles and responsibilities. The restructure was designed to align the directorate structure with the service delivery needs of CFA, and provide a robust and transparent link between the organisation's corporate and service delivery functions.
- The CFA Professional Technical and Administrative Staff Agreement was approved by the Fair Work Commission on 30 June 2017 and is a major victory in providing PTA staff with certainty regarding their pay and conditions.
- In August 2016, the Minister for Emergency Services established the CFA Performance and Policy Consultative Committee to provide advice and recommendations on our future directions. Under the leadership of the Minister, the committee brought together CFA staff and volunteers with leaders in CFA and the emergency management sector. The committee's work will continue throughout 2017–18, and has already successfully identified the issues and opportunities we face.

Spotlight on CFA – pride

CFA PRIDE

‘CFA Pride is a wonderful example of an organisation with a long history and a traditional volunteer workforce branching out to create a more vibrant and sustainable volunteer program.’

– Volunteering Victoria

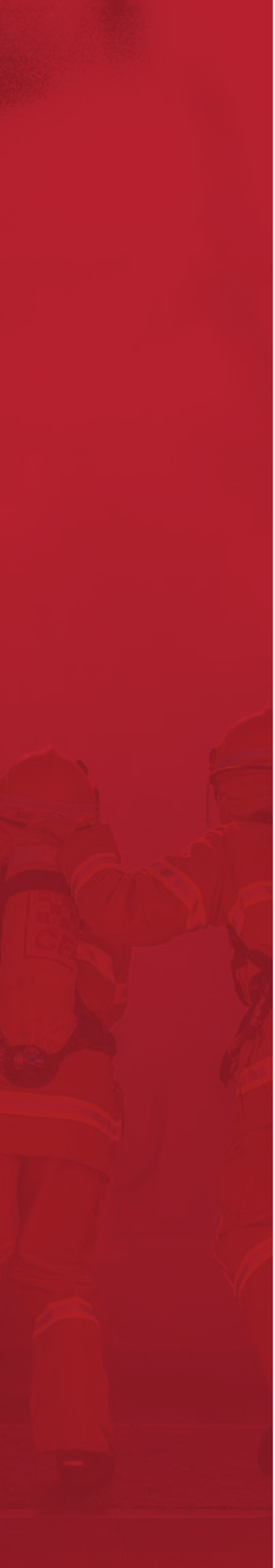
CFA Pride is a support network for CFA’s LGBTIQ (Lesbian, Gay, Bisexual, Transgender, Intersex and Questioning) firefighters.

Started in 2015 by volunteer firefighter Russell Wright from Walhalla in Gippsland, this grassroots group is rapidly changing perceptions of CFA both internally and across the community. Its pioneering work was recognised with the 2017 Volunteering Victoria State Award for Inclusion.

Russell puts the success of CFA Pride down to two things.

‘First, it’s driven by grassroots volunteers and, second, it has the backing of CFA leadership.

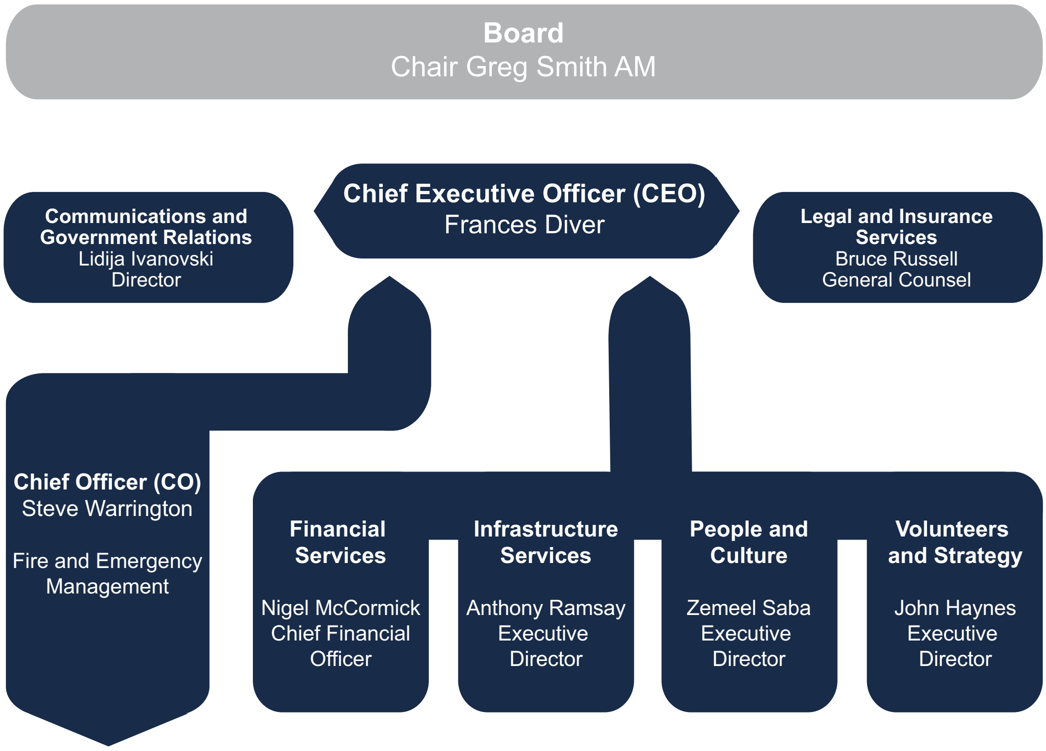
‘So much so, that this year we had Chief Officer Steve Warrington leading our strong contingent of staff and volunteers in the Midsumma Pride March.’



GOVERNANCE

In 2016–17 a review of CFA's governance arrangements saw our Executive restructured to improve accountability and transparency.

Figure 4 : Structure and Executive as at 30 June 2017



Our formalised Governance Framework details governance arrangements for the Board and Board committees. The Board reviews these annually.

CFA Board

CFA's Board is constituted under the CFA Act and is accountable to the Minister for 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 2016–17 were:

- Greg Smith AM (Chair); appointed 17 June 2016
- Michelle McLean (Deputy Chair); appointed 17 June 2016
- Dr Gillian Sparkes; appointed 17 June 2016
- Pam White PSM; appointed 17 June 2016
- Simon Weir; appointed 17 June 2016
- Timothy Young; appointed 19 July 2016
- Hazel Clothier; appointed 19 July 2016
- Peter Shaw; appointed 19 July 2016
- Lynda Hamilton; appointed 19 July 2016.

BOARD COMMITTEES

Our new Board committee structure contains seven committees that advise the Board and make recommendations on specific subjects.

Figure 5 : CFA Board committees

Community Engagement Committee	Finance, Risk and Audit Committee	Safety, Health and Environment Committee	People and Culture Committee	Strategy, Planning and Governance Committee
Chair Tim Young	**Chair** Michelle McLean	**Chair** Dr Gillian Sparkes	**Chair** Lynda Hamilton	**Chair** Pam White
Executive Sponsor Steve Warrington	**Executive Sponsor** Nigel McCormick	**Executive Sponsor** Anthony Ramsay	**Executive Sponsor** Zemeel Saba	**Executive Sponsor** John Haynes

Remuneration Committee	Honours, Awards and Remembrance Committee
Chair Greg Smith AM	**Chair** Lynda Hamilton
Executive Sponsor Zemeel Saba	**Executive Sponsor** Zemeel Saba

Finance, Risk and Audit Committee

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

People and Culture Committee

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.

Health, Safety and Environment Committee

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.

Honours, Awards and Remembrance Committee

This committee provides the Board with oversight, review and assurance regarding tributes and the preservation of history and remembrance, as well as recognition and remembrance work programs within CFA. As per the CFA Honours and Awards manual, it also receives, reviews and endorses nominations for certain honours and awards. We appointed an independent member to this committee in June 2017.

Remuneration Committee

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

Strategy, Planning and Governance Committee

This committee provides oversight, review and assurance for long-term planning to achieve the Board's and the sector's strategic objectives, as well as Board and Executive governance requirements including major projects.

Community Engagement Committee

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 June 2017.

Table 7 : Board members' attendance at meetings 2016–17

Meeting*	BM	FR&A	P&C	SP&G	Rem.	CE	HAR	HSE
No. meetings to 30 June 2017	14	7	3	2	1	3	2	3
Greg Smith AM	14	–	–	–	1	–	–	–
Michelle McLean	13	7	–	–	1	–	–	–
Hazel Clothier^	12	–	–	–	–	3	–	3
Lynda Hamilton^	10	–	3	2	–	2	2	–
Peter Shaw^	12	7	–	2	–	–	–	–
Dr Gillian Sparkes	12	6	–	–	–	–	–	3
Simon Weir	13	4	–	–	–	–	–	2
Pam White PSM	12	–	1	2	1	–	–	–
Tim Young^	11	–	3	2	–	3	–	–

** BM, Board meetings; FR&A, Finance, Risk and Audit Committee; P&C, People and Culture Committee; SP&G, Strategy, Planning and Governance Committee; Rem, Remuneration Committee; CE, Community Engagement Committee; HAR, Honours, Awards and Remembrance Committee; HSE, Health, Safety and Environment Committee.*

^ Hazel Clothier, Lynda Hamilton, Peter Shaw and Tim Young were appointed on 19 July 2016.

Risk attestation statement

Risk Attestation Statement

2016-17 Financial Year
Compliance with Ministerial Standing Direction 3.7.1
Risk Management Framework and Processes

Standing Direction of the Minister of Finance 3.7.1 requires agencies to attest in their annual report that they apply the Victorian Government Risk Management Framework (VGRMF). Responsibility for attestation cannot be delegated by the Board; however the decision by the Board must be supported by a review of the requirements and advice from the Finance, Risk and Audit Committee (FRAC).

FRAC has reviewed CFA's attestation process and evidence, and confirms partial compliance against the following mandatory risk management requirements of the VGRMF:

- the risk management processes are effective in managing risks to a satisfactory level;
- inter-agency risks are addressed and the agency contributes to the management of shared risks across government, as appropriate;
- the agency contributes to the identification and management of state significant risks, as appropriate;
- risk management is incorporated in the agency's corporate and business planning processes; and
- adequate resources are assigned to risk management.

FRAC confirms that the remaining five risk management mandatory requirements and the six mandatory insurance requirements have been met.

CFA is committed to continually strengthening its risk management capability, and has undertaken a significant review of its risk framework and processes in 2016-17. Each area of partial compliance has been addressed in the revised framework but has not yet been fully implemented. These items have been incorporated into the risk management improvement plan for 2017-2018 with the expectation that CFA will achieve full compliance against the mandatory requirements within twelve months.

Based on this, the Board has authorised the Chairperson to provide the following attestation:

I, Greg Smith, Chairperson of the Country Fire Authority Board, certify that CFA has complied with Ministerial Standing Direction 3.7.1 – Risk Management Framework and Processes, and that this view is supported by the CFA Finance Risk and Audit Committee.

Greg Smith AM

Chairperson

Country Fire Authority

Date 21/8/17

FINANCIAL SUMMARY

CFA's comprehensive operating result for 2016–17 is a surplus of $8.3m, representing an improvement on last year's deficit of $31.0m. CFA continues to maintain a healthy Balance Sheet with Net Assets increasing by $49.3m to $1.26 billion. These positive financial results reflect the Board's strong approach to financial management and the funds received during the year, which will be expended during incoming years.

Comprehensive Operating Statement

INCOME

In 2016–17, CFA received the majority of its income through Grants under the Property-based fire service levy arrangements.

Total income for the 2016–17 year was $590.5m (Figure 6), which is an increase of $80.4m from the previous year's total of $510.1m. Reasons for the increase in total income are an increase in grants and contributions of $80.1m, a decrease in other income of $1.0m, an increase in sales of goods and services of $1.0m mainly due to an increase in regulatory fees, and an increase in interest income of $0.3m.

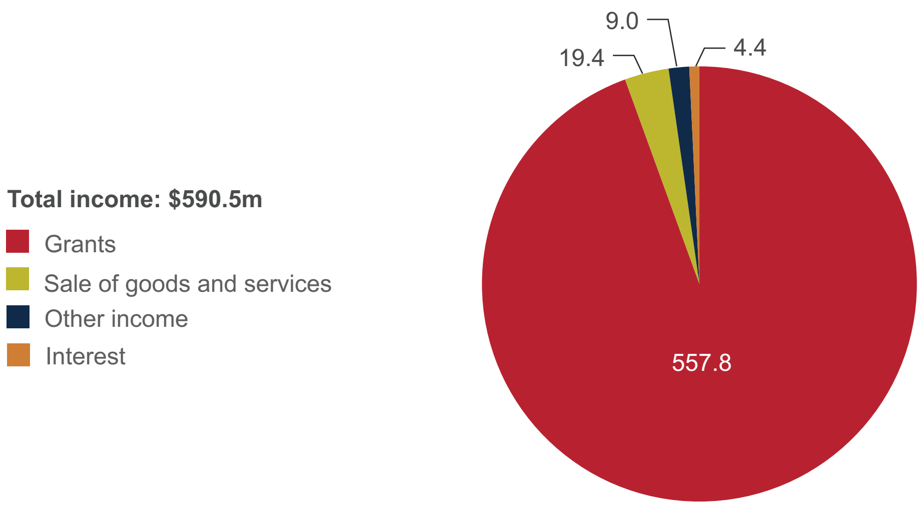
Government and statutory funding

CFA received Grants and Contributions amounting to $557.8m (2015–16 $477.6m). Under the *Country Fire Authority Act 1958* (the Act) CFA received funding of annual expenditure from the State Government under the Property-based levy arrangements.

Sales of goods and services

CFA received $19.4m during the year from the sale of goods and services to external bodies (2015–16 $18.4m). 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.

Figure 6 : Total income ($m)



Other income and interest

Other income during the year totalled $9.0m (2015–16 $10.0m), which is a small reduction across a range of line items.

Interest income for the year totalled $4.4m (2015–16 $4.1m). The marginal increase was a result of higher cash and investment balances available for deposit compared to 2015–16 partially offset by lower interest rates.

EXPENSES

Total expenses excluding other economic flows for the 2016–17 year were $578.0m (Figure 7) compared to $566.8m for 2015–16. This overall increase of $11.2m can be attributed to rises in employee expenses of $56.6m and in depreciation and amortisation of $0.3m offset by decreases in other expenses of $41.0m and in grants paid of $4.5m.

Other economic flows for 2016–17 were $4.1m compared to $8.5m for 2015–16.

Employee expenses

During 2016–17 employee expenses totalled $322.3m (2015–16 $265.7m), the increase of $56.6m resulted mainly from an increase in salaries of $47.7m, employee allowance and support costs of $8.9m.

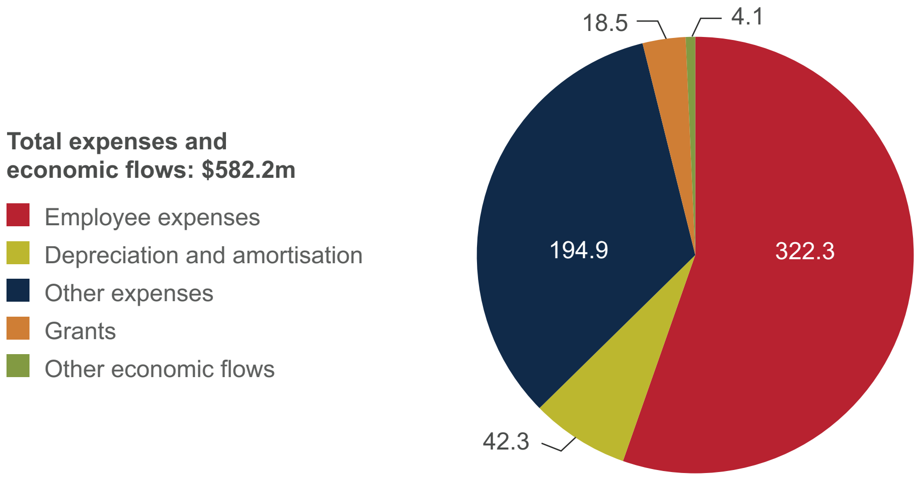
Depreciation and amortisation

Depreciation of property, plant and equipment amortisation of intangible assets totalled $42.3m during 2016–17 (2015–16 $42.1m) and increased primarily due to the net investment in property, plant and equipment.

Other expenses

CFA spent $194.9m on other operating expenses during 2016–17 (2015–16 $235.9m). This was a decrease of $41.0m over the previous year which was largely due to the provisions for essential decommissioning and remediation (including Fiskville) $65.2m in the prior year and a decrease in other expenses including aircraft and plant hire $5.2m and maintenance $5m (attributable in part to the quieter fire season in 2016–17), offset by adjustments of $33.1m arising out of the stock take of land and buildings.

Figure 7 : Total expenses and economic flows ($m)



Grants

CFA spent $18.5m on grants during 2016–17 (2015–16 $23.0m). This was a decrease of $4.5m over the previous year which was mainly due to lower payments to the Department of Justice and Regulation.

Balance Sheet

TOTAL ASSETS

Total assets at 30 June 2017 were $1,490.2m (Figure 8) compared to the 30 June 2016 total of $1,426.9m. The major elements of the year-on-year variation $63.3m were an increase in financial assets of $87.3m, an increase in emergency response and transport vehicles of $9.5m, an increase in the other non-financial assets of $3.7m, which were partially offset by a decrease in capital works in progress of $30.7m, a decrease in buildings and leasehold improvements of $3.3m, a decrease in land of $2.4m and a decrease in plant and equipment of $0.8m.

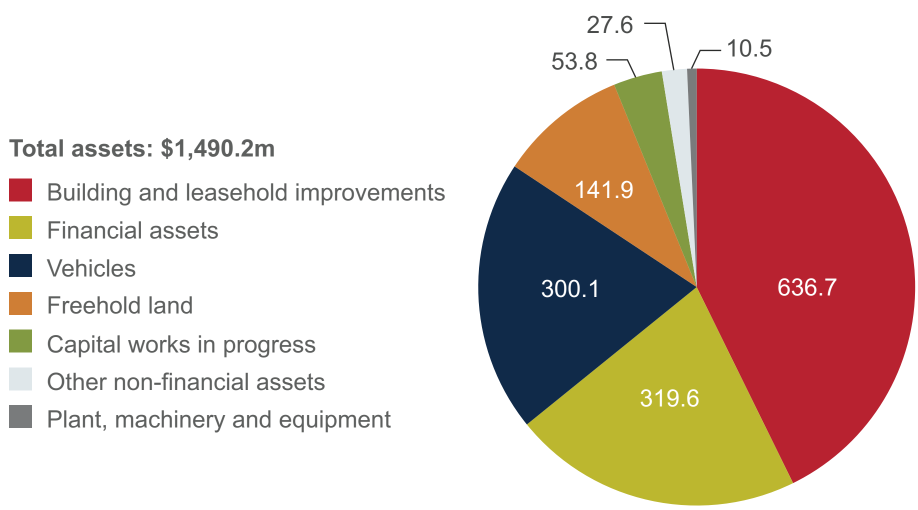
Financial assets

Financial assets totalled $319.6m (2015–16 $232.3m) and comprise money owed to CFA including trade receivables, other receivables and GST recoverable of $37.1m, cash at bank and deposits of $102.8m and investments and other financial assets of $179.7m.

Cash and deposits, and investments are held for specific purposes and include brigade cash and deposits held for local initiatives, as well as funding received but to be expended during incoming years for activities such as:

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

Figure 8 : Total assets ($m)



Non-Financial assets

Non-financial assets totalled $1,170.6m (2015–16 $1,194.5m) comprising property, plant and equipment of $1,143.0m, and other non-financial assets including investment properties, inventories and goods held in store of $19.9m, prepayments made by CFA of $5.5m and intangible assets $2.2m.

Property, plant and equipment includes a decrease in value of $27.6m, primarily due to a revaluation of land and buildings following an asset stock-take. The analysis of property, plant and equipment balances is shown in Figure 8.

At the end of the year, the value of expenditure on capital works such as buildings, emergency response vehicles, and plant and equipment which were not yet completed, totalled $53.8m (2015–16 $84.4m).

TOTAL LIABILITIES

Total liabilities at 30 June 2017 amounted to $231.6m (Figure 9) compared to the previous year's total of $217.6m. The increase of $14.0m was due to increases in provisions for employee benefits $11.6m and other payables of $3.1m. This was partially offset by a decrease in the net volunteer compensation provision and spending out of essential remediation and decommissioning provision of $0.6m.

Goods or services not yet paid for (Payables)

At the end of the year a total of $32.4m was owed for goods or services already provided but not yet paid for. This was an increase of $3.0m over the corresponding figure last year (2015–16 $29.3m) largely due to trade payables and accruals.

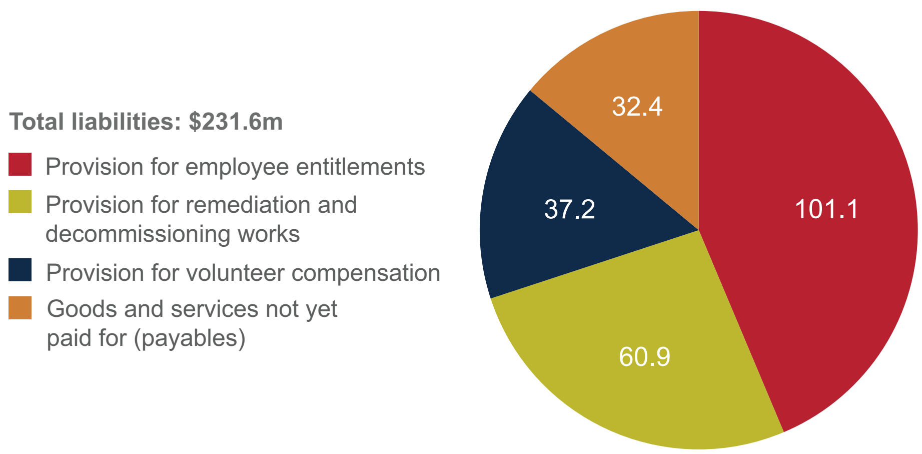
Provisions

The analysis of provisions is shown in Figure 9.

CFA AND BRIGADES DONATION 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 in order to comply with the *Income Tax Assessment Act 1997* to allow people to make tax-deductible donations to support CFA brigades' operational firefighting capacity.

Figure 9 : Total liabilities ($m)



The Trust is governed by its Deed, which clearly sets out the purpose of the Trust (i.e. its objectives) and the purpose for which moneys in connection with 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. The money received is subsequently released back to the brigade for spending in line with the objects of the Trust (known as disbursements). The Trustees are responsible for the preparation of separate financial statements which are subject to independent audit.

The Trust is separate from CFA but for accounting purposes it is considered to be controlled by CFA. The financials of the Trust are not consolidated with CFA's Annual Financial Statements. However, its results are summarised in a note to the CFA's Annual Financial Statements.

A total of 1,220 brigades/groups were registered with the Trust as at 30 June 2017. The Trust received donations of $4.5m during the 2016–17 financial year compared with $4.7m during 2015–16.

The 30 June 2017 and 30 June 2016 Trust bank and deposits balance remained at $1.6m.

FINANCIAL REPORT

How this report is structured

Country Fire Authority (CFA) has presented its audited general purpose financial statements for the financial year ended 30 June 2017 in the following structure to provide users with the information about the CFA's stewardship of resources entrusted to it.

Notes to the financial statements (continued)

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

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

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and accompanying notes, presents fairly the financial transactions during the year ended 30 June 2017 and financial position of the Country Fire Authority at 30 June 2017.

At the time of signing, we are not aware of any circumstance that 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 authorised the attached financial statements for issue on 18 September 2017.

G Smith AM

Chair
Country Fire Authority

Melbourne
18 September 2017

F Diver

Chief Executive Officer
Country Fire Authority

Melbourne
18 September 2017

Nigel McCormick

N McCormick CA

Chief Financial Officer
Country Fire Authority

Melbourne
18 September 2017

VAGO
Victorian Auditor-General's Office

Independent Auditor's Report

To the Board of the Country Fire Authority

Opinion

I have audited the financial report of the Country Fire Authority (the authority) which comprises the:

- balance sheet as at 30 June 2017
- 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 a summary of significant accounting policies
- declaration in financial statements.

In my opinion the financial report presents fairly, in all material respects, the financial position of the authority as at 30 June 2017 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the *Financial Management Act 1994* and applicable Australian Accounting Standards.

Basis for Opinion

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

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

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

Emphasis of Matter

Without qualification to the opinion expressed above, attention is drawn to the following matter. As indicated in note 8.9 to the financial statements, the *Firefighters' Presumptive Rights Compensation and Fire Services Legislation Amendment (Reform) Bill 2017* (the Bill) is before Parliament. The existence of the Bill and ongoing parliamentary debate creates a material uncertainty regarding the future financial and operational impact of the Bill's proposed reform measures on the authority.

Board's responsibilities for the financial report

The Board of the authority is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the *Financial Management Act 1994*, and for such internal control as the Board determine 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.

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

Level 31 / 35 Collins Street, Melbourne Vic 3000
T 03 8601 7000 enquiries@audit.vic.gov.au www.audit.vic.gov.au

Auditor's responsibilities for the audit of the financial report	As required by the *Audit Act 1994,* my responsibility is to express an opinion on the financial report based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report. As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also: • identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our 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.

MELBOURNE
3 October 2017

Travis Derricott
as delegate for the Auditor-General of Victoria

Comprehensive operating statement

For the financial year ended 30 June 2017

	Notes	($ thousand) 2017	2016
Continuing operations			
Income from transactions			
Grants	2.2.1	557,775	477,613
Sale of goods and services	2.2.2	19,391	18,385
Other income	2.2.3	9,001	10,047
Interest income	2.2.4	4,367	4,112
Total income from transactions		**590,534**	**510,157**
Expenses from transactions			
Employee expenses	3.1.1	322,333	265,743
Other operating expenses (*)	3.3	194,895	235,928
Depreciation	4.1.1 & 4.3	42,349	42,081
Grant expenses (*)	3.2	18,524	23,000
Total expenses from transactions		**578,101**	**566,752**
Net result from transactions (net operating balance)		**12,433**	**(56,595)**
Other economic flows included in net result			
Other gains/(losses) from other economic flows	8.2	16	(174)
Net gain/(loss) on non-financial assets	8.2	(4,091)	(8,288)
Total other economic flows included in net result		**(4,075)**	**(8,462)**
Net result		**8,358**	**(65,057)**
Other economic flows – other comprehensive income:			
Items that will not be reclassified to net result			
Changes in physical assets revaluation surplus	8.3	-	34,066
Total other economic flows – other comprehensive income		**-**	**34,066**
Comprehensive result		**8,358**	**(30,991)**

The accompanying notes form part of these financial statements.

(*) 2016 figure is regrouped to align with the 2017 figure

Balance sheet

As at 30 June 2017

	Notes	($ thousand) 2017	2016
Assets			
Financial assets			
Cash and deposits (*)	6.1	102,771	76,866
Receivables	5.1	37,102	46,931
Investments (*)	6.3	179,753	108,549
Total financial assets		**319,626**	**232,346**
Non-financial assets			
Inventories	5.2	8,597	9,667
Property, plant and equipment (*)	4.1	1,142,954	1,170,645
Investment properties (*)	4.2	11,349	10,164
Intangible assets	4.3	2,178	2,985
Prepayments	5.3	5,491	1,083
Total non-financial assets		**1,170,569**	**1,194,544**
Total assets		**1,490,195**	**1,426,890**
Liabilities			
Payables	5.4	32,404	29,311
Employee related provisions	3.1.2	101,144	89,550
Other provisions	5.5	98,075	98,719
Total liabilities		**231,623**	**217,580**
Net assets		**1,258,572**	**1,209,310**
Equity			
Accumulated surplus		393,432	385,206
Physical asset revaluation surplus	8.3	465,548	465,548
Contributed capital		399,592	358,556
Net worth		**1,258,572**	**1,209,310**

The accompanying notes form part of these financial statements.

(*) 2016 figure is regrouped to align with the 2017 figure

Statement of changes in equity

For the financial year ended 30 June 2017

	($ thousand)			
	Physical asset revaluation surplus	Accumulated surplus	Contributed surplus	Total
Balance at 1 July 2015	431,482	450,263	334,775	1,216,520
Net result for the year	-	(65,057)	-	(65,057)
Other comprehensive income	34,066	-	-	34,066
Capital appropriations	-	-	23,781	23,781
Balance at 30 June 2016	**465,548**	**385,206**	**358,556**	**1,209,310**
Net result for the year	-	8,358	-	8,358
Other comprehensive income	-	-	-	-
Capital appropriations	-	-	41,036	41,036
Other adjustments	-	(132)	-	(132)
Balance at 30 June 2017	**465,548**	**393,432**	**399,592**	**1,258,572**

Cash flow statement

For the financial year ended 30 June 2017

	Notes	($ thousand) 2017	2016
Cash flows from operating activities			
Receipts			
Receipts from government		557,775	463,280
Receipts from other entities		8,302	4,561
Goods and services tax recovered from the ATO [(a)]		20,251	23,941
Interest received		4,393	3,661
Other receipts		9,001	13,599
Total receipts		**599,722**	**509,042**
Payments			
Payments of grant expenses		(18,524)	(22,691)
Payments to suppliers and employees		(472,411)	(438,622)
Total payments		**(490,935)**	**(461,313)**
Net cash flows from operating activities	**6.1.1**	**108,787**	**47,729**
Cash flows from investing activities			
Proceeds from sale of investments (*)		310,000	805,000
Payments for investments (*)		(381,204)	(833,549)
Purchases of non-financial assets		(60,756)	(88,214)
Sales of non-financial assets		8,042	8,348
Net cash flows used in investing activities		**(123,918)**	**(108,415)**
Cash flows from financing activities			
Owner contributions by State Government		41,036	23,781
Net cash flows from financing activities		**41,036**	**23,781**
Net decrease in cash and cash equivalents		**25,905**	**(36,905)**
Cash and cash equivalents at beginning of financial year		76,866	113,771
Cash and cash equivalents at end of financial year (*)	6.1	**102,771**	**76,866**

The accompanying notes form part of these financial statements.

Notes:

(a) GST paid to or received from the Australian Taxation Office is presented on a net basis.

(*) 2016 figure is regrouped to align with the 2017 figure

1. ABOUT THIS REPORT

CFA is a statutory authority of the State of Victoria, established pursuant to an order made by the Premier under the *Country Fire Authority Act 1958*.

Its principal address is:

CFA
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.

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, subsequent to 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 with regard to 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.

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 AAS that have significant effects on the financial statements and estimates relate to:

- the fair value of land, buildings, plant and equipment;
- assumptions for employee benefit provisions based on likely tenure of existing staff, patterns of leave claims, future salary movements and future discount rates;
- actuarial assumptions for volunteer compensation provisions based on assessment of outstanding claims;
- provision for decommissioning and remediation based on expert advice regarding the nature and timing of work involved; and
- collectability of receivables given CFA Regulations and the period of outstanding debt.

These financial statements cover CFA as an individual reporting entity and include all the controlled activities of CFA.

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

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

The financial position and the activities of CFA and Brigades Donations Fund Trust are disclosed in Note 6.2 Trust account balances.

All amounts in the financial statements have been rounded to the nearest $1,000 unless otherwise stated. Figures in the financial statements may not equate due to rounding. Please refer to Note 8.13 Style conventions.

Compliance information

These general purpose financial statements have been prepared in accordance with the *Financial Management Act 1994* (FMA), Financial Reporting Directions (FRDs) and applicable Australian Accounting Standards (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* (AASB 1049).

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 terms and style conventions can be found in Notes 8.12 and 8.13.

These annual financial statements were authorised for issue by the Board of CFA on 18 September 2017.

2. FUNDING DELIVERY OF OUR SERVICES

Introduction

CFA's objective is to protect lives and property. We work collaboratively to extinguish fires and address other emergencies as well as educate the Victorian community on fire safety.

CFA receives income in the form of grants from the Department of Justice and Regulation to fulfil its objectives. CFA also receives income from supplementary funding, regulatory fees, rendering of services and interest income
from investments.

Structure

2.1 Summary of income that funds the delivery of our services

	Notes	2017 ($ thousand)	2016 ($ thousand)
Grants	**2.2.1**	557,775	477,613
Sale of goods and services	**2.2.2**	19,391	18,385
Other income	**2.2.3**	9,001	10,047
Interest income	**2.2.4**	4,367	4,112
Total income from transactions		**590,534**	**510,157**

Income is recognised to the extent it is probable the economic benefits will flow to CFA and the income can be reliably measured at fair value. Where applicable, amounts disclosed as income are net of returns, allowances, duties and taxes.

2.2 Income from transactions

2.2.1 Grants

	2017 ($ thousand)	2016 ($ thousand)
General purpose	552,319	462,487
Supplementary funding	5,456	15,126
Total grants	**557,775**	**477,613**

Grant income arises from transactions in which a party provides goods, services or assets (or extinguishes a liability) or labour without receiving approximately equal value in return. While grants may result in the provision of some goods or services to the transferring party, they do not provide a claim to receive benefits directly of approximately equal value (and are termed 'non-reciprocal' transfers). Receipt and sacrifice of approximately equal value may occur, but only by coincidence. For non-reciprocal grants, CFA recognises revenue when the grant is receivable or received.

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

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

Grants can be received as **general purpose grants**, which refer to grants which are not subject to conditions regarding their use. Alternatively, they may be received as **specific purpose grants**, which are paid for a particular purpose and/or have conditions attached regarding their use. CFA did not receive any specific purpose grant during this year.

2.2.2 Sale of goods and services

	($ thousand)	
	2017	2016
Sale of goods	2,924	2,506
Regulatory fees	9,412	8,895
Rendering of services	7,055	6,984
Total sale of goods and services	**19,391**	**18,385**

Income from the **sale of goods** is recognised when:

- CFA no longer has any of the significant risks and rewards of ownership of the goods transferred to the buyer;
- CFA no longer has continuing managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;
- the amount of income, and the costs incurred or to be incurred in respect of the transactions, can be reliably measured; and
- it is probable that the economic benefits associated with the transaction will flow to CFA.

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

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

2.2.3 Other income

	$ thousand	
	2017	2016
Rental income - Investment properties [(a)]	194	139
Brigade assets - Cash and donations	4,249	2,904
Brigade assets - Buildings at fair value	79	1,465
Brigade assets - Vehicles, plant and equipment	508	287
Other (aggregate of immaterial items)	3,971	5,252
Total other income	**9,001**	**10,047**

Note:

(a) investment properties are reported in Note 4.2

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

Rental income from leasing of investment properties and from operating leases is recognised on a straight line basis over the lease term.

2.2.4 Interest income

	($ thousand)	
	2017	2016
Interest from financial assets not at fair value through profit and loss		
Interest on term deposits	3,887	3,444
Interest on bank deposits	480	668
Total interest from financial assets not at fair value through profit and loss	**4,367**	**4,112**

3. THE COST OF DELIVERING SERVICES

Introduction

This section provides an account of the expenses incurred by the Country Fire Authority (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

	Notes	($ thousand) 2017	2016
Employee benefit expenses	**3.1.1**	322,333	265,743
Grants and other transfers (*)	**3.2**	18,524	23,000
Other operating expenses (*)	**3.3**	194,895	235,928
Total expenses incurred in delivery of services		**535,752**	**524,671**

(*) 2016 figure is regrouped to align w ith the 2017 figure

3.1.1 Employee benefits in the comprehensive operating statement

	($ thousand) 2017	2016
Defined contribution superannuation expense	6,761	6,183
Defined benefit superannuation expense	15,280	12,636
Other on-costs (payroll tax, fringe benefits tax, w orkcover premium)	19,750	16,484
Employee allow ance and support costs	13,434	11,030
Salaries and w ages, annual leave, sick leave and long service leave	267,108	219,410
Total employee expenses	**322,333**	**265,743**

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

	($ thousand)	
	2017	2016
Current provisions:		
Annual leave		
Unconditional and expected to settle within 12 months	31,066	26,143
Unconditional and expected to settle after 12 months	2,091	3,181
Long service leave		
Unconditional and expected to settle within 12 months	3,216	2,786
Unconditional and expected to settle after 12 months	42,647	37,590
Provisions for on costs		
Unconditional and expected to settle within 12 months	7,451	6,566
Unconditional and expected to settle after 12 months	7,892	7,492
Total current provisions for employee benefits	**94,362**	**83,758**
Non current provisions:		
Employee benefits	5,790	4,926
On costs	992	866
Total non current provisions for employee benefits	**6,782**	**5,792**
Total provisions for employee benefits	**101,144**	**89,550**

Reconciliation of movement in on-cost provision

	($ thousand)	
	2017	2016
Opening balance	**14,925**	**13,347**
Additional provisions recognised	7,181	6,334
Reductions arising from payments	(5,880)	(4,854)
Unwind of discount and effect of changes in the discount rate	107	98
Closing balance	**16,334**	**14,925**
Current	15,342	14,058
Non current	992	866

Wages and salaries, annual leave, sick leave and long-service leave: Liabilities for wages and salaries (including non-monetary benefits, annual leave and on-costs) are recognised as part of the employee benefit provision as current liabilities, because CFA does not have an unconditional right to defer settlements of these liabilities.

The liability for salaries and wages are recognised in the balance sheet at remuneration rates which are current at the reporting date. 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.

No provision has been made for sick leave as all sick leaves are 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 Statement of Comprehensive Income 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.

Unconditional 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.

3.1.3 Superannuation contributions

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

CFA does not recognise any defined benefit liability in respect of the plans because CFA has no legal or constructive obligation to pay future benefits relating to its employees; its only obligation is to pay superannuation contributions as they fall due. As noted before, 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	
	2017	2016	2017	2016
Defined benefit plans [(a)]				
Emergency Services Superannuation Scheme (ESSS)	15,233	12,605	-	-
Other (Government Superannuation Office)	46	31	-	-
Defined contribution plans				
Emergency Services Superannuation Plan (ESS Plan)	5,572	5,392	-	-
Others	1,189	791	-	-
Total	**22,041**	**18,819**	**-**	**-**

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)	
	2017	2016
General purpose grants		
Grants to volunteer associations (*)	1,506	1,614
Grants to local governments	234	360
Grants to Department of Justice & Regulation	16,784	21,026
Total grant expenses	**18,524**	**23,000**

(*) 2016 figure is regrouped to align with the 2017 figure

Grant expenses are contributions of CFA's resources to another party for specific or general purposes 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 particular purpose and/or have conditions attached regarding their use.

Grant expenses are recognised in the reporting period in which they are paid or payable. Grants can take the form of money, assets, goods, services or forgiveness of liabilities.

3.3 Other operating expenses

	($ thousand) 2017	2016
Supplies and services		
Purchase of inventories	14,971	9,389
Purchase of services (including remuneration of auditors)		
-- Legal fees	3,597	1,975
-- Contractors and consultants fees	4,710	12,802
-- Audit fees	460	466
-- Catering - operational	408	1,106
-- Contractor payments to external services - ESTA and others	26,552	25,223
Maintenance		
-- Building operating and maintenance	10,951	10,992
-- Motor vehicle operating and maintenance	12,362	12,869
-- Computer equipment and systems	5,016	4,249
-- Communications, alarms and radio replacement	19,323	22,535
-- Other operating and maintenance	6,139	8,773
Printing and stationery	2,646	2,590
Volunteer compensation and insurance	10,823	9,326
Net volunteer and brigade running costs (*)	6,177	6,432
External training and skills maintenance	6,730	5,749
Aircraft hire	6,202	8,686
Hire fees - plant, equipment and vehicles	2,646	5,526
Publicity/Advertising	883	874
Fair value assets and services provided free of charge or for nominal consideration	324	336
Contribution to other emergency organisations	1,351	1,525
Operating lease rental expenses	8,078	7,987
Subtotal	**150,349**	**159,410**
Bad debts from transactions	48	29
Cost of goods sold/distributed	5,191	5,178
Essential remediation and decommissioning expenses	-	65,180
General expenses	6,159	6,131
Assets written off (**)	33,148	-
Total other operating expenses	**194,895**	**235,928**

(*) 2016 figure is regrouped to align with the 2017 figure

(**) Refer note 4.1

Other operating expenses generally represent the day-to-day running costs incurred in normal operations.

Supplies and services

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

Contributions of resources provided free-of-charge or for nominal consideration

These contributions 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. The exception to this would be when the resource is received from another government department (or agency) as a consequence of a restructuring of administrative arrangements, in which case such a transfer will be recognised at its carrying value in the transferring department or agency.

CFA leases property under non-cancellable operating leases, which expire over periods of one, to in excess of 30 years.

Operating lease payments

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

4. KEY ASSETS, PROPERTY, PLANT AND EQUIPMENT AND OTHER ASSETS AVAILABLE TO SUPPORT OUTPUT DELIVERY

Introduction

The Country Fire Authority (CFA) controls property, plant, equipment and other investments 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: Classification of property, plant and equipment

The key variables where management applied judgment in regard to property, plant and equipment relate to:

- 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.

Structure

4.1 Property, plant and equipment

	($ thousand) Gross carrying amount		Accumulated depreciation		Net carrying amount	
	2017	2016	2017	2016	2017	2016
Land at fair value (*)	141,939	144,330	-	-	141,939	144,330
Buildings at fair value (*)	636,097	631,740	(10,738)	-	625,359	631,740
Leasehold improvements at fair value	24,679	20,717	(13,372)	(12,467)	11,307	8,250
Plant and equipment at fair value	77,996	76,964	(67,528)	(65,713)	10,468	11,251
Vehicles at fair value	565,060	543,664	(264,936)	(253,005)	300,123	290,659
Assets under construction at cost	53,758	84,415	-	-	53,758	84,415
Net carrying amount	1,499,528	1,501,830	(356,573)	(331,185)	1,142,954	1,170,645

(*) 2016 figure is regrouped to align with the 2017 figure

Property, plant and equipment

All non-financial physical assets are measured initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment. Where an asset is acquired for no or nominal cost, the cost is its fair value at the date of acquisition. Assets transferred as part of a machinery of government change are transferred at their carrying amount. More details about the valuation techniques and inputs used in determining the fair value of non-financial physical assets are discussed in Note 7.3.2 'Fair value determination: Non-financial physical assets'.

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

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

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

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

Revaluations of non-financial physical assets

Non-financial physical assets are measured at fair value on a cyclical basis, in accordance with the FRDs issued by the Minister for Finance. A full revaluation normally occurs every five years, based on the asset's government purpose classification, but may occur more frequently if fair value assessments indicate material changes in values. Independent valuers are used to conduct these scheduled revaluations and any interim revaluations are determined in accordance with the requirements of the FRDs.

Revaluation increases or decreases arise from differences between an asset's carrying value and fair value. The Valuer-General of Victoria (VGV) undertook a valuation of CFA's Land and buildings effective as at 30 June 2016. During the reporting period, CFA performed a stock take of land and buildings as at 30 June 2017. The adjustments arising out of the stock take of land and building including those revalued as at 30 June 2016 are accounted as disposals/write-off during the reporting period (refer Note 3.3).

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

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

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

4.1.1 Depreciation

	($ thousand)	
Charge for the period	**2017**	**2016**
Buildings	10,854	11,049
Leasehold improvements	904	717
Plant and equipment	1,827	1,989
Vehicles	28,188	27,750
Total depreciation	**41,773**	**41,505**

Volunteer brigade land and buildings

CFA acknowledges the significant contributions made by volunteer brigades to the capital value of fire stations. CFA has 1,220 volunteer brigades and many of these have made substantial improvements to fire stations and property over a number of decades. The value of these improvements is taken into account when the five-yearly Valuer General's valuation occurs and the aggregate amount is then included in future financial statements.

Where practical the value of major community funded projects is taken up at fair value when the improvement is carried out.

Volunteer brigade vehicles and plant and equipment

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

Depreciation

All buildings, plant and equipment and other non-financial physical assets greater than $5,000 that have finite useful lives, are depreciated. The exceptions to this rule include items under operating leases, assets held for sale, land and investment properties.

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 year are included in the table below.

Asset	(years) Useful life
Buildings at fair value	50 - 67
Leasehold improvements	4 - 50
Plant and equipment	3 to 25
Vehicles	3 to 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. However, no adjustments have been made in the current year.

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 is not, in any material sense, been consumed during the reporting period.

Impairment: Non-financial assets, including items of property, plant and equipment, are tested for impairment whenever there is an indication that the asset may be impaired.

The assets concerned are tested as to whether their carrying value exceeds their recoverable amount. Where an asset's carrying value exceeds its recoverable amount, the difference is written off as an 'other economic flow', except to the extent that it can be debited to an asset revaluation surplus amount applicable to that class of asset.

If there is an indication that there has been a reversal in impairment, the carrying amount shall be increased to its recoverable amount. However this reversal should not increase the asset's carrying amount above what would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised in prior years.

The recoverable amount for most assets is measured at the higher of depreciated replacement cost and fair value less costs to sell. Recoverable amount for assets held primarily to generate net cash inflows is measured at the higher of the present value of future cash flows expected to be obtained from the asset and fair value less costs to sell.

4.1.2 Carrying values by 'purpose' group[(a)]

	($ thousand)			
	Public safety and environment		Total	
	2017	2016	2017	2016
Nature based classification				
Land at fair value (*)	141,939	144,330	141,939	144,330
Buildings at fair value (*)	625,359	631,740	625,359	631,740
Leasehold improvements	11,307	8,250	11,307	8,250
Plant and equipment at fair value	10,468	11,251	10,468	11,251
Vehicles at fair value	300,123	290,659	300,123	290,659
Assets under construction at cost	53,758	84,415	53,758	84,415
Net carrying amount	1,142,954	1,170,645	1,142,954	1,170,645

Notes:

(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 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.

(*) 2016 figure is regrouped to align with the 2017 figure

4.1.3 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	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Opening balance	144,330	160,407	631,740	582,953	8,250	7,460	11,251	8,273	290,659	285,481	84,415	72,210	1,170,645	1,116,784
Fair value of assets (provided)/received free of charge	(4)	(336)	(320)	-	-	-	-	-	-	-	-	-	(324)	(336)
Additions	-	-	-	-	-	-		-	-	-	60,790	87,130	60,790	87,130
Disposals/Write-offs	(4,717)	(1,246)	(5,001)	(9,587)	-	-	-	(121)	(2,334)	(4,377)	-	-	(12,053)	(15,331)
Assets written off (Note 3.3)		-	(33,147)	-	-	-	-	-	-	-	-	-	(33,147)	-
Transfer in/out of assets under construction	3,630	4,711	42,826	24,850	3,960	1,506	965	5,088	39,477	37,018	(90,859)	(73,173)	-	-
Revaluation of PPE	-	(15,681)	-	49,747	-	-	-	-	-	-	-	-	-	34,066
Brigade assets recognised	-	-	-	1,465	-	-	79	-	508	287	(587)	(1,752)	-	-
Transfer (to)/from investment property	(1,301)	(3,525)	116	(6,639)	-	-	-	-	-	-	-	-	(1,185)	(10,164)
Depreciation	-	-	(10,854)	(11,049)	(904)	(716)	(1,827)	(1,989)	(28,188)	(27,750)	-	-	(41,773)	(41,504)
Closing balance	**141,939**	**144,330**	**625,360**	**631,740**	**11,307**	**8,250**	**10,468**	**11,251**	**300,122**	**290,659**	**53,758**	**84,415**	**1,142,954**	**1,170,645**

(*) 2016 figure is regrouped to align with the 2017 figure

4.2 Investment properties

	($ thousand) 2017	2016
Balance at beginning of financial year	10,164	-
Acquisitions/transfers in (*)	1,184	10,164
Balance at end of financial year	**11,349**	**10,164**

(*) 2016 figure is regrouped to align with the 2017 figure

Investment properties represent properties held to earn rental income or for capital appreciation, or both. Investment properties exclude properties held to meet service delivery objectives of CFA. Investment properties are initially recognised at cost. Costs incurred subsequent to initial acquisition are capitalised when it is probable that future economic benefits in excess of the originally assessed performance of the asset will flow to CFA.

Subsequent to initial recognition at cost, investment properties are revalued to fair value with changes in the fair value recognised as other economic flows in the comprehensive operating statement in the period that they arise. Fair values are determined based on a market comparable approach that reflects recent transaction prices for similar properties. These properties are neither depreciated nor tested for impairment.

The investment properties are recognised and reported separately from Property, Plant and Equipment with effect from the current year. The 2016 figures have been regrouped to align with the 2017 figures.

4.3 Intangible assets

	($ thousand) 2017	2016
Gross carrying amount		
Opening balance	12,714	12,675
Additions	-	39
Closing balance	12,714	12,714
Accumulated depreciation and amortisation		
Opening balance	9,729	8,921
Depreciation of intangible produced assets [(a)]	576	576
Amortisation of intangible non produced [(a)]	231	231
Closing balance	10,536	9,729
Net book value at end of financial year	2,178	2,985

Note:

(a) The consumption of intangible produced assets is included in 'depreciation' line item. The 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. 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

Costs incurred subsequent to initial acquisition are capitalised when it is expected that additional future economic benefits will flow to CFA.

Depreciation

Depreciation and 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.

Intangible produced assets with finite useful lives are depreciated as an ‘expense from transactions’ on a straight line basis over their useful lives. Produced intangible assets have useful lives of between 7 and 10 years.

Intangible assets	(years) Useful life
Software	7

Intangible non-produced assets with finite lives are amortised as an ‘other economic flow’ on a straight line basis over their useful lives. The amortisation period is 7 to 10 years.

Impairment of intangible assets

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

- annually; and
- whenever there is an indication that the intangible asset may be impaired (refer Note 4.1.1).

Intangible assets with finite useful lives are tested for impairment whenever an indication of impairment is identified.

Significant intangible assets

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

5. OTHER ASSETS AND LIABILITIES

Introduction

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

Structure

5.1 Receivables

	($ thousand) 2017	2016
Contractual		
Trade receivables	8,450	16,642
Provision for doubtful contractual receivables	(36)	(49)
Other receivables	3,455	4,281
Statutory		
GST input tax credit recoverable	3,873	3,108
Regulatory fees	21,888	22,949
Provision for doubtful statutory receivables	(528)	-
Total receivables	**37,102**	**46,931**
Represented by		
Current receivables	37,102	46,931

Contractual receivables mainly include debtors in relation to goods and services. Contractual receivables are classified as financial instruments and categorised as 'loans and receivables'. They are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial measurement they are measured at amortised cost using the effective interest method, less any impairment.

Statutory receivables do not arise from contracts and are recognised and measured similarly to contractual receivables (except for impairment), but are not classified as financial instruments.

Movement in the provision for doubtful debts

	($ thousand) 2017	2016
Balance at beginning of the year	(49)	(78)
Receivables recovered during the year	28	(21)
Increase in provision recognised in the net result	(543)	(28)
Reversal of provision of receivables written off during the year as uncollectible	-	78
Balance at end of the year	**(564)**	**(49)**

Doubtful debts: Receivables are assessed for bad and doubtful debts on a regular basis. A provision for doubtful debts is recognised when there is objective evidence that the debts may not be collected and bad debts are written off when identified. In assessing impairment of statutory (non-contractual) financial assets, which are not financial instruments, professional judgement is applied in assessing materiality using estimates, averages and other computational methods in accordance with AASB 136 Impairment of Assets.

A provision is made for estimated irrecoverable amounts from the sale of goods and rendering of services when there is objective evidence that an individual receivable is impaired. The increase in the provision for the year is recognised in the net result.

Bad debts considered as written off by mutual consent are classified as a transaction expense. Bad debts not written off, but included in the provision for doubtful debts, are classified as other economic flows in the net result.

Ageing analysis of contractual receivables

	($ thousand)					
			Past due but not impaired			
	Carrying amount	Not past due and not impaired	Less than 1 month	1–3 months	3 months – 1 year	1–5 years
2017						
Trade receivables	8,414	7,082	932	235	165	-
Other receivables	3,455	3,455	-	-	-	-
Total	**11,869**	**10,537**	**932**	**235**	**165**	**-**
2016						
Trade receivables (*)	16,593	15,912	80	204	397	-
Other receivables	4,281	4,281	-	-	-	-
Total	**20,874**	**20,193**	**80**	**204**	**397**	**-**

(*) 2016 figure is regrouped to align with the 2017 figure

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

5.2 Inventories

	($ thousand) 2017	2016
Supplies and consumables:		
At cost	8,597	9,667
Total current inventories	**8,597**	**9,667**

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.

Where inventories are acquired for no cost or nominal consideration, they are measured at current replacement cost at the date of acquisition.

Cost for all inventory is measured on the basis of weighted average cost.

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

5.3 Prepayments

	($ thousand) 2017	2016
Prepayments	5,491	1,083
Total prepayments	**5,491**	**1,083**

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

5.4 Payables

	($ thousand)	
	2017	2016
Contractual		
Trade payables	4,710	3,395
Other payables (*)	25,896	24,533
Statutory		
Payroll tax (*)	1,208	948
PAYG withholding (*)	19	19
FBT payable	227	169
GST payable	344	247
Total payables	**32,404**	**29,311**
Represented by:		
Current payables	32,404	29,311

(*) 2016 figure is regrouped to align with the 2017 figure

Payables consist of:

- **contractual payables**, which 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**, which 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.

The terms and conditions of amounts payable to the government and agencies vary according to the particular agreements and as they are not legislative payables, they are not classified as financial instruments.

Maturity analysis of contractual payables[(a)]

($ thousand)							
				Maturity dates			
	Carrying amount	Nominal amount	Less than 1 month	1–3 months	3 months –1 year	1–5 years	5+ years
2017							
Trade payables	4,710	4,710	4,710	-	-	-	-
Other payables	25,896	25,896	25,896	-	-	-	-
Total	**30,606**	**30,606**	**30,606**	**-**	**-**	**-**	**-**
2016							
Trade payables	3,395	3,395	3,395	-	-	-	-
Other payables (*)	24,533	24,533	24,533	-	-	-	-
Total	**27,928**	**27,928**	**27,928**	**-**	**-**	**-**	**-**

Note:

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

(*) 2016 figure is regrouped to align with the 2017 figure

5.5 Other provisions

	($ thousand) 2017	2016
Current provisions		
Volunteer compensation	4,806	5,782
Environmental decommissioning and remediation works	10,905	8,510
Total current provisions	**15,711**	**14,292**
Non-current provisions		
Volunteer compensation	32,395	27,757
Environmental decommissioning and remediation works	49,969	56,670
Total non-current provisions	**82,364**	**84,427**
Total other provisions	**98,075**	**98,719**

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* (the Act), 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 Actuarial Edge, to determine the present value of CFA's future payment obligations for injuries sustained up to 30 June 2017. An allowance for anticipated recoveries was made, with these predominantly 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. An explicit adjustment was also made for retirement ages, gradually increasing from 65 at 1 July 2017 to 67 over the next 4.5 years, driven by a 2016 amendment to the *Workplace Injury Rehabilitation and Compensation Act 2013* to align the definition of 'retirement age' to the new eligibility age for the aged pension.

Non-large claims: Payments and recoveries were modelled using two actuarial techniques: payments per claim incurred (PPCI) (for injuries between 2010–2017) and chain-ladder (for injuries prior to 2010). No adjustment was made for increasing retirement ages, as this change is expected to have an immaterial impact on non-large claim costs.

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 2017 using risk free discount rates.

A significant portion ($2.9m) of the provision increase for the year is attributable to a legislative change in the retirement age from 65–67 years. The volunteer compensation provision is based on the following key assumptions as at 30 June 2017.

Assumptions	30 June 2017	30 June 2016
Claim inflation	3.0%	2.5%
Discount rate	2.8%	2.25%
Risk margin	25.0%	30.0%
Claims handling expenses	10.0%	10.0%
Weighted average term of settlement	8.0 years	5.7 years

Environmental decommissioning and remediation works

CFA engaged an external consultant to provide strategic environmental advice regarding the management of legacy contamination resulting from fire training activities at the former Fiskville Training Campus ('Fiskville') and Victorian Emergency Management Training Centres ('VEMTC'). As part of that advice, the external consultant presented budgetary estimates for cost components of the closure of the Fiskville site.

The cost estimate report was based on a draft rehabilitation strategy endorsed by the Environment Protection Authority's independent environmental auditor. Based on the auditor's endorsement of the approach presented, the cost components determined during the year 2015–16 and included in the provision for remediation and decommissioning works for that year are considered to remain valid for the year 2016–17.

Separate clean-up plans exist for Fiskville and VEMTC Penhurst. These plans are subject to review by the Environment Protection Authority's independent auditor. Based on the draft rehabilitation strategy and subject to the review of the clean-up plans, environmental decommissioning and remediation works are expected to be completed by 2020.

Reconciliation of movements in other provisions

		($ thousand)	
	Volunteer compensation	Environmental decommissioning and remediation works	Total 2017
Opening balance	33,539	65,180	98,719
Additional provisions recognised - due to legislative change in age	2,910	-	2,910
Additional provisions recognised - due to other factors	752	-	752
Reductions arising from payments	-	(4,306)	(4,306)
Closing balance	**37,201**	**60,874**	**98,075**

6. HOW WE FINANCED OUR OPERATIONS

Introduction

This section provides information on the sources of finance utilised by CFA during its operations and other information related to financing activities of CFA.

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

Structure

6.1 Cash and deposits

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

Cash and deposits held by volunteer brigades are included in the balance sheet. For cash flow statement presentation purposes, cash and cash equivalents include bank overdrafts, which are included as current borrowings on the balance sheet, as indicated in the reconciliation below.

	($ thousand)	
	2017	2016
Total cash and deposits disclosed in the balance sheet		
- Cash at bank and on hand	25,247	6,887
- Cash at bank held by Brigades (*)	32,524	30,979
- Short-term deposits	45,000	39,000
Balance as per cash flow statement	**102,771**	**76,866**

(*) 2016 figure is regrouped to align with the 2017 figure

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

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

Short term deposits are held with Treasury Corporation Victoria.

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

	($ thousand)	
	2017	2016
Net result for the period	**8,358**	**(65,057)**
Non-cash movements		
(Gain)/loss on sale or disposal of non-current assets (*)	3,860	8,057
Amortisation of non-produced intangible asset (*)	231	231
Depreciation and amortisation of non-current assets	42,349	42,081
Asset write-off	33,148	-
Resources provided free of charge or for nominal consideration	324	336
Allowances for doubtful debts	515	(28)
(Gain)/loss arising from revaluation of long service liability	(531)	-
Movements in assets and liabilities		
(Increase)/decrease in prepayments	(4,408)	(413)
(Increase)/decrease in receivables	9,829	(10,637)
(Increase)/decrease in inventories	1,070	86
Increase/(decrease) in payables	3,093	(4,423)
Increase/(decrease) in provisions	11,594	77,496
Increase/(decrease) in other liabilities	(645)	-
Net cash inflow from operating activities	**108,787**	**47,729**

(*) 2016 figure is regrouped to align with the 2017 figure

6.2 Trust account balances

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

Public Trust

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

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

CFA and Brigades Donations Fund

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

Any earnings on the funds held pending distribution are also applied to the trust funds under management as appropriate.

Trust account balances relating to trust accounts controlled and/or administered by CFA

2017 Cash and cash equivalents and investments	($ thousand) Opening balance at 1 July 2016	Total receipts	Total payments	Closing balance at 30 June 2017
Controlled trusts				
Public trust	3,299	132	125	3,306
CFA and Brigades Donations Fund	1,620	5,020	5,050	1,590
Total controlled trusts	**4,919**	**5,152**	**5,175**	**4,896**

2016 Cash and cash equivalents and investments	($ thousand) Opening balance at 1 July 2015	Total receipts	Total payments	Closing balance at 30 June 2016
Controlled trusts				
Public trust	3,309	294	304	3,299
CFA and Brigades Donations Fund	1,594	4,762	4,736	1,620
Total controlled trusts	**4,903**	**5,056**	**5,040**	**4,919**

6.3 Investments

	($ thousand) 2017	2016
Term deposits:		
Australian dollar term deposits > three months (*)	179,753	108,549
Total current investments	**179,753**	**108,549**

(*) 2016 figure is regrouped to align with the 2017 figure

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

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

Guarantees issued on behalf of CFA are financial instruments because, although authorised under statute, terms and conditions for each financial guarantee may vary and are subject to an agreement.

Categories of financial instruments

Loans and receivables are financial instrument assets with fixed and determinable payments that are not quoted on an active market. These assets and liabilities are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial measurement, loans and receivables are measured at amortised cost using the effective interest method (and for assets, less any impairment). CFA recognises the following assets in this category:

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

Financial liabilities measured 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 liability in this category:

- payables (excluding statutory payables).

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 intend either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Some master netting arrangements do not result in an offset of balance sheet assets and liabilities.

Where CFA does not have a legally enforceable right to offset recognised amounts, because the right to offset is enforceable only on the occurrence of future events such as default, insolvency or bankruptcy, they are reported on a gross basis.

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.

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

The allowance is the difference between the financial asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. In assessing impairment of statutory (non-contractual) financial assets, which are not financial instruments, professional judgement is applied in assessing materiality using estimates, averages and other computational methods in accordance with AASB 136 Impairment of Assets.

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

Reclassification of financial instruments: Subsequent to initial recognition, and under rare circumstances, when non-derivative financial instruments assets that have not been designated at fair value through profit or loss upon recognition may be reclassified out of the fair value through profit or loss category, if they are no longer held for the purpose of selling or repurchasing in the near term.

Financial instrument assets that meet the definition of loans and receivables may be reclassified out of the fair value through profit and loss category into the loans and receivables category, where they would have met the definition of loans and receivables had they not been required to be classified as fair value through profit and loss. In these cases, the financial instrument assets may be reclassified out of the fair value through profit and loss category, if there is the intention and ability to hold them for the foreseeable future or until maturity.

Available-for-sale financial instrument assets that meet the definition of loans and receivables may be reclassified into the loans and receivables category if there is the intention and ability to hold them for the foreseeable future or until maturity.

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.

7.1.1 Financial instruments: Categorisation

2017	($ thousand) Financial assets – loans and receivables
Contractual financial assets	
Cash and deposits	102,771
Receivables [(a)]	
Trade receivables	8,414
Other receivables	3,455
Investments and other contractual financial assets	
Term deposits	179,753
Total contractual financial assets	**294,393**

2017	($ thousand) Financial liabilities – at amortised cost
Contractual financial liabilities	
Payables [(a)]	
Supplies and services	4,710
Other payables	25,896
Total contractual financial liabilities	**30,606**

2016	($ thousand) Financial assets – loans and receivables
Contractual financial assets	
Cash and deposits (*)	76,866
Receivables [(a)]	
Trade receivables (*)	16,593
Other receivables	4,281
Investments and other contractual financial assets	
Term deposits (*)	108,549
Total contractual financial assets	**206,289**

2016	($ thousand) Financial liabilities – at amortised cost
Contractual financial liabilities	
Payables [(a)]	
Supplies and services	3,395
Other payables	24,533
Total contractual financial liabilities	**27,928**

Note:

(a) The total amounts disclosed here exclude statutory amounts

(*) 2016 figure is regrouped to align with the 2017 figure

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

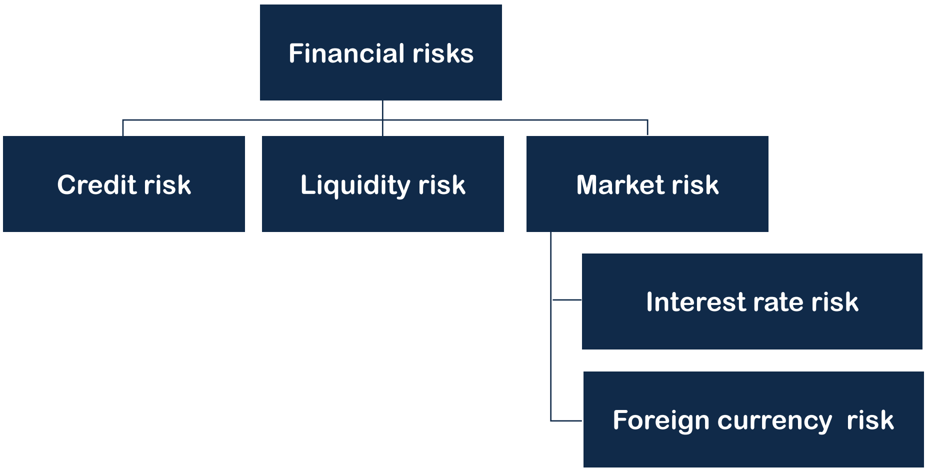
2017	($ thousand) Total interest income/(expense)
Contractual financial assets	
Financial assets - Cash and deposits	4,367
Total contractual financial assets	**4,367**

2016	($ thousand) Total interest income/(expense)
Contractual financial assets	
Financial assets - Cash and deposits	4,112
Total contractual financial assets	**4,112**

The net holding gains or losses disclosed above are determined as follows:

- for cash and cash equivalents, loans or receivables and available-for-sale financial assets, the net gain or loss is calculated by taking the movement in the fair value of the asset, the interest income, plus or minus foreign exchange gains or losses arising from revaluation of the financial assets, and minus any impairment recognised in the net result;
- for financial liabilities measured at amortised cost, the net gain or loss is calculated by taking the interest expense, plus or minus foreign exchange gains or losses arising from the revaluation of financial liabilities measured at amortised cost; and
- for financial assets and liabilities that are held for trading or designated at fair value through profit or loss, the net gain or loss is calculated by taking the movement in the fair value of the financial asset or liability.

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 the 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 financial risk 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 a counter party on their contractual 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 contractual financial assets is minimal because 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 (no credit risk considered).

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

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

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

Investments are only made subject to the appropriate institution having a Standard & Poor's credit rating for investments of AAA at the time of investing the funds, other than investments held by Brigades where the investments may be made in approved banking institutions.

Provision of impairment for contractual financial assets is recognised when there is objective evidence that CFA will not be able to collect a receivable. Objective evidence includes financial difficulties of the debtor, default payments, debts that are more than 60 days overdue, and changes in debtor credit ratings.

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

There are no financial assets that have had their terms renegotiated so as to prevent them from being past due or impaired, and they are stated at the carrying amounts as indicated.

Except as otherwise detailed in the following table, the carrying amount of contractual 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 2016–17.

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

	($ thousand) Government agencies (Triple-A credit rating)	Other	Total
2017			
Cash and deposits	45,000	57,771	102,771
Receivables [(a)]	-	11,869	11,869
Investments > 3 months [(b)]	140,000	39,753	179,753
Total contractual financial assets	**185,000**	**109,393**	**294,393**
2016			
Cash and deposits (*)	39,000	37,866	76,866
Receivables [(a) (*)]	-	20,874	20,874
Investments > 3 months [(b) (*)]	70,000	38,549	108,549
Total contractual financial assets	**109,000**	**97,289**	**206,289**

Notes:

(a) The total amounts disclosed here exclude statutory amounts

(b) Investments are held w ith banks and TCV

(*) 2016 figure is regrouped to align w ith the 2017 figure

Financial instruments: Liquidity risk

Liquidity risk arises from being unable to meet financial obligations as they fall due. CFA operates under the Government fair payments policy of settling financial obligations within 30 days and in the event of a dispute, making payments within 30 days from the date of resolution.

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 liquidation of available-for-sale financial investments.

The carrying amount of contractual financial liabilities detailed in the table under Note 5.2 represents CFA's maximum exposure to liquidity risk.

Financial instruments: Market risk

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

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 50 basis points up and down (2016: 50 basis points up and down) in market interest rates (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 minimal exposure to cash flow interest rate risks through cash and deposits, term deposits and bank overdrafts that are at floating rate.

CFA manages this risk by mainly undertaking fixed rate or non-interest bearing financial instruments with relatively even maturity profiles, with only insignificant amounts of financial instruments at floating rate. Management has concluded for cash at bank, as financial assets that can be left at floating rate without necessarily exposing CFA to significant bad risk, management monitors movement in interest rates on a daily basis.

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

The carrying amounts of financial assets and financial liabilities that are exposed to interest rates and the CFA's sensitivity to interest rate risk are set out in the table that follows. There are no financial liabilities with interest rate exposure.

Interest rate exposure of financial instruments

	(%)	($ thousand) Interest rate exposure			
	Weighted average interest rate	Carrying amount	Fixed interest rate	Variable interest rate	Non-interest bearing
2017					
Financial assets					
Cash and deposits	1.50	102,771	45,000	57,771	-
Receivables [(a)]					
Sale of goods and services		8,414	-	-	8,414
Other receivables		3,455	-	-	3,455
Investments > 3 months	1.88	179,753	179,753	-	-
Total financial assets		**294,393**	**224,753**	**57,771**	**11,869**
Financial liabilities					
Payables [(a)]					
Supplies and services		4,710	-	-	4,710
Other payables		25,896	-	-	25,896
Total financial liabilities		**30,606**	**-**	**-**	**30,606**
2016					
Financial assets					
Cash and deposits (*)	1.91	76,866	39,000	37,866	-
Receivables [(a)]					
Sale of goods and services (*)		16,593	-	-	16,593
Other receivables		4,281	-	-	4,281
Investments > 3 months (*)	2.24	108,549	108,549	-	-
Total financial assets		**206,289**	**147,549**	**37,866**	**20,874**
Financial liabilities					
Payables [(a)]					
Supplies and services		3,395	-	-	3,395
Other payables		25,500	-	-	25,500
Total financial liabilities		**28,895**	**-**	**-**	**28,895**

Notes:

(a) The carrying amounts disclosed here exclude statutory amounts

(*) 2016 figure is regrouped to align with the 2017 figure

Interest rate risk sensitivity

	Carrying amount	($ thousand) -50 basis points Net result	+50 basis points Net result
2017			
Contractual financial assets			
Cash and deposits [a]	57,771	(289)	289
Total impact		**(289)**	**289**
2016			
Contractual financial assets			
Cash and deposits [a] [*]	37,866	(189)	189
Total impact		**(189)**	**189**

Notes:
(a) Cash and deposits includes a deposit of $57,771 thousand (2016: $37,866 thousand) that is exposed to floating rates movements. Sensitivities to these movements are calculated as follows:

- 2017: $57,771 thousand × 0.005 = $289 thousand; and
- 2016: $37,866 thousand × 0.005 = $189 thousand

(*) 2016 figure is regrouped to align with the 2017 figure

Foreign currency risk

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

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

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 2016–17 (2015–16: nil) financial year.

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

(i) At 30 June 2017, CFA is included as a party in a number of legal proceedings. Due to the diversity of issues associated with these legal matters and their discretionary nature, quantification of the financial effect cannot be reliably estimated and it is therefore impractical to do so.

(ii) Remediation and closure of Fiskville and remediation of VEMTC training grounds.

On 26 March 2015 the Government announced the permanent closure of Fiskville Training College ('Fiskville'). Fiskville and VEMTC training grounds owned by CFA at Penhurst, Bangholme, West Sale, Wangaratta, Huntly, and Longerenong have been the subject of notices issued by the EPA. Note 5.5 Other provisions details the provisions associated with the closure of Fiskville and the activities required addressing the obligations associated with these notices.

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

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.

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

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.

The following assets and liabilities are carried at fair value:

- financial assets and liabilities at fair value through operating result;
- available-for-sale financial assets;
- land, buildings, plant and equipment; and
- investment properties.

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.

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

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

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 in connection with 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 instrument 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 and all are determined at Level 3 above.

Refer to Note 7.1.1 for the list of financial instruments.

7.3.2 Fair value determination: Non-financial physical assets

Fair value measurement hierarchy

2017	Carrying amount as at 30 June 2017	($ thousand) Fair value measurement at end of reporting period using: Level 1[(a)]	Level 2[(a)]	Level 3[(a)]
Specialised land	141,939			141,939
Total of land at fair value	**141,939**	-	-	**141,939**
Specialised buildings	623,743			623,743
Heritage assets [(b)]	1,616			1,616
Total of buildings at fair value	**625,359**	-	-	**625,359**
Leasehold improvements	11,307			11,307
Total of Leasehold improvements	**11,307**	-	-	**11,307**
Plant and equipment	10,468			10,468
Vehicles	300,123			300,123
Total of plant, equipment and vehicles at fair value	**310,591**	-	-	**310,591**

2016	Carrying amount as at 30 June 2016	($ thousand) Fair value measurement at end of reporting period using: Level 1[(a)]	Level 2[(a)]	Level 3[(a)]
Specialised land (*)	144,330			144,330
Total of land at fair value	**144,330**	-	-	**144,330**
Specialised buildings (*)	630,124			630,124
Heritage assets [(b)]	1,616			1,616
Total of buildings at fair value	**631,740**	-	-	**631,740**
Leasehold improvements	8,250			8,250
Total of Leasehold improvements	**8,250**	-	-	**8,250**
Plant and equipment	11,251			11,251
Vehicles	290,659			290,659
Total of plant, equipment and vehicles at fair value	**301,910**	-	-	**301,910**

Notes:

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

(b) CFA holds $1,616 thousand ($1,616 thousand in 2016) worth of properties listed as heritage assets. These heritage assets cannot be modified nor disposed of without formal ministerial approval.

(*) 2016 figure is regrouped to align with the 2017 figure

Land and buildings

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

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

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

For CFA's specialised buildings, the depreciated 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.

Heritage assets

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

Vehicles

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

Plant and equipment

Plant and equipment is held at fair value. When plant and equipment is specialised in use, such that it is rarely sold other than as part of a going concern, fair value is determined using the depreciated replacement cost method. There were no changes in valuation techniques throughout the period to 30 June 2017. For all assets measured at fair value, the current use is considered the highest and best use.

Reconciliation of Level 3 fair value movements

	($ thousand)					
	Specialised land(*)	Specialised buildings(*)	Heritage assets	Leasehold improvements	Plant and Equipment	Vehicles
2017						
Opening balance	**144,330**	**630,124**	**1,616**	**8,250**	**11,251**	**290,659**
Purchases (sales)	3,630	42,826	-	3,960	1,044	39,985
Disposals and transfers/in/out of level 3	(6,022)	(38,353)	-	-	-	(2,333)
Depreciation	-	(10,854)	-	(904)	(1,827)	(28,188)
Subtotal	**141,938**	**623,744**	**1,616**	**11,307**	**10,468**	**300,123**
Closing balance	**141,938**	**623,744**	**1,616**	**11,307**	**10,468**	**300,123**
2016						
Opening balance (restated)	**160,407**	**582,603**	**350**	**7,460**	**8,273**	**285,481**
Purchases (sales)	3,129	16,728	-	1,506	4,967	32,928
Disposals and transfers/in/out of level 3	(3,525)	(7,937)	1,298	-	-	-
Depreciation	-	(11,017)	(32)	(716)	(1,989)	(27,750)
Subtotal	**160,011**	**580,377**	**1,616**	**8,250**	**11,251**	**290,659**
Revaluation	(15,681)	49,747	-	-	-	-
Closing balance	**144,330**	**630,124**	**1,616**	**8,250**	**11,251**	**290,659**

(*) 2016 figure is regrouped to align w ith the 2017 figure

Description of significant unobservable inputs to Level 3 valuations

2017 and 2016	Valuation technique	Significant unobservable inputs	Range
Specialised land	Market approach	Community service obligation (CSO) adjustment (20%	Not applicable
Specialised buildings	Depreciated replacement cost	Useful life of specialised buildings	50–67 years
Heritage assets	Depreciated replacement cost(a)	Useful life of heritage assets	50–67 years
Vehicles	Depreciated replacement cost	Useful life of vehicles	3–25 years
Plant and equipment	Depreciated replacement cost	Useful life of plant and equipment	3–25 years

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 June 2016.

Investment properties measured at fair value and their categorisation in the fair value hierarchy

	Carrying amount as at 30 June 2017	($ thousand) Fair value measurement at end of reporting period using:		
		Level 1[a]	Level 2[a]	Level 3[a]
Investment properties	11,349		-	11,349

	Carrying amount as at 30 June 2016	($ thousand) Fair value measurement at end of reporting period using:		
		Level 1[a]	Level 2[a]	Level 3[a]
Investment properties	10,164		-	10,164

Note:

(a) Classified in accordance w ith the fair value hierarchy

There have been no transfers between levels during the period. There were no changes in valuation techniques throughout the period to 30 June 2017.

For investment properties measured at fair value, the current use of the asset is considered the highest and best use.

The valuation was determined by reference to market evidence of transaction prices for similar properties with no significant unobservable adjustments, in the same location and condition and subject to similar lease and other contracts.

8. OTHER DISCLOSURES

Introduction

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

Structure

8.1 Ex-gratia expenses

There were no ex-gratia expenses for the year 2017 (2016: Nil).

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

- the revaluation of the present value of the long-service leave liability due to changes in the bond interest rates.

	($ thousand)	
	2017	2016
Net gain/(loss) on non-financial assets		
Amortisation of non-produced intangible assets [(a)]	(231)	(231)
Net loss on disposal of property plant and equipment	(3,860)	(8,057)
Total net loss on non-financial assets	**(4,091)**	**(8,288)**
Other gains from other economic flows		
Net gain arising from revaluation of long service liability [(b)]	531	(202)
Doubtful debts provision loss on revaluation	(515)	28
Total other gains from other economic flows	**16**	**(174)**

Notes:

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

(b) Revaluation gain due to changes in bond rates.

8.3 Physical asset revaluation surplus

	($ thousand) 2017	2016
Physical asset revaluation surplus		
Balance at beginning of financial year	465,548	431,482
Revaluation increments/(decrements)		
- Freehold land	-	(15,681)
- Buildings	-	49,747
Net changes in physical asset revaluation surplus	**465,548**	**465,548**

8.4 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.

8.4.1 Total commitments payable

	($ thousand)			
	Less than 1 year	1–5 years	5+ years	Total
2017				
Capital expenditure commitments payable	27,583	190	-	27,774
Operating lease commitments payable	7,717	15,855	4,228	27,800
Other commitments payable	55,400	30,106	-	85,507
Total commitments (inclusive of GST)	**90,701**	**46,152**	**4,228**	**141,081**
Less GST recoverable from the Australian Tax Office	(8,246)	(4,196)	(384)	(12,826)
Total commitments (exclusive of GST)	**82,455**	**41,956**	**3,844**	**128,255**
2016				
Capital expenditure commitments payable	11,922	-	-	11,922
Operating lease commitments payable	6,979	16,802	9,261	33,041
Other commitments payable	77,265	51,743	14,729	143,737
Total commitments (inclusive of GST)	**96,166**	**68,545**	**23,990**	**188,700**
Less GST recoverable from the Australian Tax Office	(8,742)	(6,231)	(2,181)	(17,154)
Total commitments (exclusive of GST)	**87,424**	**62,313**	**21,809**	**171,546**

8.5 Responsible persons

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

Names

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

Responsible Minister

Minister for Emergency Services:

The Hon James Merlino, MP	1 July 2016 to 30 June 2017
The Hon Lisa Neville, MP (Acting)	28 March 2017 to 7 April 2017

Authority Members (CFA Board Members)

G Smith AM (Chair)	1 July 2016 to 30 June 2017
M McLean (Deputy Chair)	1 July 2016 to 30 June 2017
P White	1 July 2016 to 30 June 2017
G Sparkes	1 July 2016 to 30 June 2017
S Weir	1 July 2016 to 30 June 2017
H Clothier	19 July 2016 to 30 June 2017
P Shaw	19 July 2016 to 30 June 2017
L Hamilton	19 July 2016 to 30 June 2017
T Young	19 July 2016 to 30 June 2017

Accountable Officers

F Diver (Chief Executive Officer)	1 July 2016 to 30 June 2017
S Warrington (Acting Chief Executive Officer)	16 December 2016 to 3 January 2017
J Haynes (Acting Chief Executive Officer)	17 March 2017 to 2 April 2017

Remuneration (other than the Responsible Minister)

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

Income band[a][b]	2017 Number	2016 Number
$0 - $9,999 [c]	1	9
$10,000 - $19,999	-	6
$40,000 - $49,999	-	1
$50,000 - $59,999	6	-
$60,000 - $69,999	1	-
$110,000 - $119,999	1	-
$390,000 - $399,999	1	-
$520,000 - $529,999	-	1
$1,210,000 - $1,219,999	-	1
Total Numbers	**10**	**18**
Total Amount $'000	**897**	**1908**

Notes:

(a) Remuneration has been classified on the basis of FRD 21C in 2017 and on the basis of FRD 21B in 2016.

(b) The income band classification excludes Responsible Persons in the acting position of Accountable Officer for the year 2017.

(c) G Sparkes is the Commissioner for Environmental Sustainability Victoria and as such received $NIL remuneration from CFA during 2017.

8.6 Remuneration of executives

8.6.1 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 provide a measure of full time equivalent executive officers over the reporting period.

Remuneration comprises 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, and is disclosed in the following categories.

Short-term employee benefits include amounts such as wages, salaries, 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 pensions 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 8.7)	($ thousand) Total remuneration 2017	2016[(a)]
Short-term employee benefits	4,752	
Post-employment benefits	417	
Other long-term benefits	73	
Termination benefits	356	
Total remuneration [(a)(b)]	**5,598**	
Total number of executives	31	
Total annualised employee equivalents [(c)]	31	

Notes:

(a) No comparatives have been reported because remuneration in the prior year was determined in line with the basis and definition under FRD 21B. Remuneration previously excluded non-monetary benefits and comprised any money, consideration or benefit received or receivable, excluding reimbursement of out-of-pocket expenses, including any amount received or receivable from a related party transaction.

(b) 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 (Note 8.7).

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

8.7 Related parties

CFA is a wholly-o(wned and controlled entity of the State of Victoria.

Related parties of CFA include:

- all key management personnel (KMP) and their close family members and personal business interests (controlled entities, joint ventures and entities they have significant influence over); and
- all cabinet ministers and their close family members.

Key management personnel of CFA include the Portfolio Minister, Board of Directors, Chief Executive Officer, Chief Officer and members of CFA executive team.

KMP	KMP category	Position title
The Hon James Merlino, MP	Portfolio Minister	Minister for Emergency Services
The Hon Lisa Neville, MP (Acting)	Portfolio Minister	Acting Minister for Emergency Services
Greg Smith AM (Chair)	Board of Directors	Chair
Michelle McLean (Deputy Chair)	Board of Directors	Deputy Chair
Gillian Sparkes	Board of Directors	Board Member
Pam White	Board of Directors	Board Member
Simon Weir	Board of Directors	Board Member
Timothy Young	Board of Directors	Board Member
Lynda Hamilton	Board of Directors	Board Member
Peter Shaw	Board of Directors	Board Member
Hazel Clothier	Board of Directors	Board Member
Frances Diver	Chief Executive	Chief Executive
Steve Warrington	CFA Executive	Chief Officer
Nigel McCormick	CFA Executive	Chief Finance Officer
Zemeel Saba	CFA Executive	Executive Director - People & Culture
Anthony Ramsay	CFA Executive	Executive Director - Infrastructure Services
John Haynes	CFA Executive	Executive Director - Volunteer & Strategy
Lidija Ivanovski	CFA Executive	Director Government Communications and Relations
Bruce Russell	CFA Executive	General Counsel
Garry Cook	CFA Executive	Acting Chief Officer
Alen Slijepcevic	CFA Executive	Acting Chief Officer

Transactions and balances with key management personnel

The compensation detailed below excludes the salaries and benefits of the responsible Minister. 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) 2017
Short-term employee benefits	2,381
Post-employment benefits	211
Other long-term benefits	24
Termination benefits	-
Total[(a)]	**2,616**

Note:

(a) Note that KMPs who are members of CFA Executive Team are also reported in the disclosure of remuneration of executive officers (Note 8.6)

Transactions and balances with 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 of processes within the Victorian Public Sector occur on terms and conditions consistent with the *Public Administration Act 2004* and Codes of Conduct and Standards issued by the Victorian Public Sector Commission.

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 related party transactions above $100,000 during the year are shown below.

Entity	Key management personnel	Position title	Nature	Receipts ($ thousand)	Payments ($ thousand)	Net due to CFA as at 30 June 2017 ($ thousand)
Ambulance Victoria	Greg Smith	Chair, Country Fire Authority	Use of Ambulance Services	46	427	30
Metropolitan Fire and Emergency Services Board	The Hon. James Merlino MP	Minister for Emergency Services	ICT Services, Recruit Cost Training	389	5,100	213
Emergency Services Telecommunication Authority (ESTA)	The Hon James Merlino MP	Minister for Emergency Services	Communication Services	26	27,969	-
Emergency Management Victoria (EMV)	The Hon James Merlino MP	Minister for Emergency Services	Grants	2,468	-	4,162
Victoria State Emergency Service Authority	The Hon James Merlino MP	Minister for Emergency Services	Providing Infrastructure Services	637	-	21

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

8.8 Remuneration of auditors

	2017 ($ thousand)	2016 ($ thousand)
Audit of the financial statements by the Victorian-Auditor-General's Office	185	140
Audit fees - internal audit services	275	326
Total	**460**	**466**

8.9 Subsequent events

On the 24 May 2017 a reform bill was introduced to Parliament titled: the Firefighters' Presumptive Rights Compensation and Fire Services Legislation Amendment (Reform) Bill 2017. As part of this Bill, a new organisation titled Fire Rescue Victoria is proposed to incorporate MFB and CFA career firefighters in the one organisation to serve and protect areas previously served by integrated stations of CFA and stations of MFB. CFA will continue to serve and protect communities as a volunteer-based organisation.

The Bill passed through the Legislative Assembly and underwent a first and second reading in the Legislative Council.

On 21 June 2017, an eight member Select Committee of Parliament was appointed to inquire into, consider and report back on the proposed Bill. The Bill provides for certain assets and staff positions to transfer to Fire Rescue Victoria and to restore CFA as a volunteer-based fire service. The Committee tabled a majority and minority report in the Legislative Council on 22 August 2017. The Bill is subject to ongoing Parliamentary process.

8.10 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.

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.

8.11 Australian Accounting Standards issued that are not yet effective

The following AASs become effective for reporting periods commencing after the operative dates stated.

Topic	Key requirement	Effective date
AASB 9 Financial Instruments	The key changes introduced by AASB 9 include the simplified requirements for the classification and measurement of financial assets, a new hedging accounting model and a revised impairment loss model to recognise impairment losses earlier, as opposed to the current approach that recognises impairment only when incurred.	1 January 2018
AASB 2010–7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127]	The requirements for classifying and measuring financial liabilities were added to AASB 9. The existing requirements for the classification of financial liabilities and the ability to use the fair value option have been retained. However, where the fair value option is used for financial liabilities the change in fair value is accounted for as follows: • the change in fair value attributable to changes in credit risk is presented in other comprehensive income (OCI) • other fair value changes are presented in profit or loss. If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss.	1 January 2018

Topic	Key requirement	Effective date
AASB 2014–1 Amendments to Australian Accounting Standards [Part E Financial Instruments]	Amends various AASs to reflect the AASB's decision to defer the mandatory application date of AASB 9 to annual reporting periods beginning on or after 1 January 2018; as a consequence of Chapter 6; and to amend reduced disclosure requirements.	1 January 2018
AASB 2014–7 Amendments to Australian Accounting Standards arising from AASB 9	Amends various AASs to incorporate the consequential amendments arising from the issuance of AASB 9.	1 January 2018
AASB 15 Revenue from Contracts with Customers	The core principle of AASB 15 requires an entity to recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service to a customer.	1 January 2019
AASB 2014–5 Amendments to Australian Accounting Standards arising from AASB 15	Amends the measurement of trade receivables and the recognition of dividends. Trade receivables that do not have a significant financing component, are to be measured at their transaction price, at initial recognition.	1 January 2017, except amendments to AASB 9 (Dec 2009) and AASB 9 (Dec 2010) apply 1 January 2018.
AASB 2016–7 Amendments to Australian Accounting Standards – Deferral of AASB 15 for Not-for-Profit Entities	This standard defers the mandatory effective date of AASB 15 for not-for-profit entities from 1 January 2018 to 1 January 2019.	1 January 2019
AASB 2016–3 Amendments to Australian Accounting Standards – Clarifications to AASB 15	This Standard amends AASB 15 to clarify requirements on identifying performance obligations, principal versus agent considerations and the timing of recognising revenue from granting a licence. The amendments require: • a promise to transfer to a customer a good or service that is 'distinct' to be recognised as a separate performance obligation • for items purchased online, the entity is a principal if it obtains control of the good or service prior to transferring to the customer • for licences identified as being distinct from other goods or services in a contract, entities need to determine whether the licence transfers to the customer over time (right to use) or at a point in time (right to access).	1 January 2019

Topic	Key requirement	Effective date
AASB 2016–4 Amendments to Australian Accounting Standards – Recoverable Amount of Non-Cash-Generating Specialised Assets of Not-for-Profit Entities	The standard amends AASB 136 Impairment of Assets to remove references to using depreciated replacement cost (DRC) as a measure of value in use for not-for-profit entities.	1 January 2017
AASB 16 Leases	The key changes introduced by AASB 16 include the recognition of most operating leases (which are currently not recognised) on the balance sheet.	1 January 2019
AASB 1058 Income of Not-for-Profit Entities	This Standard will replace AASB 1004 Contributions and establishes principles for transactions that are not within the scope of AASB 15, where the consideration to acquire an asset is significantly less than fair value to enable not-for-profit entities to further their objectives.	1 January 2019
AASB 2016–8 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities	This Standard amends AASB 9 and AASB 15 to include requirements and implementation guidance to assist not-for-profit entities in applying the respective standards to particular transactions and events.	1 January 2019

The following accounting pronouncements are also issued but not effective for the 2016–17 reporting period. At this stage, the preliminary assessment suggests they may have insignificant impacts on public sector reporting.

- AASB 2016–5 Amendments to Australian Accounting Standards – Classification and Measurement of Share based Payment Transactions
- AASB 2016–6 Amendments to Australian Accounting Standards – Applying AASB 9 Financial Instruments with AASB 4 Insurance Contracts
- AASB 2017–1 Amendments to Australian Accounting Standards – Transfers of Investment Property, Annual Improvements 2014–2016 Cycle and Other Amendments
- AASB 2017–2 Amendments to Australian Accounting Standards.

8.12 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'.

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 an entity 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 transaction'.

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

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

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.

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

Financial liability 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) **–** financial and non-financial reporting requirements prescribed by DTF.

Financial statements comprise:

(a) a balance sheet as at the end of the period;

(b) a comprehensive operating statement for the period;

(c) a statement of changes in equity for the period;

(d) a cash flow statement for the period;

(e) notes, comprising a summary of significant accounting policies and other explanatory information;

(f) comparative information in respect of the preceding period as specified in 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 particular 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.

Intangible non-produced assets refer to non-produced asset in this glossary

Interest expense represents costs incurred in connection with borrowings.

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

Investment properties are properties held to earn rentals or for capital appreciation or both. Investment properties exclude properties held to meet service delivery objectives of the State of Victoria.

Key Management Personnel – People with the authority and responsibility for directly or indirectly planning, directing and controlling the activities of the entity.

Leases are rights to use an asset for an agreed period of time in exchange for payment. Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and rewards incidental to ownership. Leases of infrastructure, property, plant and equipment are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership from the lessor to the lessee. All other leases are classified as operating leases.

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, other than equity in public non-financial corporations (PNFC) and public financial corporations (PFC). 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). For the PNFC and PFC sectors, it is equal to negative net financial worth.

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, investment properties, 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 or leases.

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.

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 under operating 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.

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

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

8.13 Style conventions

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

The notation used in the tables is as follows:

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

The financial statements and notes are presented based on the illustration for a government department in the 2016–17 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 except for the regrouping of prior year numbers to align with the current year model report.

APPENDIX 1

Additional information

FINANCIAL DISCLOSURES

Consultancy expenditure

Details of consultancies valued at $10,000 or greater

As at 30 June 2017, there were five consultancies where the total fees payable to the consultants were $10,000 or greater (Table 8).

Table 8 : External consultancies 2016–17

Consultant	Purpose of consultancy	Start date	End date	Total approved project fee (excl. GST) ($'000)	Expenditure 2016–17 (excl. GST) ($'000)	Future expenditure (excl. GST) ($'000)
Gravity Consulting	To assist CFA's transformation activities	May-16	Jun-17	40.0	40.0	-
Mercer Consulting	Biennial executive remuneration review	Feb-17	Feb-17	28.0	20.4	7.6
GHD Pty Ltd	To develop a governance model for asset management and confirm roles and responsibilities for asset management life cycle	Apr-17	Jun-17	69.3	69.3	-
Deloitte Consulting Pty Ltd	To advise on a funding agreement for VFBV	Jan-17	On-going	40.0	26.9	13.1
Bridges International Pty Ltd	To review the CFA's complaints systems and processes and recommend a revised and streamlined complaints handling model for CFA	Oct-16	Dec-16	17.7	17.7	-
Total				**195.0**	**174.3**	**20.7**

Details of external consultancies less than $10,000

As of 30 June 2017, there were two consultancies engaged during the year, where the total fees payable to the consultant was less than $10,000. The total expense incurred on these two consultants was $15,995.

Information and communication technology expenditure

Details of information and communication technology (ICT) expenditure

As at 30 June 2017, total ICT expenditure was $38.0m, with details shown in Table 9.

Table 9 : Information and communication technology (ICT) expenditure

BAU* ICT expenditure (Total $m)	Non-BAU ICT expenditure expenditure (Total A+B $m)	Non-BAU operational expenditure (A $m)	Non-BAU capital expenditure (B $m)
27.1	10.9	10.2	0.7

** Business as usual*

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.

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

Country Fire Authority Act 1958

Dangerous Goods Act 1985

Disability Act 2006

Electricity Safety Act 1998

Emergency Management Act 1986

Emergency Management Act 2013

Environment Protection Act 1970

Equal Opportunity Act 2010

Financial Management Act 1994

Fire Services Commissioner Act 2010

Freedom of Information Act 1982

Fundraising Act 1998

Gambling Regulation Act 2003

Independent Broad-based Anti-Corruption Commission Act 2011

Occupational Health and Safety Act 2004

Ombudsman Act 1973

Planning and Environment Act 1987

Privacy and Data Protection Act 2014

Protected Disclosure Act 2012

Public Administration Act 2004

Public Records Act 1973

Rail Safety Act 2006

Residential Tenancies Act 1997

Subdivision Act 1988

Traditional Owner Settlement Act 2010

Commonwealth Acts

A New Tax System (Goods and Services Tax) Act 1999

Competition and Consumer Act 2010

Disability Discrimination Act 1992

Fair Work Act 2009

Fringe Benefits Tax Assessment Act 1986

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

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

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

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

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

- an individual's personal information, such as personnel records
- information currently available in the public domain
- information available for purchase (e.g. fire incident reports).

2016–17 FOI statistics

FOI requests in 2016–17

Requests received	89
Access granted in full	10
Partial access granted	43
Access denied	5
Applicant did not proceed	8
No documents available	8
Not finalised as of 30 June 2017	15

FOI appeals in 2016–17

FOI Commissioner	10
VCAT hearing	4

Fees and charges

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

Charges may also apply (in addition to the application fee) for search time and photocopying as set out in the Freedom of Information (Access Charges) Regulations 2014.

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

Freedom of information contact information:
CFA Freedom of Information Officer,
PO Box 701, Mount Waverley, VIC 3149

Telephone: (03) 9262 8512
Email: foi@cfa.vic.gov.au

Financial Management Act 1994

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

Protected Disclosure Act 2012

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

- CFA has procedures in accordance with Part 9 of the *Protected Disclosure Act 2012*
- CFA's procedures are accessible from www.cfa.vic.gov.au/protected-disclosure-act
- copies of CFA's procedures are available for public access during normal business hours from districts, regions and headquarters
- there were nil disclosures notified to the Independent Broad-based Anti-corruption Commission by CFA under section 21(2) during 2015–16.

Privacy and Data Protection Act 2014

The *Privacy and Data Protection Act 2014* regulates how CFA protects the privacy of individuals, including but not limited to CFA members.

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

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

The Building Act 1993

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

National Competition Policy

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

Environment and sustainability

During the 2016–17 financial year, CFA continued to monitor its environmental and sustainable practices relating to energy use, waste production, water consumption, transportation and greenhouse gas emissions.

Compliance with DataVic Access Policy

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

Government advertising expenditure

As at 30 June 2017, there was nil expenditure on advertising campaigns with a media spend of $100,000 or greater.

Employment and conduct principles

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

Workforce inclusion policy

CFA has a commitment to workforce inclusion and fairness. CFA endorsed an inclusion and fairness plan and program of work. This included a review of a range of CFA policies with proposals for amendment to incorporate the organisation's commitment inclusion and fairness.

Carers Recognition Act 2012

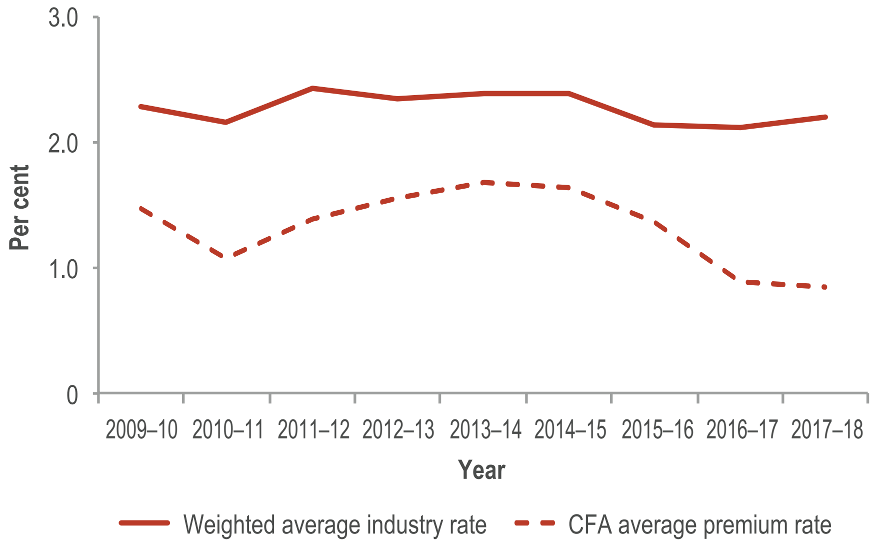
CFA has taken all practical measures to comply with its obligations under the *Carers Recognition Act 2012*.

OCCUPATIONAL HEALTH AND SAFETY

Employee and volunteer incidents and claims

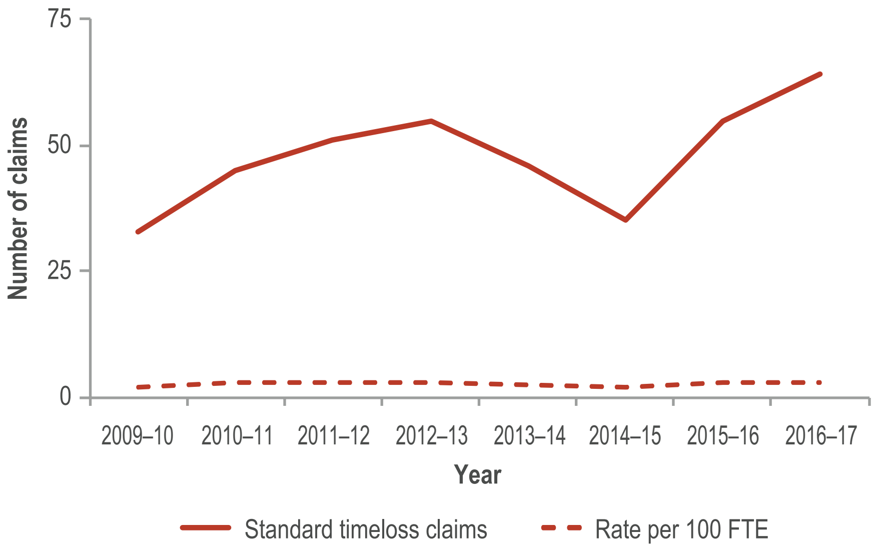
CFA's Worksafe premium has continued its positive trend, particularly compared with the industry rate (Figure 10). During 2016–17 CFA paid $1,046,403 in claims. The estimate of outstanding claim costs is $2,320,842, for a yearly total of $3,367,245. The average cost per claim was $40,569.

Figure 10 : CFA Worksafe premium vs industry rate



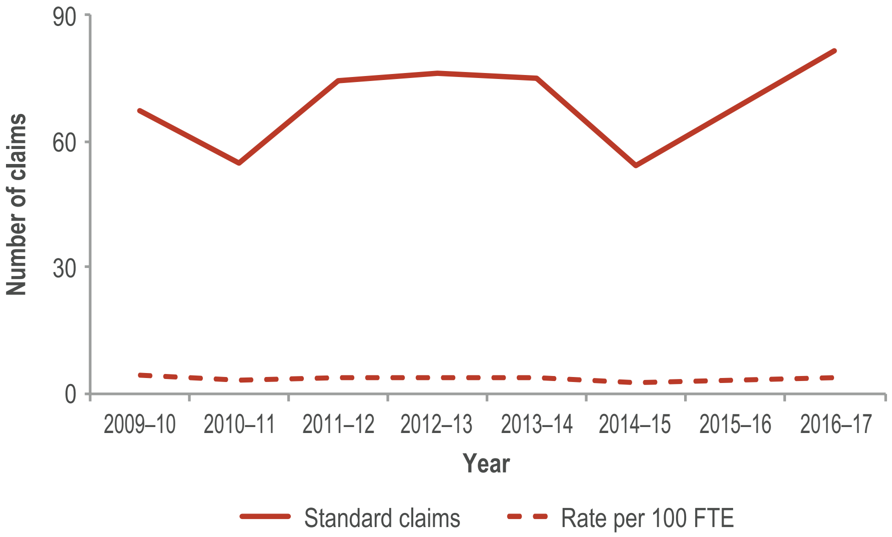
There has been an increase in the number of lost time claims but this is proportional to the increase in employee numbers over recent years, as indicated in the claim rate per 100 FTE (Figure 11).

Figure 11 : Employee lost time claims and rate per 100 FTE



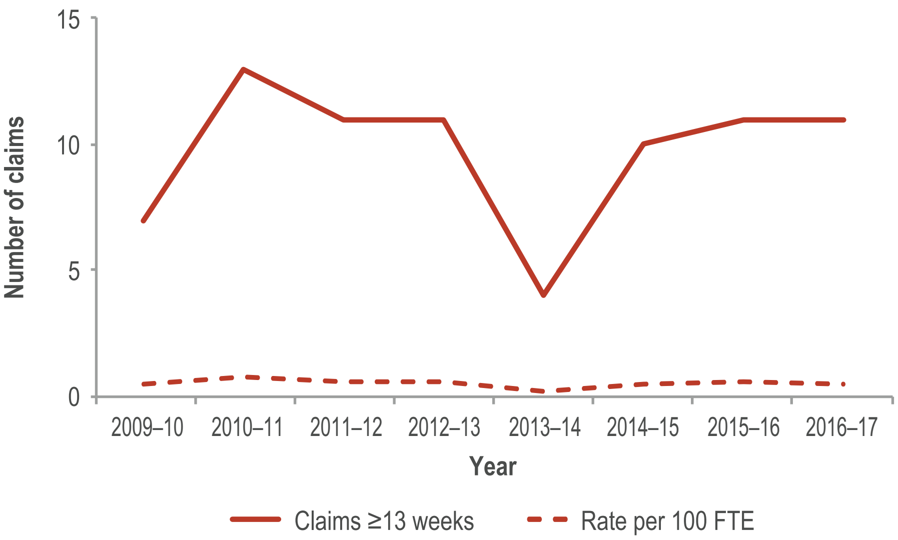
The increase in the number of standard claims is also proportional to the increase in employee numbers as indicated in the claim rate per 100 FTE (Figure 12).

Figure 12 : Number of standard employee claims and rate per 100 FTE



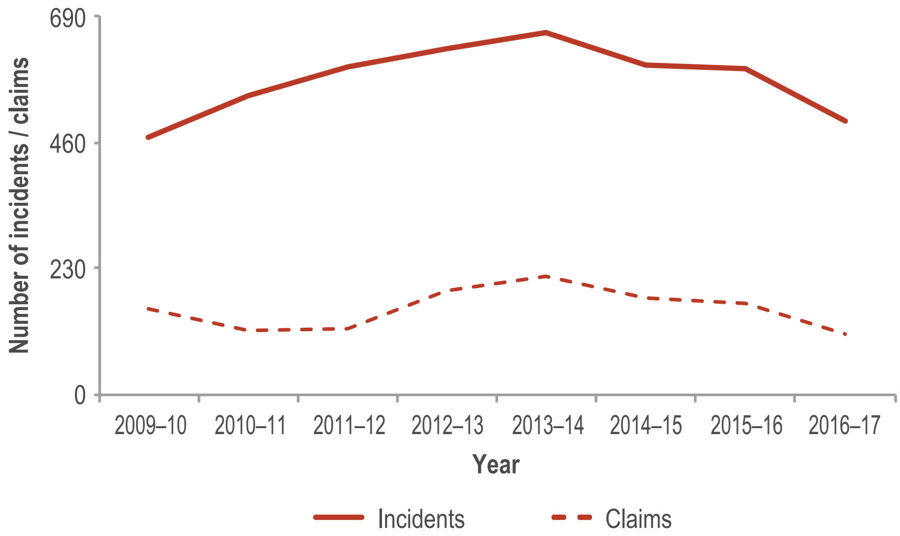
The rate for claims with a timeloss of 13 weeks or greater has maintained a generally consistent trend (Figure 13)

Figure 13 : Employee claims with timeloss of ≥13 weeks and rate per 100 FTE



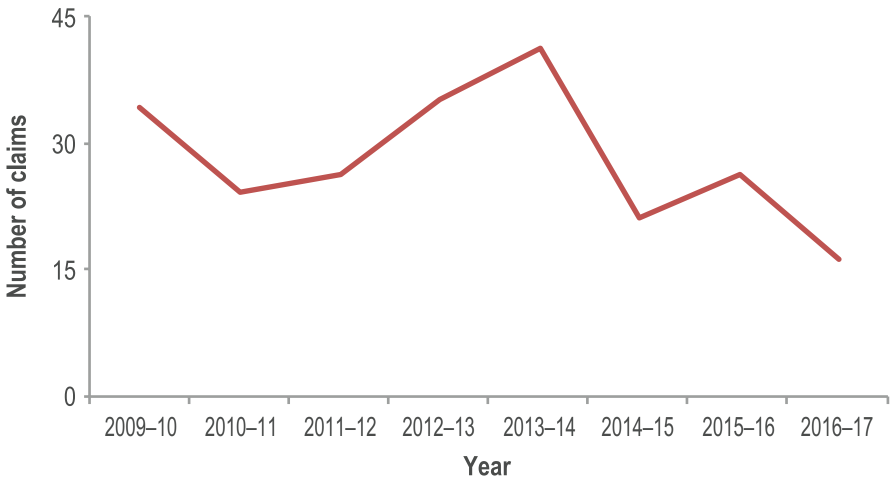
The volunteer claim and incident trends show a gradual reduction and may reflect the level of emergency activities (Figure 14).

Figure 14 : Volunteer claims and incident trends (date of injury)



Volunteer lost time claims highlight a reducing trend of claims, where one or more days' time was lost (Figure 15).

Figure 15 : Volunteer lost time claims (date of injury)



DISCLOSURE INDEX

Victorian Industry Participation Policy (VIPP)

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

A total of two contracts began during 2016–17 in regional Victoria that exceeded $1 million in value. These contracts were for new fire stations at Koroit and Donald.

The local content (including all labour and materials) for these two regional contracts was in the order of 98 per cent.

Compliance with statutory disclosure requirements

Acknowledgement of traditional custodians

CFA would like to respectfully acknowledge the traditional custodians of the land throughout Victoria and acknowledge their ancestors and elders, both past and present.