



ANNUAL REPORT 2011-2012



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CHAIRMAN'S REPORT

Dear Minister

CFA has been an 'all-hazards' operation for a long time, even though formal recognition has come comparatively recently. It has been an all-hazards operation simply because that's what our communities expect and that's what local brigades end up doing.

Across the state and in a significant part of Melbourne, CFA responds to fires, floods, motor vehicle accidents, hazardous material incidents and a host of other situations, which more than 1,200 brigades and 55,921 members regard as normal business.

Over the past few years, CFA has been implementing an improvement agenda 'Creating Our Future Together', not so much at a brigade level but in relation to such things as:

- › expansion of the Chief Officer's powers and operations
- › the role of groups and their extension
- › communications
- › upgrading of facilities across the state
- › training agenda and infrastructure
- › cooperation across agencies
- › major budget issues and, above all,
- › building a revamped senior management team
- › delivering on the significant program as a result of the Victorian Bushfires Royal Commission.

While all of this is going on, our public profile is often around Fiskville Training College and infrastructure issues of the past, the Victorian Bushfires Royal Commission and various other inquiries that, though important in their own right, are more useful as a pathway to improve such things as budget reform and interoperability.

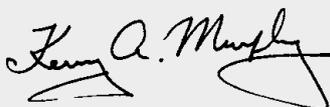
Thus the Government has accepted the recommendations of the Victorian Bushfires Royal Commission and the Jones Inquiry and CFA is well advanced with implementing actions arising from those recommendations.

The concerns expressed over past infrastructure and practices at Fiskville are taken very seriously and are addressed by Professor Joy's independent investigation into the matter. One of the results of this inquiry is that CFA will be carrying out a detailed health study of our members. Whilst these are issues arising from actions of CFA 20 or 30 years ago, they are being addressed by the current administration.

It's important to note that two independent industrial hygiene studies have endorsed the amenity for current use. As an extra precaution and in the short term only, potable water from the local town system is being used for fire training until more scientific work is finalised.

Continuous improvement takes place in many areas and CFA staff members have distinguished themselves in the areas of welfare of members under stress and emotive social media. They have positioned CFA by reaching into communities with new CFA Fire Ready applications and the automatic posting of emergency warnings on our Facebook and Twitter accounts. Interacting with our communities is core business for us all, whether it be at local saleyards, workplaces, camping grounds and even farmers' markets.

I take this opportunity to sincerely thank all members and their families for their extraordinary efforts in protecting the Victorian community over the past and sometimes difficult year. We will again focus on our continuous improvement process in future years



Kerry A Murphy PSM AFSM
Chairman

KEY ACHIEVEMENTS 2011-2012

1. SUPPORT FOR VOLUNTEERISM

Growing and valuing volunteerism is integral to achieving CFA's goals. Our volunteers and local brigades have a unique connection with and understanding of their local communities. The *Independent Inquiry into the Effect of Arrangements made by the Country Fire Authority on its Volunteers* (the Jones Inquiry) concluded in July 2011. Six key themes arose from the findings with CFA's Operational Training and Volunteerism (OT&V) team responsible for their overall management and implementation within CFA. Many OT&V projects enact the themes of building a culture and leadership to empower and support volunteerism; the recruitment, retention, recognition and use of volunteers, and further developing training to strengthen our volunteer base.

2. INTEGRATED MODEL WITH CAREER STAFF

The rapid growth in Melbourne's outer suburbs and regional Victoria is putting more pressure on CFA to respond to the growing number of fire and emergency incidents. Project 2016 is a government-funded program of works that responds to gaps in service delivery and forecast demand in Victoria's growth corridors. It will create 342 career firefighter and officer positions as well as build or modify 10 fire stations to strengthen the volunteer-based and integrated service delivery model. Training of new recruits is well underway and is ahead of schedule. The first stage of the project has created 65 career firefighter positions with the first 35 career firefighters now working.

3. ALL-HAZARDS INCIDENT RESPONSE

Brigades across Victoria are increasingly being called on for all-hazard response. Substantial rainfall across Victoria last year produced fire season conditions with plenty of fuel to burn. The vast majority of

summer grass and vegetation fires were less than one hectare in size with attention turning once again to flooding, this time in the north-east. CFA commanders were placed in positions within the incident management structure to lead CFA support requests. The largest operational challenge apart from the floods was a significant hazmat incident in Portland, with specialist crews working alongside local crews to manage the significant risk.

4. CREATING OUR FUTURE TOGETHER

CFA has introduced a broad range of changes under the banner 'Creating Our Future Together'. A strong emphasis has been placed on learning to work together in new ways to deliver in a consistent way CFA's mission of protecting lives and property. Our organisational change has focused on the key areas of strategy, leadership, structure, culture and business improvement. A progressive implementation of our new structure is continuing with the Fire and Emergency Management team as our key service delivery arm with one service delivery model based on local needs.

5. COMMUNITY INITIATIVES

Research shows that local fire awareness initiatives designed and delivered by local people are often best for engaging communities and building community resilience. CFA continues to pilot new initiatives including presentations at cattle saleyards, school programs, and distribution of information to workplaces, remote and isolated households, camping grounds and farmers' markets. From November 2011 to March 2012, CFA hosted stands in shopping centres in 13 regional high-risk bushfire locations, where local fire safety experts, supported by brigade members where available, answered questions and provided information about CFA programs. The displays attracted more than 34,000 visitors.

6. USE OF SOCIAL MEDIA, ESPECIALLY IN EMERGENCIES

CFA's use of social media and mobile technology took another leap forward this year. The 'One Source, One Message' (OSOM) warning system was integrated with social media and we released the new CFA FireReady application for iPhone, iPad, Android and Blackberry. All emergency warnings are now posted automatically and instantly on CFA's Facebook and Twitter accounts. CFA or State Control Centre media teams then provide additional incident updates and respond to community feedback as required. CFA won both its finalist categories at the Australian Government Innovator and Excellence in eGovernment awards in 2012, including the Excellence in eGovernment award.

7. INTEROPERABILITY

As an all-hazards emergency service, CFA regularly works closely and cooperatively with the Fire Services Commissioner, Department of Sustainability and Environment, Victoria State Emergency Service (SES) and Victoria Police, both on the front line and behind the scenes. Lessons learned from the interagency response to the floods in 2011 meant there were some significant changes when flooding threatened communities in 2012. CFA members at every level provided great leadership and initiative as part of the interagency response, relief and recovery efforts. The Information Operations project is improving processes, tools and procedures for the issuing of warnings in collaboration with other agencies. CFA is also working closely with the Metropolitan Fire and Emergency Services Board (MFB) and SES to ensure a smooth transition to the OSOM platform.

SNAPSHOT OF WHO WE ARE

WHO WE ARE

A volunteer and community-based fire and emergency services organisation

OUR MISSION

To protect lives and property

OUR VISION

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

OUR VALUES

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

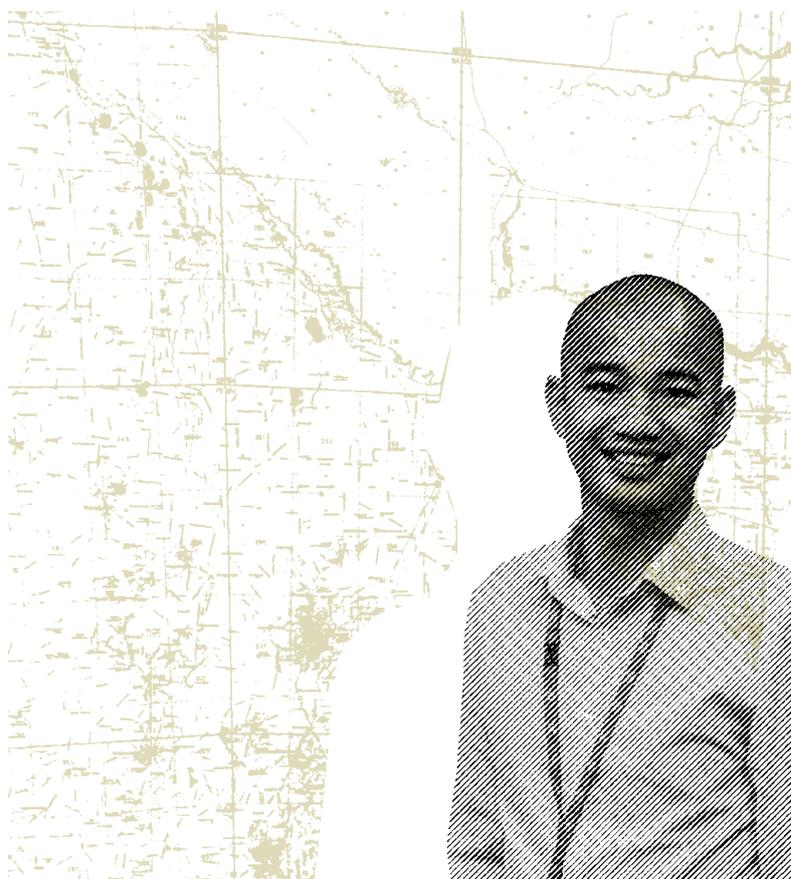
We are proud to be the lifeblood of many Victorian communities. Every day across the state our career and volunteer members stand shoulder to shoulder to protect and defend, facing the danger and sharing the satisfaction of a job well done; a job they were trained to do.

CFA is all about people – our members and the communities they serve. In a quote favoured by many of our members, “CFA is the community and the community is CFA”. A community protected and defended by its CFA brigade is a community taking care of itself.

Community expectations of us are high and our focus is on service delivery through our brigades, districts and regions.

Our organisation is attuned to our changing landscape including climate change, rapid population growth in urban fringe areas, where the majority of our services are now delivered, and increasing numbers of Victorians living in high-risk bushfire areas. We know we must keep changing and adapting to meet the demands of the future as well as today.

A key challenge of a sustainable business is the recruitment of a diverse range of people as both volunteers and staff. It's vital to build ourselves as an emergency service of choice, offering opportunities for training, leadership and camaraderie; relevant to men and women, young people and older community members, as well as people born in Australia or overseas.



With an eye to the future, CFA changed its structure this year as part of the 'Creating Our Future Together' program. The new structure ensures the Chief Officer has the front line resources needed to deliver our services and to underpin his new operational management philosophy known as Mission Command. The new structure provides clear roles and responsibilities and supports devolving appropriate decision-making down to the lowest possible level of the organisation.

Through this change, we aim to better support those on the front line – whether they fight fires or engage and educate their communities – and align the rest of the organisation behind them. These front line people – including volunteer and career firefighters, community educators and support personnel – are serving their communities every day, supporting around 3.3 million Victorians and protecting more than one million dwellings.

CFA regularly works cooperatively alongside partner agencies DSE, SES and Victoria Police. CFA is always ready to respond as the lead agency but, in the case of a flood emergency, for example, brigades fall in behind SES as the lead agency. Both roles – lead and support – are vital to the smooth resolution of emergencies across Victoria.



OUR PROFILE

CFA MEMBERS		Male	Female
Volunteers: operational		32,993	5,326
non-operational		11,294	5,627
Total volunteers*		44,287	10,953
Juniors		1,469	909
Staff:	career firefighters	661	20
	support staff	842	714

BRIGADES

Urban brigades	178
Rural brigades	908
Fire brigades	90
Forestry industry brigades	23
Coast guard brigades	17
Total	1,216

BUILDINGS

Fire stations	1,218
Headquarters and offices	41
Training grounds	7
Mechanical workshops	13
Communications workshop and store	3
Protective equipment workshop	1
Residences	22

VEHICLES

Pumper tankers	60
Pumpers	267
Tankers	1,805
Field command vehicles	223
Rescue vehicles	32
Ladder platforms	9
Hazmat vehicles	20
Brigade-owned vehicles	1,424
CFA-owned vehicles	2,013

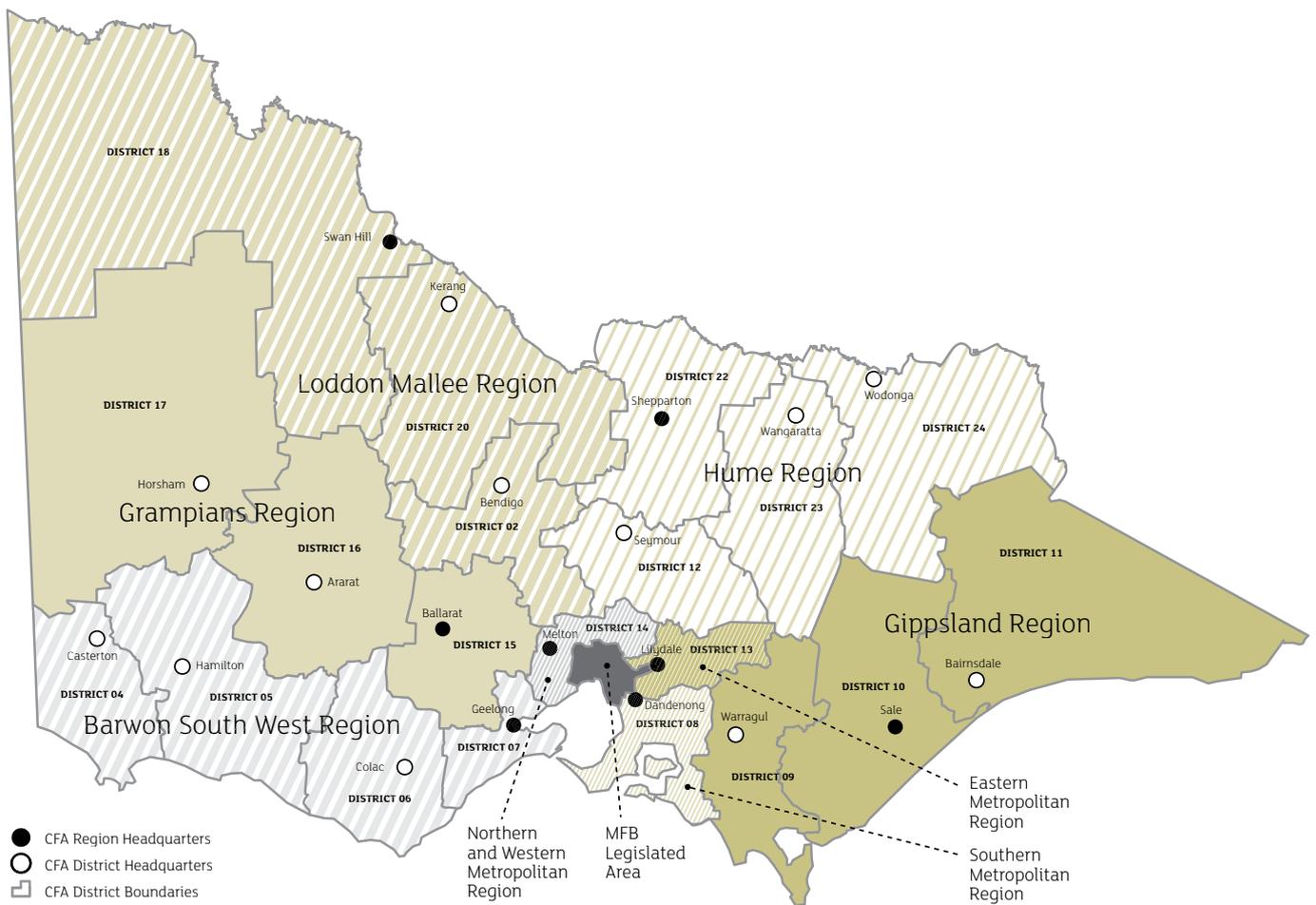
SERVICES IN 2011-12

Total incidents	38,831
Total brigade turnouts	71,336
Total Fire Ready Victoria meetings	1,023

* 850 volunteers are also CFA staff members.

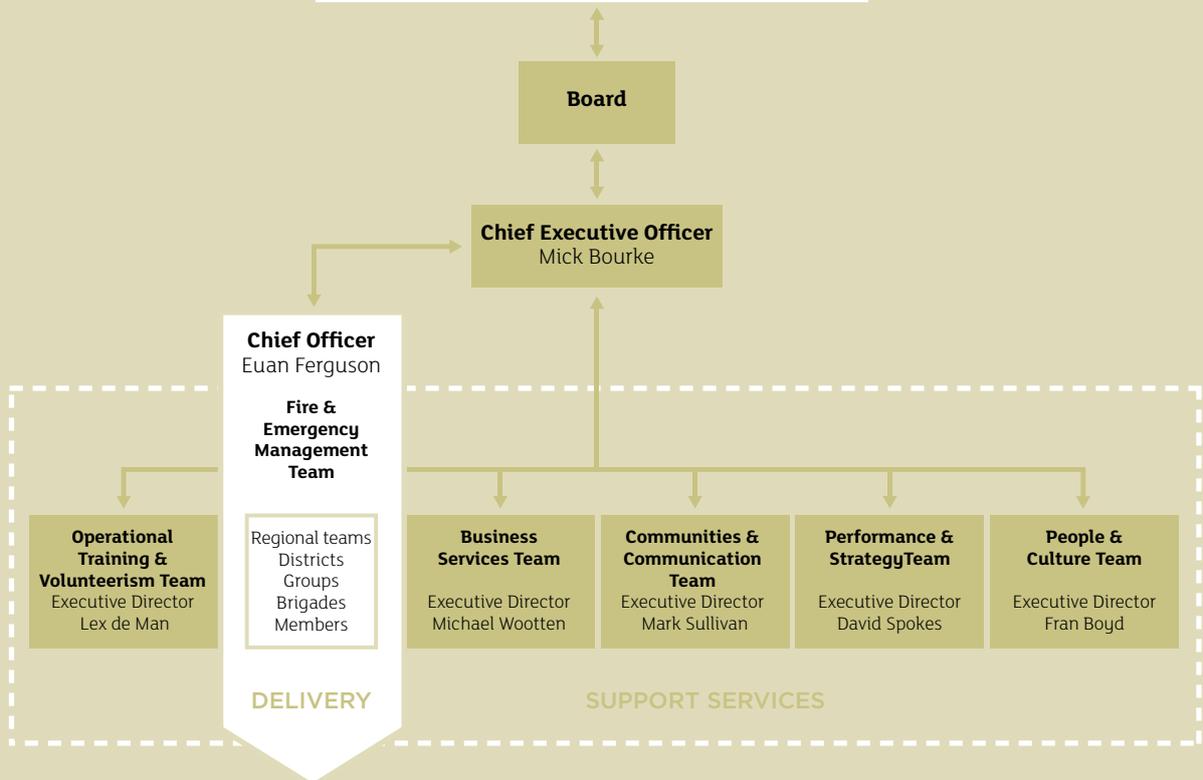
OUR REGIONS AND DISTRICTS

CFA serves a geographical area that includes the rural, provincial, and metropolitan communities of Victoria outside the district served by the Metropolitan Fire and Emergency Services Board (MFB) and outside the areas of publicly-owned land managed by the Department of Sustainability and Environment (DSE). CFA assists DSE in the suppression of fires on public land and has a mutual aid arrangement with MFB.



OUR STRUCTURE

Our front line people
Supporting our volunteers, career firefighters, community educators and support personnel who represent the 1,216 brigades in our 20 districts and eight regions



CREATING OUR FUTURE TOGETHER

CFA's 2011-14 Strategic Plan sets out eight key areas we need to focus on to effectively achieve our mission. These are:

- command and control
- resilient communities
- volunteerism
- people first
- interoperability
- confident stakeholders
- one CFA
- sustainable business

COMMAND AND CONTROL

Strategic objective: People have a clear understanding of their role and make decisions that contribute to the achievement of the mission during emergencies

Goal: Align our policies and practices with the principles of Mission Command

Activity examples

Substantial rainfall across Victoria last year led to a fire season marked by a strong threat of fast-moving grassfires. While many fires across the state kept our crews busy, the vast majority of grass and vegetation fires were less than one hectare in size.

The largest fire of the 2011-12 fire season was a 1000-hectare grassfire in Bulgana near Ararat that kept more than 60 CFA brigades, aerial crews and Department of Sustainability and Environment (DSE) firefighters busy. The fire presented challenges such as night-time firefighting and limited accessibility, but a coordinated and efficient attack meant no houses were lost or lives threatened.

Regional control

Brigades are increasingly being called on for all-hazards response. The most significant operational challenge apart from the floods in the state's north-east was a large hazmat incident in Portland when the inner lining of a 30,000-tonne insulated tank ruptured. The inaccessibility of the tank and the temperatures of the material kept CFA crews on scene monitoring the leak and transferring contents of the ruptured tank to a recovery vessel. Crews working close to the leak were required to wear breathing apparatus: a specialist unit and crew from Ballarat refilled cylinders 780 times.

Dandenong brigade provided support by monitoring the air quality across Portland. Crews worked around the clock analysing results from up to nine sensors placed strategically around the town.

The Regional Control Centre had a key role in managing this incident including facilitating the communication between the incident and the region and ensuring appropriate resources were drawn from across the state.

Communication blackspots

We have continued to improve communications in the field through the Radio Communications: Blackspot Project. CFA found solutions for 13 blackspots in the 2011-12 financial year, with approximately 50 more sites to be completed before the project closes in mid-2014.

Principles of operation

To implement the Mission Command philosophy, we are developing a set of expected individual behaviours and a renewal of the principles of operations. These will be integrated with a simple dynamic decision-making process. Task groups have begun research and drafted processes for the key areas of Mission Command.

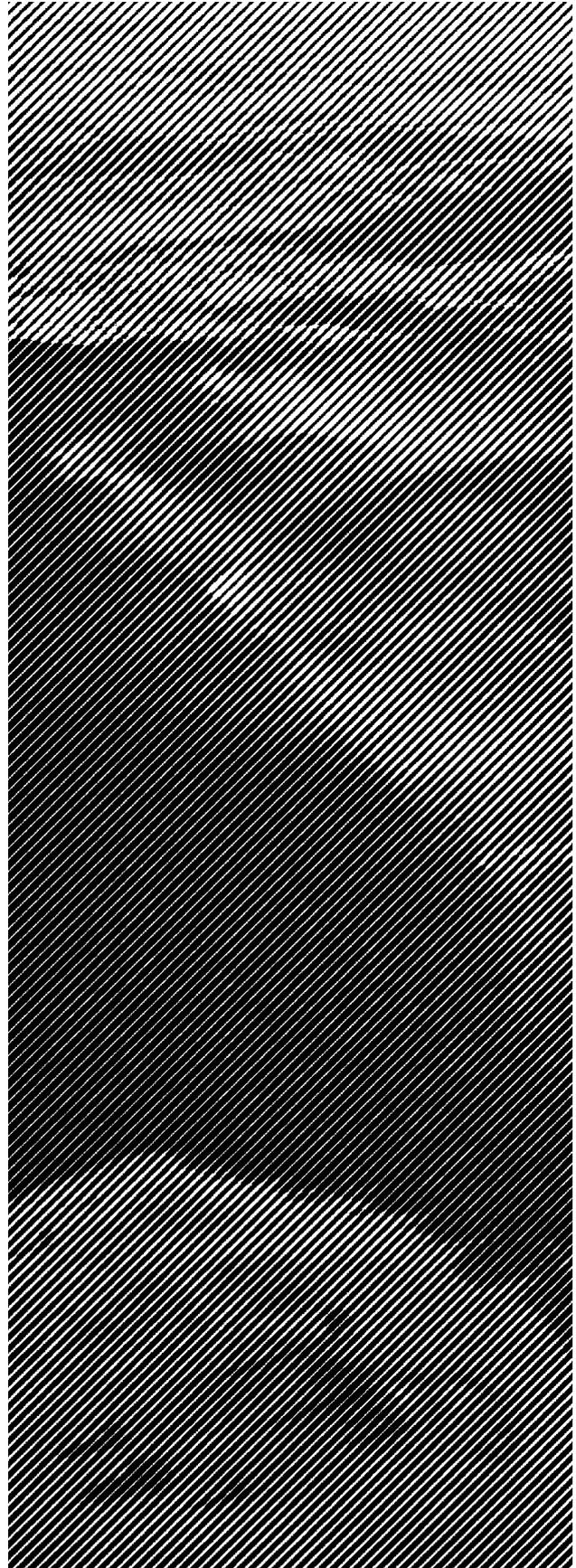
SOCIAL MEDIA TAKES OFF

CFA'S use of social media and mobile technology took another leap forward this year with the integration of the One Source, One Message (OSOM) warning system with social media, the establishment of social media positions at the State Control Centre, and the release of the new CFA FireReady application for iPhone, iPad, Android and Blackberry.

All emergency warnings are now posted automatically and instantly on CFA's Facebook and Twitter accounts and the CFA or State Control Centre media team then provide additional incident updates and respond to community feedback as required.

The new FireReady app brought information on emergency incidents and planned burns together for the first time on a map. It also allowed users to set 'FireWatch' zones that alert them via text whenever an incident happens in these zones. It also allows users to share geocoded photos that can add to the situational awareness of the community and emergency services.

Research into community responsiveness to warnings shows that our use of social media has been very well received. CFA won both its finalist categories at the Australian Government Innovator and Excellence in eGovernment awards in May 2012, including the Excellence in eGovernment award.



RESILIENT COMMUNITIES

Strategic objective: Community responds to and shares the risk and responsibility for community safety and recovery

Goal: Establish baseline community satisfaction and preparedness levels and continue to invest in, deliver and monitor engagement, warnings and information tool effectiveness

Our progress

Research shows that local initiatives designed and delivered by local people are often best for engaging communities and building community resilience.

Traditionally, CFA has reached communities with fire safety messages through its Community Fireguard program and Fire Ready Victoria meetings. This continued in 2011-12 with a total of 1,023 Fire Ready Victoria meetings conducted during the 2011-12 season with 15,659 people attending. CFA also ran 84 Bushfire Planning workshops and more than 420 Community Fireguard meetings with more than 40 new groups starting. There were also countless individual engagements that have always occurred between brigades and their communities.

While dedicated programs and brigade engagements are effective when targeted to the appropriate audience, they cannot engage all community members, particularly those with already low levels of interest and community participation, and we must recognise these programs' limitations.

Provision of information and program marketing

CFA members continue to pilot new initiatives and engage people about fire risk and preparation. Local innovations to raise awareness in 2011-12 included shopping centre displays, presentations at cattle saleyards, school programs, and distribution of information to workplaces, remote and isolated households, camping grounds and farmers' markets. From November 2011 to March 2012, CFA hosted stands in shopping centres in 13 regional high-risk bushfire locations, where teams of local fire safety experts were on hand to answer questions and provide information about CFA programs. The displays attracted more than 34,000 visitors.

CFA has adopted a broad range of strategies and processes to achieve change, including increasing people's confidence. This has required more active forms of engagement and interaction between CFA and the public. Face to face, interactive events that challenge people's thinking and lead them to question their pre-existing ideas and to reassess their decisions are more likely to be effective than one-way dissemination of information.

CFA's Home Bushfire Advice Service offers free individual, personalised property assessments to home owners living in high-risk areas of Victoria. During the assessment, trained bushfire safety officers talk to home owners about improving the safety of their property.

CFA's education program Brigades in Schools has been replaced by Fire Safe Kids. The launch followed a period of extensive consultation with principals, teachers and students, with a particular focus on how classroom technology could be put to better use. Children learn about potential fire hazards in the home, survival actions to take in the event of a fire, bushfire safety messages, as well as becoming familiar with the role of a firefighter.

The new program has more interactive content with a strong elearning emphasis and the introduction of sessions targeted at younger children. Local CFA brigade members present the program in schools and – in a first – a range of ready-to-go lesson plans are now provided so that classroom teachers can hold additional sessions.

A new Youth Bushfire program has also been developed to expand on the generational change imperative that aims to equip secondary educators with the tools and knowledge to educate secondary students about bushfire safety. Teachers across the state have received professional development to enable them to deliver the program and a range of materials and resources has been developed to support it.

A vital component of successful engagement with communities is provision for vulnerable community members. CFA developed a set of guidelines aimed at improving accessibility and inclusivity for CFA information, education programs and communications. The guidelines are a resource to help CFA personnel develop and deliver our products and services to reach wider audiences. The content has been developed in consultation with CFA members, partner agencies, local government, service providers, members of the public and other key stakeholders.

The success underpinning many of CFA's programs is local people engaging with their communities. Our aim is to increase awareness and knowledge of fire risk, and encourage local planning and community resilience.

Publications

With the aim of boosting the community's bushfire knowledge, CFA's bushfire information documents *On the Land* and the *Fire Ready Kit* have been revised. The agricultural fire management guidelines contained in *On the Land* were updated following research into farm incidents over recent years including spikes in machinery, haystack fires and out-of-control burn-offs.

"This booklet combines farm fire safety advice with an explanation of farm restrictions and legal responsibilities," said Chief Officer Euan Ferguson at the publication launch. "More than 82,000 people live and work on the land in Victoria in industries worth \$9 billion to the economy."

The revised *Fire Ready Kit* emphasises the different types of risks in different environments. It also details the Fire Danger Ratings and what actions should be taken when these ratings are issued. While there are two tear-out bushfire survival planning templates – Leaving Early and Stay and Defend – the emphasis firmly remains on the former. The kit stresses the importance of preparing properties effectively, even if residents plan to leave early on Severe, Extreme or Code Red fire danger days.



ENGAGING DIVERSE GROUPS

Career firefighters at Corio brigade are justifiably proud of their very effective engagement with the local Karen/Kareni community. Late last year, 30 members of this community visited Corio Fire Station for an information session that included a discussion about cooking and heater safety. The session also introduced CFA: who we are and what we do. The attentive group then asked the firefighters many questions.

"I've been involved in many worthwhile projects and activities in CFA," said Leading Firefighter Gavin Fitzgerald, "but this would be one of the more fulfilling and rewarding things I've been part of."

The team at Corio is planning to roll out this program to members of the local Afghani and Congolese communities.

Incident information

The Information Operations project was formed in response to the Victorian Bushfires Royal Commission to ensure that warnings and advice are issued to the community in a timely, relevant and tailored manner – an obligation of the Chief Officer under the *Country Fire Authority Act 1958* section 50B.

Significant initiatives include clarifying the language in bushfire warning templates while more targeted warnings and advice content has been implemented for all hazards. Warnings and advice messages to diverse populations have been made more accessible.

A total of 475 warnings and advice messages were sent to the community during the 2011-12 fire season compared with 95 warnings and advice messages the previous year.

The regional services delivery team successfully trialled 14 new automated Fire Danger Rating signs this fire season. Incorporated in these signs is a message panel to display 'Total Fire Ban', 'Code Red' or other emergency information. The trial of the signage at 15 high-risk bushfire locations was effective and was also used by SES during the floods in February 2012.

Local information and planning

CFA delivered 225 new Township Protection Plans (TPPs) for towns rated very high to extreme fire risk. This number far exceeded the initial target of 140.

Focus groups and surveys show that, while TPPs have been well received by communities, the request to increase specific local content means there is still opportunity for improvement. With 49 per cent of respondents willing to participate in the creation of their local TPP, these evolving documents will give the community the opportunity to actively work with their local council and meet CFA halfway as we all confront risk.

Home Bushfire Advice Service

When it comes to bushfire preparation, Warrandyte residents are some of the most proactive in Victoria. CFA was inundated with calls from households in the area wanting to access the Home Bushfire Advice Service. By the end of the campaign that lasted for almost two months, 15 per cent of homes in the area had booked a one-hour personalised session.

The high take-up was largely due to the contribution of local brigades – Warrandyte, South Warrandyte, North Warrandyte and Wonga Park – and terrific support from local councils, particularly the Manningham City Council. The team effort saw the service promoted in roadside banners, council magazines, digital signs, media articles and home-help programs. CFA and the councils also worked together to send letters direct to residents' homes.

South Warrandyte Brigade Captain Greg Kennedy was not altogether surprised by the community's response. "All the brigades in what we call the greater Warrandyte area have made a real effort over the past years to get people thinking about the possible impact of bushfire," Mr Kennedy said. "But accepting the risk is only the first step. After that you've got to do something about it – and it's great to see that happening."



VOLUNTEERISM

Strategic objective: CFA seen as an organisation of choice with volunteers contributing to service

Goal 1: Drive and embed the Volunteer Charter in CFA

Goal 2: Establish baseline volunteer satisfaction and engagement levels and invest in ways to understand and reward volunteer and employer contribution

Growing and valuing volunteerism is integral to achieving CFA's goals. Our volunteers and local brigades have a unique connection with and understanding of their local communities.

To raise the profile of volunteerism, the OT&V team was established in December 2010. In May 2010, the CFA Board identified the primary purposes of the OT&V Directorate:

- Lead and manage the needs, development and growth of volunteers within CFA by developing and implementing plans with Volunteer Fire Brigades Victoria (VFBV) to promote and integrate the Volunteer Charter.
- Provide advocacy, consultation, planning and action around volunteerism and the management of volunteer engagement and support programs by delivering engagement and consultation with volunteers and VFBV.
- Ensure delivery of operational training and leadership development programs and facilities to ensure service delivery needs are met.
- Inform strategy by focusing on achieving our mission through developing operational training and volunteerism strategies.
- Ensure we build the capability within Fire and Emergency Management team staff and volunteers.



CLOSER TIES WITH VFBV

In December 2011, a resolution was made to provide an effective joint consultation structure to align CFA and VFBV on key organisational matters. Seven joint committees have been established to align VFBV committees with the new CFA organisational structure via the directorates and the Fire and Emergency Management division.

The seven areas being addressed are operations; infrastructure and equipment; community safety; volunteerism; training; human resources, welfare and occupational health and safety; and communications and technology.

The broader membership will be engaged to seek a range of views with an emphasis on following issues through to resolution. The committees have determined that organisational knowledge must be incorporated. It's a lessons-learned approach that means not repeating past mistakes and building on past successes.

In 2011, the State Government announced the *Independent Inquiry into the Effect of Arrangements made by the Country Fire Authority on its Volunteers* (the Jones Inquiry) led by retired County Court Judge the Honourable David Jones. The Inquiry concluded in July 2011 and in February 2012 the Government announced its commitment to implement six key themes arising from the findings. The development of the themes and mapping of recommendations to these themes has been undertaken by CFA in conjunction with VFBV and the Department of Justice. The six key themes are:

- Culture and leadership to empower and support volunteerism
- Recruitment, retention, recognition and utilisation of volunteers
- Strengthening the volunteer-based and integrated service delivery model
- Improved support for brigades and communities
- Training development
- Training delivery and assessment.

Our progress

OT&V has responsibility for the overall management of the implementation of the Jones Inquiry's key themes and many of the following projects show these themes being enacted. The Jones Implementation Working Party, a joint CFA/VFBV steering committee, was set up to put the Jones Inquiry recommendations into action.

OT&V works in partnership with regions to ensure a coordinated training approach. We are in the process of giving all CFA members the opportunity to comment on a discussion paper about the development of a statewide operational training strategy, to be implemented from early 2013.

Launched in February 2012, the WebTRAIN portal allows each brigade to enter skills maintenance training online. This assists brigade management teams to manage members' skills maintenance and training records. Brigades without internet access are able to record their skills maintenance training by phone.

The Skills Maintenance Drills Folder, launched alongside WebTRAIN, provides a series of drills to help brigades conduct training that is relevant to their community risk profile and consistent across the state. The scenario-based drills can be run as single events or combined with other drills.

Brigade members now have improved online access to current training materials for the delivery of local training sessions. This training material is accessible online through the Brigades Online portal. Brigades can and do deliver their own training with support from their local regional training team. The training materials are focused on the brigade skills profiles and specialist roles and include reference and learning manuals.

A poster called 'Who can train and assess' was distributed to all brigades to reinforce the message of who can conduct training and who can undertake formal assessments on behalf of CFA.

A number of new fixed and mobile training infrastructure projects are now underway. The purpose of the mobile training infrastructure project is to provide volunteers with greatly improved access to safe and effective operational training opportunities through the introduction of appropriate mobile training assets. Three prototype props (vehicle, industrial and domestic) will soon be trialled ahead of the development of a further 17.

With a capital works program underway, the fixed training infrastructure project will ensure that CFA's five regional field training grounds at Huntly, Wangaratta, Peshurst, Longerenong and West Sale remain training ready and fit for purpose.

Since April 2012, CFA volunteer records for members who transfer between brigades have been listed as 'transferred' rather than 'resigned'. This new procedure simplifies the process and will greatly enhance the management of continuous service history to all members.

PEOPLE FIRST

Strategic objective: People are recognised as our most valuable resource, are kept safe, are well led and work successfully in teams

Goal 1: Invest in safety and wellbeing performance and legislative compliance

Goal 2: Develop and promote equity, diversity and recognition in the workplace

Goal 3: Strengthen and develop leadership and teamwork among our people

Our progress

The current Safety First strategy is being updated to meet our future safety requirements.

The installation of the OHS Management System (AS4801) is continuing with 48 internal system audits completed, which has identified a high degree of compliance to the system and the key issues requiring further work.

The Volunteer Health program has continued to expand with 2,186 members attending sessions during 2011-12 and 7,000 over the past three years. A number of members with high or multiple risk factors have been identified and encouraged to follow up with their local doctor.

Continued research on management of heat stress has led to the development of guidelines for its management in firefighting. This is being implemented by CFA and a number of other fire agencies around Australia.

CFA continues to monitor and support the wellbeing of those members impacted by the 2009 fires. The Wellbeing Advisory Committee has been in operation for 18 months and is building a culture in which psychological safety is valued and promoted as much as physical safety. This concept forms a key objective of the development of a Member Wellbeing strategy for the next four years.

HONOUR AND AWARDS

Following consultation with VFBV and other key stakeholders, the CFA Board has approved the introduction of a new suite of honours and awards. New awards and enhancements include insignia to complement commendations and unit citations for courage, a medal set for outstanding service and special recognition to brigades.

From September 2011, CFA presented members with a commemorative badge to recognise their incredible dedication during the devastating fires of February 2009. The badge features the distinctive yellow ribbon that has become the symbol of remembrance. Certificates recognising the service of every CFA brigade were also presented.

CFA Chief Officer Euan Ferguson said the badge and certificate were small tokens of recognition. "The 2009 bushfires are etched in the memories of so many CFA members," Mr Ferguson said. "Thousands of CFA members made incredible sacrifices, going above and beyond to help their communities - many risking their own safety to help others. Many CFA people lost family, friends and work colleagues in the fires. A number of members also lost their homes. All of our members were deeply affected in one way or another."



CFA regards diversity as an indicator of organisational wellbeing and has continued to support its development through some of the following programs:

- Partnerships between local brigades and employers
- A guide for brigades to assist them in developing strategies to engage with and recruit members from local culturally and linguistically diverse (CALD) communities
- Our first Disability Action Plan to enhance participation of people living with disability in employment and the community
- Women and Fire Mentoring program for women who want to develop their operational skills
- Information days for women interested in becoming career firefighters
- Targeted advertising in ethnic publications and radio stations for career firefighter roles.

Some brigades have invited newly-arrived skilled migrants to join up as a way to participate in their new community. One captain described the successful initiative as “a win-win all round. We picked up some young, smart new members and it gave them a chance to be part of the community.”

As part of the Creating Our Future Together initiative, CFA has restructured the professional development capability to provide a broader leadership and management development focus. This initiative will facilitate the creation of an integrated strategy for leadership and management development across CFA. This work will build on the ongoing delivery of a range of programs aimed at building and enhancing leadership and management skills in the operational and support work environments.

The Member Identification project has issued more than 18,000 ID cards to volunteers and staff around Victoria. These cards will allow CFA members to pass through traffic management points for incident response, provided they have an identified need to do so.

Independent Fiskville investigation

In December 2011 and January 2012 there were reports in the *Herald Sun* newspaper linking past practices at Fiskville to various forms of cancer. The allegations dated back to the 1970s but also incorporated matters through to the 1990s.

An Independent Fiskville investigation into the use of chemicals for live firefighting training practices at Fiskville was established in December 2011. It was chaired by Professor Rob Joy, former deputy chairman of the Environment Protection Authority (EPA), who was given open access to all available CFA documents, systems, studies and resources plus access to all people

employed or associated with CFA or the site, past and present (subject to their willingness to participate).

The comprehensive terms of reference were to:

- examine and consider the historical facts relating to the nature, acquisition and use of liquids, gases or solids for live firefighting training at Fiskville.
- identify and list any documents or reports that contain comments on or recommendations about the use and disposal of flammable substances and extinguishing agents used for live firefighting training at Fiskville.
- report on how effectively each comment or recommendation was acted upon; and, where no action was taken, comment on the reasons for and implications of such lack of action.
- identify the origins of the flammable substances and report on how they were stored, used and disposed of; and assess the likelihood of the use and management of flammable substances and extinguishing agents having led to contamination of air, land or groundwater at, under or beyond the Fiskville facility.
- identify the nature and extent of exposure to the flammable substances, extinguishing agents and fire water of persons on site and in surrounding areas.
- on the basis of available information, assess the risk that there are buried flammable substances, drums and/or other related contaminants on the site.

CFA members were actively encouraged to make contact with the independent investigation team and more than 300 interviews were conducted. A three-month extension was granted with the final report provided to CFA on 28 June 2012. All findings were then made public.

Two independent hygiene reports commissioned by CFA found that, while there were minor areas for improvement, there were no significant risks to the health and safety of those currently working at or visiting the site. WorkSafe also inspected the site and found no significant risk and CFA worked cooperatively with EPA.

INTEROPERABILITY

Strategic objective: Seamless service delivery across the emergency sector

Goal 1: Agree and build appropriate common policies, systems and tools with other emergency agencies

Goal 2: Establish clear understanding of emergency agency roles and responsibilities during emergencies

Improving our multi-agency and whole-of-government approaches to strategic emergency management issues and complex events presents a challenge today and in the future.

Our progress

As we work towards an integrated and seamless response to all hazards and emergencies, the Fire Services Commissioner is leading the 2011-14 fire services reform action plan that is jointly owned by CFA, DSE, MFB and SES. The reform program is consistent with the 2009 Victorian Bushfires Royal Commission report and recommendations, providing strategic direction for the way the fire services work together.

Central to the action plan is the community. There are 24 work programs based on the themes of community fire safety, planning, state capacity and capability, operational interoperability, organisational improvement and governance and accountability.

As heavy rain and flooding gave way to the planned burn season, Chief Executive Officer Mick Bourke, Chief Officer Euan Ferguson, VFBV Chief Executive Officer Andrew Ford and Fire Services Commissioner Craig Lapsley met with DSE to identify opportunities to support DSE's burn program. DSE Fire Operations Plans are developed in consultation with CFA and other key stakeholders and special interest groups. Each district develops a plan for the coming three years which shows planned burns and other fire prevention works such as slashing, track works and construction of fire breaks.

"Local knowledge from CFA groups and the community has played an important role in identifying areas to burn," said DSE Acting Chief Fire Officer Liam Fogarty.



MFB/CFA SECONDMENT PROGRAM

Six career firefighters from each fire service have moved territories for up to two years, with two Melbourne MFB firefighters positive about the lifestyle change and career opportunities at Mildura Fire Station.

In turn, CFA Leading Firefighter Jason Miller has been working at a number of busy MFB stations. "The reason I did it was to assist in breaking down some of those barriers that can exist between the two fire services – I'm a strong believer in interoperability," said Jason.

"There's been a lot of interest in the program. I'm always getting calls from CFA members asking what it's like, what's involved and how they could get involved; which is great if the program continues.

"The skills you need are all the same. We're all firefighters, there's that same camaraderie around the station and we're all there for the same reason – the community."

CFA has employed vegetation management officers across Victoria to assist brigades in the planning and preparation for vegetation management and prescribed burning. Many brigades and groups welcome the live training opportunity of a planned burn, and the burning of roadsides teaches fire behaviour and how to use water efficiently.

The Information Operations project is improving processes, tools and procedures for the issuing of warnings in collaboration with other agencies and improving interstate warnings protocols. CFA is also partnering with MFB and SES to ensure its move on to the OSOM platform runs smoothly.

The Review of the 2010-11 Flood Warnings and Response report by Mr Neil Comrie AO was released in December 2011. This final report, together with the feedback on the Green Paper and the forthcoming White Paper into emergency management, will inform the development of a comprehensive policy proposal to reform Victoria's emergency management arrangements, to be released in 2012.

Lessons learned from the interagency response to the floods in early 2011 led to some vital changes when flooding again threatened communities in 2012. CFA commanders were again placed in positions within the incident management structure. This was a great help in leading CFA support requests. CFA members at every level provided great leadership and initiative as part of the interagency response, relief and recovery efforts.

CFA played a key role in planning and operations at state, region, district, incident and division level command and control as well as offering significant strike team support in sandbagging and clean-up operations. There were many fine examples of leadership and teamwork.

The township of Wunghnu was successfully sandbagged by a focused team effort. Nathalia township was also successfully protected after many hours of hard work by a team of CFA members, SES, the Army and local residents, working seamlessly together to reinforce the town's levee.

FIRE READY UPDATE

The weekly Fire Ready Update was an initiative of the Fire Services Commissioner, delivering fire safety messages in a 60-second video. Broadcast on WIN, Prime and Southern Cross news bulletins every Thursday evening from mid December 2011 to late February 2012, Fire Services Commissioner Craig Lapsley, CFA Chief Officer Euan Ferguson, DSE Chief Fire Officer Ewan Waller and MFB Chief Fire Officer Shane Wright took turns talking about preparing your fire plan, fire safety on holidays, what to do on Extreme and Code Red fire days, grassfire risk and planned burning.

CONFIDENT STAKEHOLDERS

Strategic objective: High levels of stakeholder confidence in the services we deliver

Goal 1: Articulate and communicate service delivery standards and performance measures

Goal 2: Establish baseline key stakeholder confidence and monitor and respond where improvement is required

CFA is responsible for major components of the Government's implementation plan of the 2009 Victorian Bushfires Royal Commission (VBRC) recommendations.

The Bushfires Program 2010-12 includes improvements to CFA's community safety and preparedness education programs, community warnings and advice tools and boosting operational response capabilities.

CFA has reported frequently to the government-appointed Bushfires Royal Commission Implementation Monitor to ensure that CFA products and services align with expectations. Information about more than 170 activities undertaken in 2011-12 in relation to VBRC recommendations has been supplied to the Monitor.

In the area of vegetation management, CFA has extended its support to public authorities, councils and private landholders. Our crews have taken part in numerous multi-agency burns on both private and public land with two specialist prescribed burning training courses conducted.

A series of Fire Service Guidelines has been created for use by municipal fire prevention officers to support their fire prevention planning. A handbook for CFA involvement in local and municipal fire management planning has also been developed after consultation with the Municipal Association of Victoria (MAV), Integrated Fire Management Planning (IFMP), VFBV and the Fire Services Commissioner.

CFA has shared its expertise with key stakeholders to broadly support community capability:

- ▶ A series of public safety campaigns about fireworks and LPG have been conducted in conjunction with WorkSafe, MFB, Victoria Police and Energy Safe Victoria.



PREMIER VISITS CFA HQ

Premier Ted Baillieu met with Chairman Kerry Murphy, CFA Chief Officer Euan Ferguson, CEO Mick Bourke, and CFA members during a visit to CFA headquarters at Burwood East in January 2012. Mr Ferguson gave the Premier a fire season update.

With news media in attendance, the Premier took the opportunity to deliver some fire safety messages to the public. He also thanked CFA members for their hard work protecting Victoria. "We are very proud of the CFA and the work that gets done," he said. "We're behind you at every opportunity. What you do is very special to this state."

Volunteers from Scoresby and Mt Evelyn performed a burnover drill for the Premier, demonstrating crew protection systems fitted to all new CFA tankers since 2006 and retrofitted to many vehicles produced between 1991 and 2006.

- › CFA supported Responsible Alcohol Victoria in the development of a fire safety legislative framework aimed at premises that are licensed to sell alcohol.
- › CFA supported the Department of Education and Early Childhood Development to enhance fire safety within Building Education Revolution-funded buildings.
- › As part of the Bushfire Management Overlay (BMO), CFA supported the Department of Planning and Community Development in the review of the Victoria Planning Provisions, relating to bushfire planning provisions. Awareness forums focusing on the new BMO planning provisions attracted more than 700 participants.

In September 2011, the Victorian Government released the Green Paper *Towards a More Disaster Resilient and Safer Victoria*. The complexity and variety of incidents informed CFA's submission in response to the paper. Victoria's emergency services take an all-hazards, all-agencies approach during large and complex disasters but improvements can be made and lessons learned. Reform must be focused on building the appropriate support and coordination to keep our communities safe, especially during large-scale disasters.

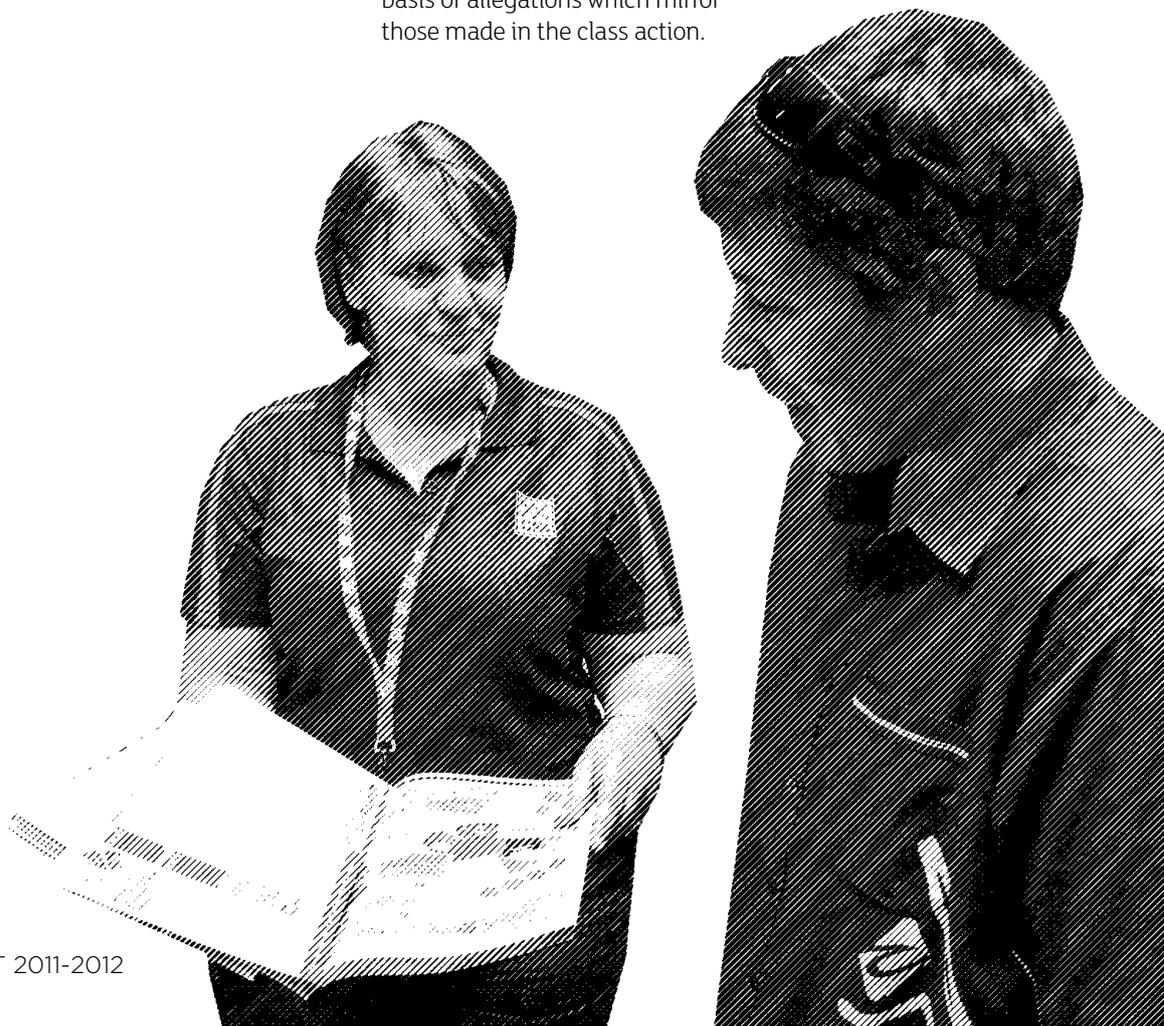
Civil class actions

In February 2009, a civil class action was commenced against SPI Electricity Pty Ltd (SPI) in relation to the Kilmore East fire on Black Saturday. In September 2010 SPI joined CFA as a defendant in the class action, together with the State of Victoria (Victoria Police), Department of Sustainability and Environment (DSE) and the electricity asset inspection service provider Utility Services Corporation (USC). It is claimed that CFA breached a legal duty of care to suppress the fire and to issue timely and adequate warnings. The hearing of the matter in the Supreme Court of Victoria is scheduled to commence in January 2013.

In August 2012 a class action was commenced against SPI, Utility Services Corporation (USC), Victoria Police, DSE and CFA in relation to the Murrindindi fire on Black Saturday. It is alleged that CFA, DSE and Victoria Police failed to ensure that timely and adequate bushfire warnings were given.

Recovery proceedings

In April 2012 various state government departments and agencies commenced Supreme Court proceedings against SPI Electricity and USC, claiming losses suffered as a result of the Kilmore East fire. SPI Electricity and USC have made cross-claims against CFA and DSE on the basis of allegations which mirror those made in the class action.



ONE CFA

Strategic objective: United in a common purpose and inclusive culture

Goal 1: Define our desired and current organisational cultures and provide leadership to bridge the gap

Goal 2: Communicate and engage our people in understanding our vision and mission and how we intend to get there

Goal 3: Develop an agreed approach to knowledge management and retention

A broad range of changes has been introduced under the banner Creating Our Future Together. A strong emphasis has been placed on learning to work together differently to deliver in a consistent way the CFA mission of protecting lives and property.

Our organisational change effort has focused on five key areas:

- Strategy – making it visible and meaningful throughout our organisation. Operating as one CFA with one direction and one service delivery model tailored to local needs.
- Leadership – ensuring our leaders are visible and consistent. Developing innovative leaders who set and articulate the direction and are committed to it.
- Structure – strategically aligning our structure with a focus on integrated service delivery through brigades backed up by support services.
- Culture – identifying what we want our culture to be like and measuring what it actually is.
- Business improvement – having robust and connected systems and processes, removing double-ups and having clear work flows.

A senior leadership group has been established to provide consistent communication and change leadership in this new direction.

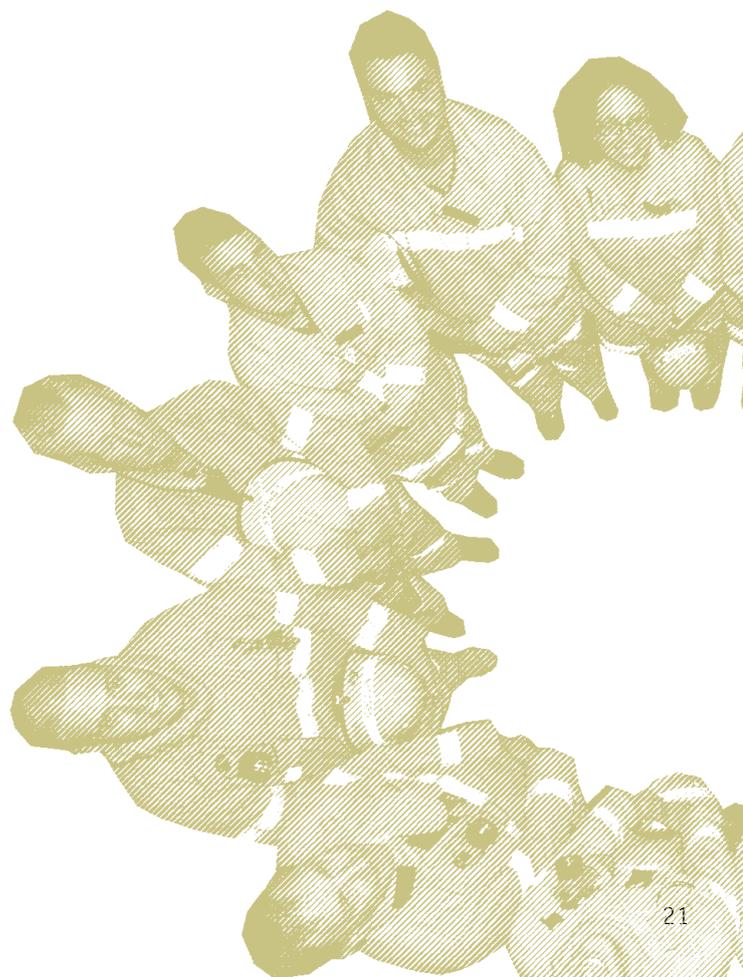
A progressive implementation of a new organisational structure is continuing. The new arrangements make our Fire and Emergency Management team, under the command of the Chief Officer, the key service delivery arm of the organisation to provide a closer alignment to our core service delivery requirements.

It's vital for CFA to manage and retain the knowledge gained through our people and experiences, and the consolidation and refinement of what we do and how we do it are an integral part of the implementation of the structure.

All positions in the realigned Executive and Fire and Emergency Management teams were filled during the financial year. The new appointments have extensive experience in the emergency services sector and, more specifically, a strong commitment to volunteerism.

Organisational culture

More than 2,000 CFA members from all areas of the organisation were selected at random to participate in a survey on organisational culture to help us better understand our current culture and how we can work towards achieving our preferred culture.



SUSTAINABLE BUSINESS

Strategic objective: A balanced and rational distribution of resources to the strategic priorities to ensure CFA's endurance

Goal 1: Establish an integrated demand and output model

Goal 2: Invest in a technology strategy that ensures consistency, efficiency and our future business needs

Goal 3: Establish appropriate performance reporting, tracking and analysis to ensure effective continuous improvement

The rapid growth in Melbourne's outer suburbs and regional Victoria is putting more pressure on CFA to respond to the growing number of fire and emergency incidents.

Project 2016 is a government-funded program of works that responds to gaps in service delivery and identified forecast demand in key Melbourne metropolitan and provincial growth corridors. Project 2016 will create 342 career firefighter and officer positions as well as build or modify 10 fire stations to support and strengthen the volunteer-based and integrated service delivery model.

Program owner, Deputy Chief Officer Steve Warrington, said Project 2016 is a multi-step program that includes recruitment, training, deployment and infrastructure. "Project 2016 has provided an opportunity to address, review and effect activities across multiple CFA business processes including strategic planning, recruitment, land and building services and training," said Deputy Chief Officer Warrington.

"Most notably, a review of the CFA firefighter recruitment process has provided great insight into the application process and community perception of CFA and the firefighting career. It's also generated a modified approach to our advertising campaigns, and that's resulted in very successful recruitment application numbers."

Training of new recruits is well underway and we are ahead of schedule. The first stage of the project has created 65 career firefighter positions with the first 35 career firefighters now working.

Land has been purchased in Rowville for a new station to house this newly-integrated brigade. In addition, integrated brigades at Wangaratta and Mildura received new stations in this financial year, while Traralgon and Ballarat City had improvements to their existing stations. In total, 10 stations will be built or upgraded to support integrated fire brigades.

CFA's detailed submission in response to the Government's Green Paper *Towards a More Disaster Resilient and Safer Victoria* noted the programs we have put in place since the bushfires of 2009 and two seasons of flooding to build resilient communities. These recent fire and flood experiences serve as a catalyst for change with the Green Paper themes of governance, building community resilience, statewide capacity to respond to large events and service delivery all being key CFA drivers.

CFA urged the practical reforms called for in the Green Paper to be driven by a consultative and structured change management approach and underpinned by legislative reform. Our submission advocated the establishment of an emergency management reform council to usher in policy, legislation, strategy and sector coordination, performance monitoring and review, and reform and service improvement.

In support of maintaining and enhancing statewide service delivery capacity CFA implemented a range of capital works programs to replace and upgrade its building assets infrastructure, including the Rural Fire Stations Replacement program funded by the Government.

STATION PROJECTS COMPLETED 2011-12

Poowong	Wingeel
Snake Valley	Leneva
Goughs Bay	Gundowring
Everton	Mirranatwa
Miepoll	Kawarren
Taminick	Lovely Banks
Navarre	Boundary Bend
Mininera	Piangil
Westmere	Natya
Bringalbert South	Sutton Grange
Douglas	Harcourt
Grass Flats	Curyo
Carrajung	Barnawartha
Peechelba	Nariel Valley
Toolamba	Glengarry
Bookaar	Wildwood
Jancourt	Mannerim
Woolsthorpe	Ouyen
Warrong	Wangaratta
Sandford	Epping (refurbishment)
Homerton	Taradale
Glen Alvie	St Andrews
Heath Hill	Kinglake (CFA-SES)
Blairstowrie	Mildura
Binginwarri	Warburton
Kongwak	Traralgon (extension)
Drouin South	Ballarat City (refurbishment)
Walkerville	Carapooee
Tinamba	
Echuca Village	
Pine Grove	
Beulah	
Hopetoun West	
Yaapeet	
Langi Logan	
Callawadda	
Marnoo	
Sheep Hills	
Minimay	
Yellingbo	
	Construction Commenced
	Berwick (extension)
	Seymour ICC/Office
	Marlo (CFA-CGAV)
	Mortlake
	Shepparton (modifications)
	Boolarra South
	Flowerdale
	Eskdale
	Thorpdale
	Mumbannar



OCCUPATIONAL HEALTH AND SAFETY

Premium rate

The CFA premium rate, whilst showing a slight increase over the last two periods, continues to perform better than the industry's overall performance.

CFA WorkSafe Premium vs Industry Rate



* estimated rates

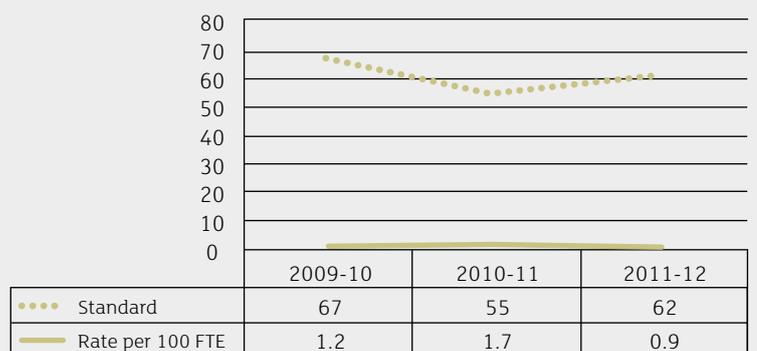
Employee lost time claims

The spike in lost time claims primarily relates to an increase in stress claims including impacts from previous major incidents.

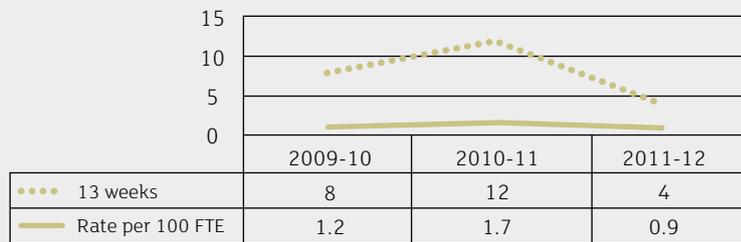
Employee lost time claims and rate per 100 FTE



Number of standard employee claims and rate per 100 FTE



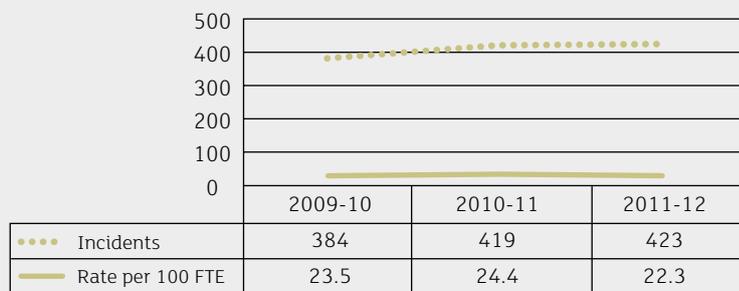
Employee claims exceeding 13 weeks and rate per 100 FTE



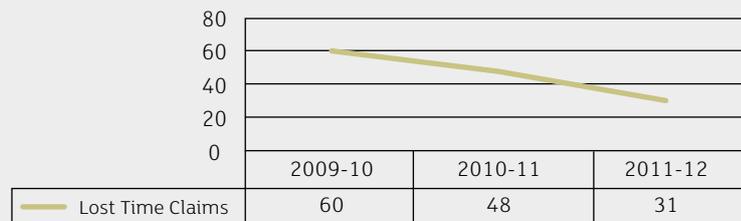
Incident rate

The employee incident rate remains reasonably consistent due primarily to numerous awareness campaigns on the importance of reporting injuries or near misses.

Number of employee incidents and rate per 100 FTE



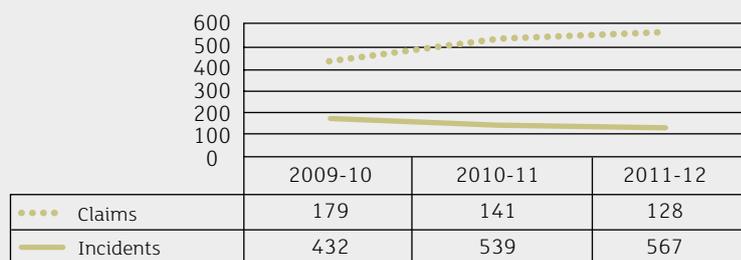
Volunteer lost time claims



Volunteer lost time claims

An increasing focus on supporting volunteers in their return to work in addition to a positive reduction in claims is considered responsible for this trend.

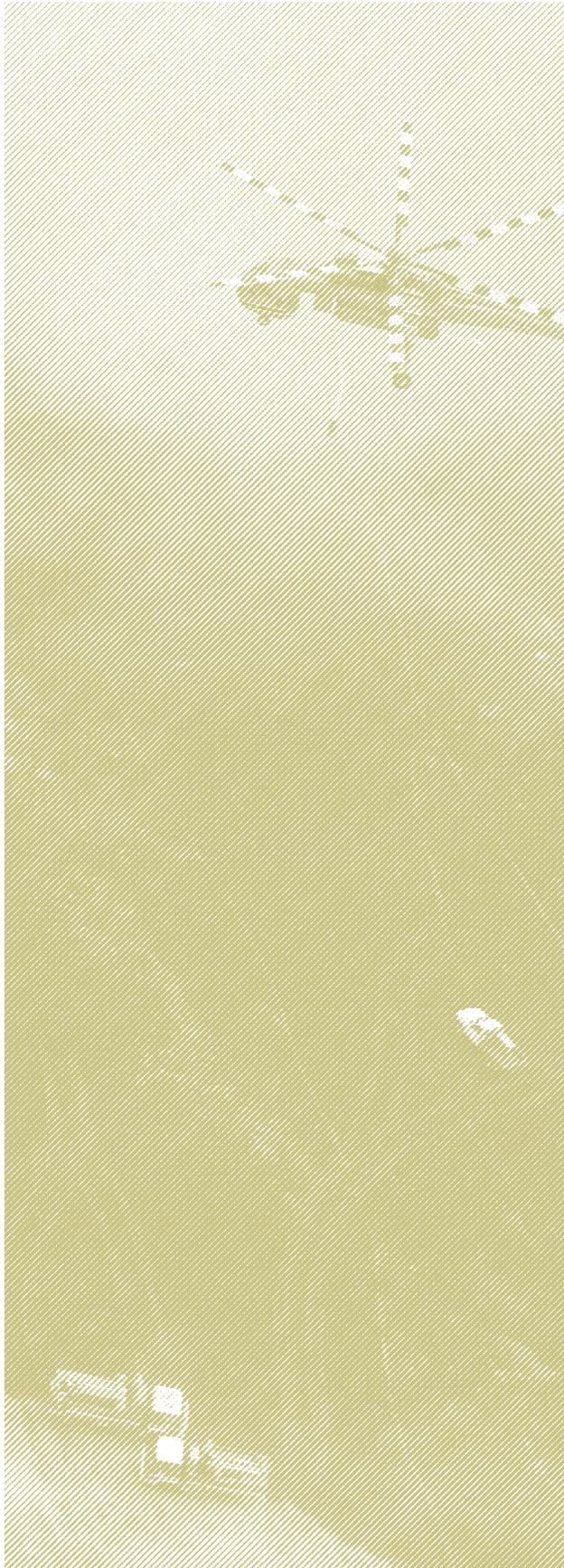
Volunteer claims and incident trends



Volunteer claims

The number of volunteer claims has shown a continued positive trend over recent years which is considered to be aligned with the continued improvements in all areas of safety including training, equipment design and operational response. The number of incident reports is increasing, which is considered positive as members become more aware of the importance of reporting injuries or near misses.

OUR INCIDENT RESPONSE



Major incidents

The 2011-12 fire season was characterised by an increase in grassfires. In total nine Total Fire Ban (TFB) days were declared, three of which were revoked prior to midnight. Table 1 provides details of the TFBs declared in 2011-12. Table 2 provides comparative data for TFBs for the period 2007 to 2012.

Fire Danger Period declarations were progressively implemented at municipal level across the state from 1 November 2011, with all restrictions concluding by 1 May 2012.

CFA responded to a variety of significant incidents in 2011-12. These incidents are summarised in Table 3.

Figure 1 presents our response profile over the past five years and Figure 2 gives a breakdown of the incidents by type during the 2011-12 financial year.

CFA's incidents in 2011-12 included a number of hazardous materials events and structure fires, as well as a large number of grass and scrub fires, particularly in the early part of 2012. Of particular note in the past year was CFA's response to:

- numerous fires involving the destruction of hay bales, resulting in significant losses to farmers and local communities
- a number of fuel tanker rollovers, requiring particular effort of CFA and other emergency services to limit the risk of explosion and reduce environmental damage
- support to SES including response to severe storms that occurred on Christmas Day, as well as flood events in the north-east and Gippsland in March and again in Gippsland in June
- a major hazmat incident at Port of Portland, where hundreds of tonnes of liquid pitch spilled out of a tank.

Table 1: Days of Total Fire Ban 2011-12

Date	Total Fire Ban District
29 November	Mallee and Wimmera
2 January	Mallee, Wimmera, South West and Central
3 January	Northern Country
7 January	Mallee and Wimmera (Declaration revoked at 6pm)
17 January	Wimmera and South West
5 February	Mallee, Wimmera, South West, Northern Country, North Central and Central (Declaration revoked at 6pm)
25 February	Wimmera, South West and Central
26 February	Wimmera and South West
15 March	South West (Declaration revoked at 9am)

Table 2: Number of Total Fire Ban days declared 2007 to 2012

Declaration	2007-08	2008-09	2009-10	2010-11	2011-12
Whole of state	2	11	1	0	0
Partial	8	7	10	2	9
Total	10	18	11	2	9

Figure 1: Total emergency incidents reported

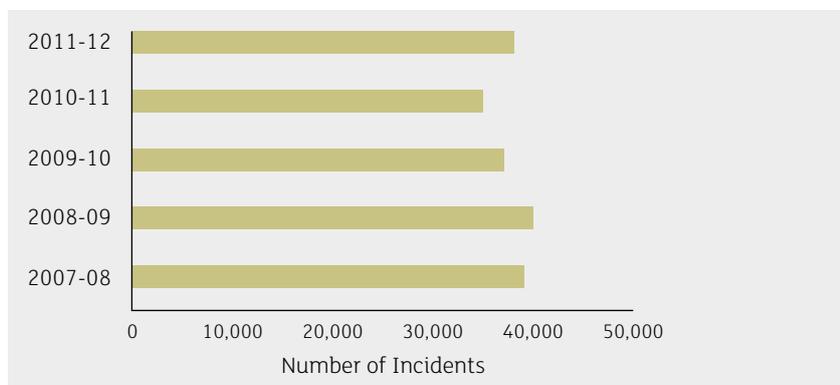


Figure 2: 2011-12 incident response by type

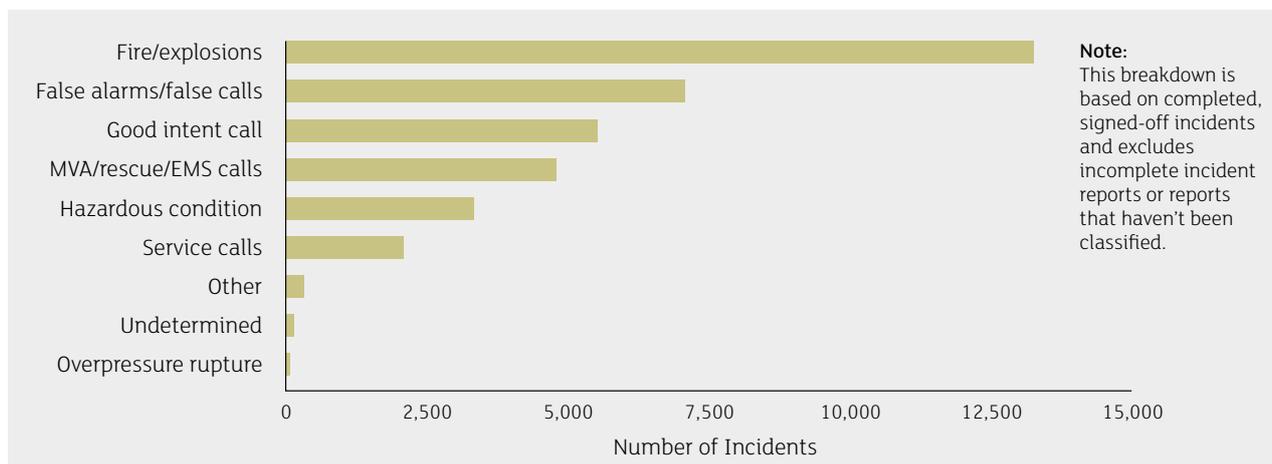


Table 3: Major incidents 2011-12

Date	Incident Type	Location	CFA appliances	Incident Size (hectares) or Cost
27 July	Hazardous Materials	Korumburra	10	42,000lt diesel tanker overturned, impact on local waterways
28 July	Hazardous Materials	Malmsbury	8	Overtaken 15,000lt LPG tanker, significant decanting process
7 October	Hazardous Materials	Scoresby	19	Nitric acid leak at Cadbury factory. Local factories evacuated
23 October	Hazardous Materials	Tyabb	22	Tanker carrying diesel and unleaded petrol overturned
1 December	Hazardous Materials	Faraday	11	20,000lt fuel tanker overturned, impact on local waterways
5 December	Structure Fire	Bogong	13	125-year-old hotel destroyed by fire, damage in excess of \$1 million
11 December	Non-structure fire/ Hazardous Materials	Rowville	18	Tanker carrying 20,000lt of petrol destroyed by fire, uncontained leak from tanker
19 December	Hazardous Materials	Wangaratta	8	Chemical vapours from Nuplex Industries facility, local evacuations
24 December	Structure Fire	Shepparton	6	House destroyed, estimated damage \$1 million
4 January	Grass & Scrub Fire	Dorodong	11	113ha
5 January	Grass & Scrub Fire	Logan	12	100ha
13 January	Grass & Scrub Fire	Corop	29	195ha
14 January	Grass & Scrub Fire	Toolleen	31	198ha, disused farm sheds and some fencing destroyed
25 January	Grass & Scrub Fire	Lyndhurst	37	75ha
30 January	Structure Fire	Ringwood	8	Support to MFB at school science lab fire, \$1 million damage
1 February	Grass & Scrub Fire	Edenhope	29	472ha
11 February	Grass & Scrub Fire	Redesdale	25	190ha
18 February	Hazardous Materials	Portland	26	Significant leak of liquid pitch, Port of Portland operations impacted
21 February	Structure Fire	Longwarry	10	Fire at milk factory, damage estimated at \$3 million
22 February	Grass & Scrub Fire	Mortlake	16	319ha
23 February	Grass & Scrub Fire	Echuca	20	130ha, disruption to rail services
25 February	Grass & Scrub Fire	Bulgana	104	1000ha
8 April	Hazardous Materials	Corio	9	Chemical leak at Shell Refinery
29 April	Structure Fire	Portland	15	\$4 million damage to Supa IGA supermarket
30 April	Structure Fire	Tallygaroopna	11	Pub destroyed, had just reopened after flood damage
26 June	Hazardous Materials	Mildura	10	Overtaken tanker carrying 15,000lt diesel and petrol, local evacuations
27 June	Hazardous Materials	Wallan	22	Tanker carrying 57,000lt diesel and 16,000lt petrol overturned on Hume Freeway, which closed for extended period

OUR PERFORMANCE

Service delivery standards

Of the 38,831 incidents CFA attended, 25,144 were classified as emergency incidents for measurement of Service Delivery Standards purposes. Of these, 22,143 incidents (88.06 per cent) met the required response time standard for the type of hazard attended.

Containment to room of origin (structure fire)

The table, below, shows the total number of structure fires in each region and the percentage where flame damage was confined to the room of origin by responding firefighters.

CFA REGION	Number of Structure Fires	% Confined to Room of Origin
Barwon South West	286	64%
Eastern Metropolitan	169	62%
Gippsland	178	63%
Grampians	176	53%
Hume	231	57%
Loddon Mallee	235	54%
Northern and Western Metropolitan	317	72%
Southern Metropolitan	537	73%
Total	2,129	65%



CORPORATE GOVERNANCE

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

CFA BOARD

The Board of the Authority is constituted under the *Country Fire Authority Act 1958*.

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

The Act provides for a Board of 12, consisting of the Chairman, Deputy Chairman and 10 other members, appointed by the Governor-in-Council for up to three years. The Act prescribes those bodies that can nominate people for consideration by the Governor-in-Council for appointment to the Board. The current nominating bodies include the Minister for Environment and Climate Change, the Minister administering the *Environment Protection Act 1970*, Insurance Council of Australia, Volunteer Fire Brigades Victoria and the Municipal Association of Victoria.

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

Board role

The Board sets the corporate objectives and strategies through the three-year Strategic Plan and the Annual Corporate Plan.

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

The Board's primary role involves:

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

Board membership

Board members during 2011-2012 were:

- › Kerry Murphy PSM AFSM (Chair) – re-appointed 1 April 2010
- › Claire Higgins (Deputy Chair) – re-appointed 2 October 2011
- › Mark Byatt – appointed 6 July 2010
- › Ross Coyle – appointed 25 March 2010
- › Paul Denham – appointed 2 November 2011
- › David Gibbs AFSM – re-appointed 15 April 2009 – 31 October 2011
- › Peter Harmsworth AO – re-appointed 26 June 2010
- › Ken King – re-appointed 13 October 2009
- › Reid Mather – appointed 31 December 2009
- › Tunde Meikle – appointed 15 April 2009 – 31 October 2011
- › John Peberdy – re-appointed 15 November 2011
- › Don Robertson – appointed 2 November 2011
- › Robert Spencer – re-appointed 15 November 2011
- › Michael Tudball AFSM – re-appointed 31 December 2009

Board committees

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

Governance Committee

The Governance Committee has been established to broadly overview the effectiveness of Board and Committee performance and the Board Committee structure and to provide a forum to deal with urgent business that might arise between Board meetings.

Membership:

- › Kerry Murphy (Chair)
- › Claire Higgins
- › Michael Tudball
- › Chairs of each committee

Audit and Risk Committee

The Audit and Risk Committee's role is to monitor and report to the Board on corporate governance, compliance and risk management processes, including external audit and internal audit functions of CFA.

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

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

Membership:

- Michael Tudball (Chair)
- Claire Higgins
- Ken King
- Robert Spencer
- Clif Lang (external member)

Remuneration and Appointments Committee

The Remuneration and Appointments Committee has been established to take specific responsibility for recommending to the Board CFA's policy and practice for executive officer appointments and remuneration review processes. It is also responsible for reviewing and recommending to the Board remuneration and terms and conditions concerning all non-executive employees.

The Remunerations and Appointments Committee also assists the Board to ensure that well-developed industrial relations strategies and systems are in place, and that due diligence reporting occurs in its defined areas of responsibility.

Membership:

- Claire Higgins (Chair)
- David Gibbs (until 31 October 2011)
- Peter Harmsworth
- Kerry Murphy
- John Peberdy

2009 Fires Committee

2009 Fires Committee's role is to assist the Board to monitor and contribute to the overall organisational response to the 2009 Victorian Bushfires Royal Commission and any other matters arising.

Membership:

- Claire Higgins (Chair)
- David Gibbs (until 31 October 2011)
- Peter Harmsworth
- Kerry Murphy

Fiskville Program Committee

The objective of the Committee is to provide overall governance and oversight of the Fiskville Program of Works and especially to ensure the full support for and resourcing of the independent investigation.

Membership:

- Ken King (Chair)
- Peter Harmsworth
- Reid Mather
- Robert Spencer
- Garry Lyttle

Attendance at meetings

Board members' attendance at Board and committee meetings is detailed in the table below.

	Board Meetings	Audit and Risk	Remuneration and Appointments	2009 Fires Committee	Governance Committee <i>Held as required</i>	Fiskville Program Committee <i>Held as required</i>
Number of meetings to 30 June 2012	12	5	3	9	1	5
Kerry Murphy	11	-	2	8	1	-
Mark Byatt	10	-	-	-	-	-
Ross Coyle	11	-	-	-	-	-
Paul Denham ¹	7	-	-	-	-	-
David Gibbs ²	5	-	1	3	-	-
Peter Harmsworth	10	-	3	7	-	3
Claire Higgins	11	5	3	8	1	-
Ken King	11	4	-	-	-	5
Reid Mather	11	-	-	-	-	3
Tunde Meikle ²	5	-	-	-	-	-
John Peberdy	12	-	2	-	-	-
Don Robertson ¹	7	-	-	-	-	-
Robert Spencer	12	5	-	-	-	5
Michael Tudball	12	4	-	3	1	-

¹ Appointed 2 November 2011 ² Term completed 31 October 2011

FINANCIAL SUMMARY

DISCUSSION AND ANALYSIS – COMPREHENSIVE OPERATING STATEMENT

Income

Total Income: \$559.7m

Total Government and statutory funding	\$517.4m
Grants	\$0.3m
Interest	\$11.8m
Other Income	\$15.6m
Sales of goods and services	\$14.6m



Income

Total income for the 2011-12 year was \$559.7 million, which is an increase of \$94.8 million over the previous year's total of \$464.9 million. The reasons for this variation are an increase of \$116.6 million in government and insurance contributions largely due to funding received for 2009 Victorian Bushfires Royal Commission Outcomes and infrastructure funding, a decrease in grants of \$26.1 million due to funding received in the prior year in relation to the 2009 Victorian Bushfires Royal Commission Outcomes as grants, an increase in Sales of Goods and Services of \$0.1 million, a decrease in other income of \$0.6 million, and an increase in interest income of \$4.7 million. The Comprehensive Operating Statement and note 2(e) disclose the movement in brigade cash and deposits over the financial period.

Government and statutory funding

CFA received government and statutory funding, and grants amounting to \$517.7 million (2010-11 \$427.2 million). Under the *Country Fire Authority Act 1958* (the Act), CFA receives funding of annual expenditure from the State Government (22.5%), insurance contributions (77.5%), and from other companies under Section 80A of the Act (which relates to property located in Victoria but insured offshore). The 2011-12 statutory contributions of \$517.7 million, comprised \$117.3 million from the State Government (of which \$32.5 million was treated as contributed capital), \$1.5 million from the Commonwealth Government, \$416.1 million from insurance companies, and \$15.3 million from other companies.

Sales of goods and services

CFA received \$14.6 million during the year from the provision of goods and services to external bodies (2010-11 \$14.5 million). This includes the provision of external training services, fire protection fees, alarm monitoring, dangerous goods inspections, and charges for hazardous materials incidents.

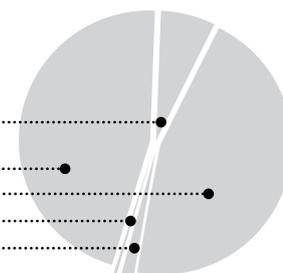
Other income and interest

Other income during the year totalled \$15.6 million from a number of sources including the Transport Accident Commission, public donations and recognition of additional Brigade Assets. Interest income for the year totalled \$11.8 million.

Expenses

Total Expenses \$460.1m

Depreciation and amortisation	\$31.6m
Employee expenses	\$213.5m
Other expenses	\$207.8m
Borrowing costs	\$0.1m
Grants	\$7.1m



Expenses

Total expenses for the 2011-12 year were \$460.1 million compared to \$389.0 million for 2010-11. This increase of \$71.1 million can be attributed mainly to the implementation of major projects including Radio Replacement and Crew Protection retrofit, the delivery of community related Bushfire Preparedness activities and programs to implement the recommendations of the Victorian Bushfires Royal Commission, the recruitment of additional firefighters, and depreciation on an increased asset base.

Employee expenses

During 2011-12, \$213.5 million (2010-11 \$188.5 million) was spent on salaries and other employee expenses such as superannuation, payroll tax, WorkCover premiums and employee support activities.

Depreciation and amortisation

The written down value of CFA's assets at cost or valuation, including land, buildings, leasehold improvements, vehicles, plant and machinery totalled \$936.8 million (2010-11 \$893.4 million). Depreciation expense totalled \$31.6 million during 2011-12 (2010-11 \$27.7 million).

Borrowing costs

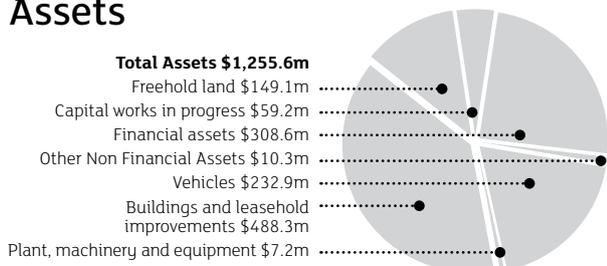
CFA incurred borrowing costs during 2011-12 of \$0.1 million (2010-11 \$0.2 million).

Other expenses

CFA spent \$207.8 million on general operating costs and other expenses during 2011-12. This was an increase of \$39.6 million over the previous year which was mostly related to the implementation of major projects including Radio Replacement, Crew Protection retrofit and Bushfire Preparedness activities and programs.

DISCUSSION AND ANALYSIS – BALANCE SHEET

Assets



Total assets

Total assets at 30 June 2012 were \$1,255.6 million compared to the 2010-11 total of \$1,105.9 million. The major elements of the year-on-year variation (\$149.7 million) were movements in financial assets (\$103.6 million), an increase in buildings and leasehold improvements (\$10.4 million), an increase in land (\$10.3 million), a decrease in plant and equipment (\$1.7 million), the acquisition of new emergency response and transport vehicles (\$7.3 million), an increase in capital works in progress (\$17.1 million), and an increase in other non-financial assets (\$2.7 million).

Financial assets

Financial assets totalled \$308.6 million (2010-11 \$205.0 million) and comprises money owed to CFA including trade receivables, other receivables and GST recoverable (\$8.4 million), and cash at bank and deposits (\$300.2 million).

Committed funds

Cash and deposits are held for specific purposes and are required for brigade cash holdings and carry forward amounts for initiatives such as:

- Victorian Bushfires Royal Commission Outcomes and Bushfires Portfolio Programs
- Capital Works – Land and Buildings
- Capital Works – Vehicles
- Regional Radio Dispatch System
- EAS Capability
- Radio Replacement
- Crew Protection
- Fire Services Commissioner
- Structural Personal Protective Clothing
- Volunteer Emergency Services Equipment Program
- Other CFA activities

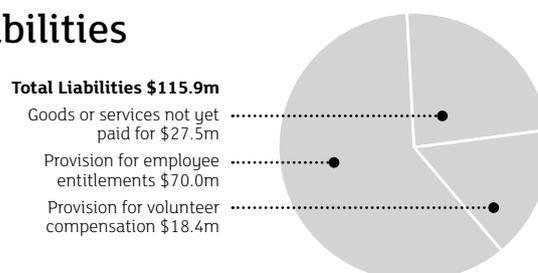
Non-financial assets

Non-Financial assets totalled \$947.0 million (2010-11 \$901.0 million) comprising property, plant and equipment (\$936.7 million), and other non-financial assets including inventories and goods held in store (\$9.2 million), and prepayments made by CFA (\$1.1 million).

Plant and equipment includes computer hardware, general plant and communications equipment to a total value of \$7.2 million (2010-11 \$8.9 million).

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 \$59.2 million (2010-11 \$42.1 million).

Liabilities



Total liabilities

Total liabilities at 30 June 2012 amounted to \$115.9 million compared to the previous year's total of \$97.2 million. The variation of \$18.7 million was caused by increased amounts accrued in relation to payables, increases in the provisions for employee benefits and for volunteer compensation, and increased amounts due to suppliers.

Provision for employee entitlements

A total of \$70.0 million (2010-11 \$61.0 million) is accrued for annual leave and long service leave payments to staff. Most of this amount will become payable at a future date.

Goods or services not yet paid for

At the end of the year a total of \$27.5 million was owed for goods or services already provided but not yet paid for. This was an increase of \$8.2 million over the corresponding figure last year, which is largely related to the Radio Replacement program.

Provision for volunteer compensation

Based on previous claims and actuarial calculations, a total of \$18.4 million has been estimated to allow for compensation for injuries to volunteers up to 30 June 2012. This is an increase of \$5.3 million compared to the figure at 30 June 2011.

Interest bearing liabilities (borrowings)

CFA borrowings at 30 June 2012 were \$0.0 million (2010-11 \$3.9 million) as the borrowings to fund the cost of constructing a new Regional Office were settled during the year.

VOLUNTEER BRIGADE ACTIVITIES

The major assets of CFA volunteer brigades - Land, Buildings, Plant & Equipment, and Bank/Cash Equivalents - are recognised as assets by CFA in the Annual Financial Statements. New brigade assets and Bank/Cash Equivalents are included annually in CFA's financial statements. Bank/Cash Equivalents were brought to account for the first time in the 2006-07 accounts. The cash balances are funds which have been accumulated by brigades over many decades, predominantly for the replacement of existing capital equipment and the purchase of supplementary equipment in their respective brigades. They appear as Other Income in the Operating Statement and as Bank/Cash equivalents in the Balance Sheet. Bank/Cash Equivalents are brought to account with the basis of calculation being the balances held by Brigades as at 31 March 2012, adjusted for known income and expenditure to 30 June 2012.

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

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

CFA volunteer brigades also receive support under the State Government's Volunteer Emergency Services Equipment Program (VESEP). VESEP assists eligible emergency service organisations by providing contributory funding for vehicles and equipment. CFA also provides brigades with access to an extended credit facility to support brigade-related small asset acquisition programs.

CFA and Brigades Donations Trust Fund

CFA provided regular and accurate reports of the Trust's operations and financial status to the satisfaction of the Trustees. A total of 1,203 brigades were registered with the Trust at 30 June 2012.

The Trust received \$4.5 million during the 2011-12 financial year deposited to the account, compared with \$4.8 million during 2010-11.

The 30 June 2012 Trust bank balance was \$1.6 million (\$0.6 million cash at bank and \$1.0 million short term deposit) compared with \$1.6 million on 30 June 2011.

IMPORTANT NOTE:

Each year, the contributions received from the State Government and insurance companies provide funding for that year's recurrent expenditure and capital works. These contributions are classified as income. After deducting recurrent expenses for the year, CFA's net result is determined. The 2011-12 result is \$98.4 million. Contributions not used for recurrent expenditure provide funding for CFA's capital expenditure program, and also represent funds held for specific programs which have either not yet commenced, or are partially implemented. CFA's accumulated surplus of \$429.8 million as disclosed in the balance sheet is an accounting entry reflecting the total of the prior year's operating results, and does not indicate the level of CFA's cash reserves and/or liquidity.

FINANCIAL STATEMENTS

Accountable officer's and chief finance and accounting officer's declaration

We certify that the attached financial statements for CFA have been prepared in accordance with Standing Direction 4.2 of the Financial Management Act 1994, applicable Financial Reporting Directions, Australian accounting standards including interpretations and other mandatory professional reporting requirements.

We further state that in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and notes forming part of the financial statements, presents fairly the financial transactions during the year ended 30 June 2012 and financial position of CFA at 30 June 2012.

We are not aware of any circumstance which would render any particulars included in the financial statements to be misleading or inaccurate.

We authorise the attached financial report for issue on 14 August 2012.



14 August 2012
KA Murphy PSM AFSM
Chairman



14 August 2012
M Bourke
Chief Executive Officer



14 August 2012
N McCormick CA
Executive Manager Financial Services

COMPREHENSIVE OPERATING STATEMENT

for the financial year ended 30 June 2012

	Notes	2012 \$'000	2011 \$'000
Income from transactions			
Contributions	2(a)	517,446	400,834
Grants	2(b)	275	26,330
Interest	2(c)	11,758	7,029
Sales of goods and services	2(d)	14,592	14,510
Other income	2(e)	15,614	16,177
Total income from transactions		559,685	464,880
Expenses from transactions			
Employee expenses	3(a)	213,517	188,502
Depreciation	3(b)	31,608	27,665
Interest expense	3(c)	146	172
Grants and other transfers	3(d)	7,104	4,513
Other operating expenses	3(e)	207,747	168,119
Total expenses from transactions		460,122	388,971
Net result from transactions (net operating balance)		99,563	75,909
Other economic flows included in net result			
Net gain/(loss) on non-financial assets	4(a)	378	479
Doubtful debts provision gain/(loss) on revaluation	4(b)	21	(227)
Long service leave expense gain/(loss) on revaluation	4(b)	(1,601)	(109)
Total other economic flows included in net result		(1,202)	143
Net result		98,361	76,052
Other economic flows – other non-owner changes to equity			
Changes in physical asset revaluation surplus	18	0	210,916
Total other economic flows - other non-owner changes to equity		0	210,916
Comprehensive result		98,361	286,968

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

BALANCE SHEET
as at 30 June 2012

	Notes	2012 \$'000	2011 \$'000
Assets			
Financial assets			
Cash and deposits	17(a)	300,194	195,708
Receivables	5	8,392	9,281
Total financial assets		308,586	204,989
Non-financial assets			
Inventories	6	9,152	6,273
Property, plant and equipment	7	936,743	893,357
Other non-financial assets	8	1,115	1,330
Total non-financial assets		947,010	900,960
Total assets		1,255,596	1,105,949
Liabilities			
Payables	9	27,568	19,284
Borrowings	10	0	3,860
Provisions	11	88,380	74,068
Total liabilities		115,948	97,212
Net assets		1,139,648	1,008,737
Equity			
Accumulated surplus		429,750	331,389
Physical asset revaluation surplus	18	431,932	431,932
Contributed capital		277,966	245,416
Net Worth		1,139,648	1,008,737
Commitments for expenditure	14		
Contingent assets and contingent liabilities	15		

The Balance Sheet should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY
for the financial year ended 30 June 2012

(\$'000)

		Physical Asset			
	Notes	Revaluation Surplus	Accumulated Surplus	Contributions by Owner	Total
Balance at 1 July 2010		221,016	255,337	224,543	700,896
Net result for the year			76,052		76,052
Other comprehensive income for the year	18	210,916			210,916
Capital appropriations				20,873	20,873
Balance at 30 June 2011		431,932	331,389	245,416	1,008,737
Net result for the year			98,361		98,361
Other comprehensive income for the year	18	0			0
Capital appropriations				32,484	32,484
Transfer of net assets - DSE crown land				66	66
Balance at 30 June 2012		431,932	429,750	277,966	1,139,648

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

CASH FLOW STATEMENT

for the financial year ended 30 June 2012

	Notes	2012 \$'000	2011 \$'000
Cash flows from operating activities			
Receipts			
Contribution Receipts from Government		86,358	103,227
Receipts from other entities		448,473	340,666
Goods and Services Tax recovered from the AT0*		25,961	19,412
Interest received		11,951	6,453
Other receipts		16,312	13,807
Total receipts		589,055	483,565
Payments			
Payments of grants and other transfers		(7,104)	(4,513)
Payments to suppliers and employees		(431,396)	(371,702)
Interest and other costs of finance paid		(146)	(172)
Total Payments		(438,646)	(376,387)
Net cash flows from operating activities	17(b)	150,410	107,178
Cash flows from investing activities			
Purchases of non-financial assets		(78,548)	(68,113)
Proceeds from sale of non-financial assets		4,000	6,579
Net cash flows used in investing activities		(74,548)	(61,534)
Cash flows from financing activities			
Owner contributions by State Government		32,484	20,873
Repayment of borrowings		(3,860)	0
Net cash flows from financing activities		28,624	20,873
Net increase/(decrease) in cash and cash equivalents		104,486	66,517
Cash and cash equivalents at the beginning of the financial year		195,708	129,191
Cash and cash equivalents at the end of the financial year	17(a)	300,194	195,708

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

Notes:

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

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2012

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NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These annual financial statements represent the audited general purpose financial statements for the Country Fire Authority (CFA) for the period ending 30 June 2012. The purpose of the report is to provide users with information about the Authority's stewardship of resources entrusted to it.

(a) Statement of compliance

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

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

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and

reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

To gain a better understanding of the terminology used in this report, a glossary of terms and style conventions can be found in Note 24. The annual financial statements were authorised for issue by the Chairman of CFA on 14th August 2012.

(b) Basis of accounting, preparation and measurement

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

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

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

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

The report has been prepared in accordance with the historical cost convention. Exceptions to the historical cost convention are:

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

(c) Reporting Entity

The financial statements cover the CFA which is a statutory authority and operates under the Country Fire Authority

Act 1958 (CFA Act 1958). Its principal address is: 8 Lakeside Drive, Tally-Ho Technology Park Burwood East Vic 3151. The financial statements include all transactions of the CFA and Brigades Donations Trust Fund. A description of the nature of CFA's operations and its principal activities is included in the Report of Operations which does not form part of these financial statements.

(d) Scope and presentation of financial statements

Comprehensive operating statement:

Income and expenses in the comprehensive operating statement are classified according to whether or not they arise from 'transactions' or 'other economic flows'. This classification is consistent with the whole of government reporting format and is allowed under AASB101 *Presentation of financial statements*.

'Transactions' and 'other economic flows' are defined by the *Australian system of government finance statistics: concepts, sources and methods 2005 and Amendments to Australian System of Government Finance Statistics, 2005 (ABS Catalogue No. 5514.0) (the GFS manual, refer Note 25)*.

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

'Other economic flows' are changes arising from market re-measurements. They include gains and losses from market re-measurements, disposals, revaluations and impairments of non-current physical and intangible assets; actuarial gains and losses arising from defined benefit superannuation plans and fair value of financial instruments.

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

Balance sheet:

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

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

Statement of changes in equity:

The statement of changes in equity presents reconciliations of each non-owner and owner equity opening balance at the beginning of the reporting period to the closing balance at the end of the reporting period. It also shows separately changes due to amounts recognised in the comprehensive result and amounts recognised in other comprehensive income related to other non-owner changes in equity.

Cash flow statement:

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

Rounding:

Amounts in the financial statements have been rounded to the nearest \$1,000 unless otherwise stated. Please refer to the end of Note 25 for a style convention explaining that minor discrepancies in totals of tables are due to rounding.

(e) Income from transactions

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

Contributions:

Statutory contributions are determined under Section 77 of the CFA Act 1958 and comprise 77.5% from insurance companies insuring against fire for property situated within the Country Area of Victoria, and 22.5% from the Consolidated Fund. Section 80A addresses property in the Country Area of Victoria insured against fire with a person carrying on a business of insurance against fire, not being an insurance company required to make a return under Section 77 of the CFA Act. Contributions Income is recognised in the financial year to which the determination under Section 77 and Section 80A applies.

Interest

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

Sales of goods and services:

Income from the supply of services

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

- › the amount of the income, stage of completion and transaction costs incurred can be reliably measured; and

- › it is probable that the economic benefits associated with the transaction will flow to CFA.

The stage of completion is measured by reference to labour hours supplied or as a percentage of total services to be performed.

Income from sale of goods

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

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

Grants:

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

Grants for the current year are funds received for Valuing Volunteers programs.

Fair value of assets received free of charge or for nominal consideration:

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

Other income:

CFA and Brigades Donations Trust Fund

CFA has responsibility for transactions and balances relating to the CFA and Brigades Donations Trust Fund, the purpose of which is to receive and distribute donations received by or on behalf of CFA Brigades.

(f) Expenses from transactions

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

Employee expenses:

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

These expenses include all costs related to employment

(other than superannuation which is accounted for separately) including wages and salaries, fringe benefits tax, leave entitlements, redundancy payments and WorkCover premiums.

Superannuation

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

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

Depreciation:

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

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

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

Asset class	Useful Life	
	2012	2011
Buildings at Cost	67 years	67 years
Buildings at Valuation	52 years	52 years
Leasehold Improvements	4 - 50 years	4 - 50 years
Plant and equipment	3 - 20 years	3 - 20 years

Interest expense:

Interest expenses are recognised as expenses in the period in which they are incurred. Refer to *Glossary of terms and style conventions* in Note 25 for an explanation of interest expense items.

Grants and other transfers:

Grants and other transfers to third parties (other than contribution to owners) are recognised as an expense in the reporting period in which they are paid or payable. They include transactions such as grants, subsidies and

other transfer payments made to Local and General Government, and Volunteer Fire Brigades Victoria (VFBV).

Other operating expenses:

Supplies and services

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

Bad and doubtful debts

Refer Note 1(i) *Impairment of financial assets*.

(g) Other economic flows included in the net result

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

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

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

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

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

Disposal of non-financial assets

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

Impairment of non-financial assets:

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

If there is an indication of impairment, the assets concerned are tested as to whether their carrying value exceeds their recoverable amount. Where an asset's carrying value exceeds its recoverable amount, the difference is written off by a charge to the operating statement except to the extent that the write-down can be debited to an asset revaluation surplus amount applicable to that class of asset.

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

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

Net gain/(loss) on financial instruments:

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

Revaluations of financial instruments at fair value

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

Other gains/(losses) from other economic flows:

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

(h) Financial instruments

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

Loans and Receivables

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

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

Financial liabilities at amortised cost

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

measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial instruments are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit and loss over the period of the interest-bearing liability, using the effective interest rate method.

(i) Financial Assets

Cash and deposits

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

Receivables

Receivables consist of:

- contractual receivables, which include mainly debtors in relation to goods and services, and
- statutory receivables, which include predominantly amounts owing from the Victorian Government and GST input tax credits recoverable.
- Receivables that are contractual are classified as financial instruments.

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

A provision for doubtful contractual receivables is made when there is objective evidence that the debts may not be collected and bad debts are written off when identified.

Impairment of financial assets

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

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

The amount of the allowance is the difference between

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

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

(j) Non-financial assets

Inventories

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

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

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

Property, plant and equipment

All non-financial physical assets, are measured initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment. Where an asset is acquired for no or nominal cost, the cost is its fair value at the date of acquisition. Assets transferred as part of a machinery of government change are transferred at their carrying amount.

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

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

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

Leasehold Improvements

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

Revaluations of non-financial physical assets

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

Revaluation increases or decreases arise from differences between an asset's carrying value and fair value.

Net revaluation increases (where the carrying amount of a class of assets is increased as a result of a revaluation) are recognised in other comprehensive income and accumulated in equity under the revaluation surplus, except that the net revaluation increase shall be 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 decreases are recognised immediately as expenses (other economic flows) in the net result, except that the net revaluation decrease shall be recognised in other comprehensive income to the extent that a credit balance exists in the revaluation surplus in respect of the same class of property, plant and equipment. The net revaluation decrease recognised in other comprehensive income reduces the amount accumulated in equity under revaluation surplus.

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

Other non-financial assets

Prepayments

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

(k) Liabilities

Payables

Payables consist of:

(1) contractual payables, such as accounts payable, and unearned income including deferred income from concession arrangements. Accounts payable represent liabilities for goods and services provided to CFA prior to

the end of the financial year that are unpaid, and arise when CFA becomes obliged to make future payments in respect of the purchase of those goods and services and;

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

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

Borrowings

All interest bearing liabilities are initially recognised at fair value of the consideration received, less directly attributable transaction costs. Subsequent to initial recognition, borrowings are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in net result over the period of the borrowing using the effective interest rate method.

Provisions

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

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

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

Employee benefits

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

(1) Wages and salaries and annual leave:

Liabilities for wages and salaries, including non-monetary benefits and annual leave are recognised in the provision for employee benefits, classified as current liabilities. Those liabilities which are expected to be settled within

12 months of the reporting period, are measured at their nominal values. Those liabilities that are not expected to be settled within 12 months are also recognised in the provision for employee benefits as current liabilities, but are measured at present value of the amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement.

(2) Long service leave

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

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

The components of this current LSL liability are measured at:

nominal value – component that CFA expects to settle within 12 months; and

present value – component that CFA does not expect to settle within 12 months.

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

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

(3) Termination benefits

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

Employee benefits on-costs

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

Volunteer compensation

The Provision for Volunteer Compensation is the accrued liability after allowing for anticipated recovery from insurance in respect of all outstanding registered Volunteer Compensation claims at 30 June 2012.

Outstanding claims are assessed on an actuarial basis. Future payments are projected using the Payment Per Claim Incurred (PPCI) method and the Payment Per Active Claim (PPAC) for older non-large weekly benefit claims and they allow for the potential additional liability arising from claims Incurred But Not Reported (IBNR), Incurred But Not Enough Reported (IBNER) and reopened claims. The portion of the liability which is expected to be paid later than 12 months after balance date has been classified as Non-Current.

(l) Leases

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

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

Operating leases

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

(m) Equity

Contributions by owners:

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

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

(n) Commitments for expenditure

Commitments for future expenditure include operating

and capital commitments arising from contracts. These commitments are disclosed by way of a note (refer to note 14) at their nominal value and inclusive of the goods and services tax (GST) payable.

In addition, where it is considered appropriate and provides additional relevant information to users, the net present values of significant individual projects are stated. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised in the balance sheet.

(o) Contingent assets and contingent liabilities

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

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

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

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

(q) Events after reporting date

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

(r) Volunteer brigade policies

Volunteer brigade cash and deposits

Volunteer brigade cash and deposits are brought to account at 30 June 2012, as part of the ongoing consolidation of brigade activities with CFA's financial activities. In accordance with Australian Accounting Standard AASB118, the movement has been disclosed as Income in the Comprehensive Operating Statement note 2(e) and as an increase in financial assets in the Balance Sheet (note 17).

The basis of calculation for brigade cash and cash equivalents was the balance as at 31 March 2012, adjusted for known income and expenditure to 30 June 2012.

Volunteer brigade land and buildings

CFA acknowledges the significant contributions made by volunteer brigades to the capital value of their fire stations. It has 1,216 volunteer brigades and many of these have made substantial improvements to their fire stations and property over a number of decades. The value of these improvements is taken into account when the five yearly Valuer General's valuation occurs and the aggregate amount is then included in future financial statements. Where practical the value of major community funded projects is taken up at fair value when the improvement is carried out.

Volunteer brigade vehicles

CFA fully recognises the major community contribution by bringing to account, at cost less accumulated depreciation, fire fighting vehicles acquired by volunteer brigades (brigade vehicles) and plant and equipment valued at over \$5000.

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

(s) AASs issued that are not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2012 reporting period. The Department of Treasury and Finance assesses the impact of these new standards and advises departments and other entities of their applicability and early adoption where applicable. As at 30 June 2012 the following standards and interpretations that are applicable to CFA had been issued but are not mandatory for the financial year ending 30 June 2012. Standards and Interpretations that are not applicable to the Authority have been omitted. The Authority has not early-adopted these standards.

Standard/Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 9 Financial instruments	This standard simplifies requirements for the classification and measurement of financial assets resulting from Phase 1 of the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement (AASB 139 Financial Instruments: Recognition and Measurement).	1-Jan-13	Detail of impact is still being assessed.
AASB 12 Disclosure of Interests in Other Entities	This Standard requires disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with, interests in other entities and the effects of those interests on the financial statements. This Standard replaces the disclosure requirements in AASB 127 and AASB 131.	1-Jan-13	Not-for-profit entities are not permitted to apply this Standard prior to the mandatory application date. The AASB is assessing the applicability of principles in AASB 12 in a not-for-profit context. As such, impact will be assessed after the AASB's deliberation
AASB 13 Fair Value Measurement	This Standard outlines the requirements for measuring the fair value of assets and liabilities and replaces the existing fair value definition and guidance in other AASs. AASB 13 includes a 'fair value hierarchy' which ranks the valuation technique inputs into three levels using unadjusted quoted prices in active markets for identical assets or liabilities; other observable inputs; and unobservable inputs.	1-Jan-13	Disclosure for fair value measurements using unobservable inputs are relatively onerous compared to disclosure for fair value measurements using observable inputs. Consequently, the Standard may increase the disclosures for public sector entities that have assets measured using depreciated replacement cost.
AASB 119 Employee Benefits	In this revised Standard for defined benefit superannuation plans, there is a change to the methodology in the calculation of superannuation expenses, in particular there is now a change in the split between superannuation interest expense (classified as transactions) and actuarial gains and losses (classified as 'Other economic flows – other movements in equity') reported on the comprehensive operating statement.	1-Jan-13	Not-for-profit entities are not permitted to apply this Standard prior to the mandatory application date. While the total superannuation expense is unchanged, the revised methodology is expected to have a negative impact on the net result from transactions of the general government sector and for those few Victorian public sector entities that report superannuation defined benefit plans.
AASB 128 Investments in Associates and Joint Ventures	This revised Standard sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.	1-Jan-13	Not-for-profit entities are not permitted to apply this Standard prior to the mandatory application date. The AASB is assessing the applicability of principles in AASB 128 in a not-for-profit context. As such, impact will be assessed after the AASB's deliberation.
AASB 1053 Application of Tiers of Australian Accounting Standards	This Standard establishes a differential financial reporting framework consisting of two tiers of reporting requirements for preparing general purpose financial statements.	1-Jul-13	The Victorian Government is currently considering the impacts of Reduced Disclosure Requirements (RDRs) for certain public sector entities and has not decided if RDRs will be implemented in the Victorian public sector.
AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 and 1038 and Interpretations 10 and 12]	This Standard gives effect to consequential changes arising from the issuance of AASB 9.	1-Jan-13	No significant impact is expected from these consequential amendments on entity reporting.

Standard/Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
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]	These consequential amendments are in relation to the introduction of AASB 9.	1-Jan-13	No significant impact is expected from these consequential amendments on entity reporting.
AASB 2011-2 Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project – Reduced Disclosure Requirements (AASB 101 & AASB 1054)	The objective of this amendment is to include some additional disclosure from the Trans-Tasman Convergence Project and to reduce disclosure requirements for entities preparing general purpose financial statements under Australian Accounting Standards – Reduced Disclosure Requirements.	1-Jul-13	The Victorian Government is currently considering the impacts of Reduced Disclosure Requirements (RDRs) and has not decided if RDRs will be implemented in the Victorian public sector.
AASB 2011-3 Amendments to Australian Accounting Standards – Orderly Adoption of Changes to the ABS GFS Manual and Related Amendments [AASB 1049]	This amends AASB 1049 to clarify the definition of the ABS GFS Manual, and to facilitate the adoption of changes to the ABS GFS Manual and related disclosures.	1-Jul-12	This amendment provides clarification to users preparing the whole of government and general government sector financial reports on the version of the GFS Manual to be used and what to disclose if the latest GFS Manual is not used. No impact on departmental or entity reporting.
AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements (AASB 124).	This Standard amends AASB 124 Related Party Disclosures by removing the disclosure requirements in AASB 124 in relation to individual key management personnel (KMP).	1-Jul-13	No significant impact is expected from these consequential amendments on entity reporting.
AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13 [AASB 1, 2, 3, 4, 5, 7, 9, 2009-11, 2010-7, 101, 102, 108, 110, 116, 117, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 & 1038 and Interpretations 2, 4, 12, 13, 14, 17, 19, 131 & 132]	This amending Standard makes consequential changes to a range of Standards and Interpretations arising from the issuance of AASB 13. In particular, this Standard replaces the existing definition and guidance of fair value measurements in other Australian Accounting Standards and Interpretations.	1-Jan-13	Disclosures for fair value measurements using unobservable inputs is potentially onerous, and may increase disclosures for assets measured using depreciated replacement cost.
AASB 2011-9 Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income (AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049)	The main change resulting from this Standard is a requirement for entities to group items presented in other comprehensive income (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). These amendments do not remove the option to present profit or loss and other comprehensive income in two statements, nor change the option to present items of OCI either before tax or net of tax.	1-Jul-12	This amending Standard could change the current presentation of 'Other economic flows- other movements in equity' that will be grouped on the basis of whether they are potentially reclassifiable to profit or loss subsequently. No other significant impact will be expected.
AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (September 2011) [AASB 1, AASB 8, AASB 101, AASB 124, AAS 134, AASB 1049 & AASB 2011-8 and Interpretation 14]	This Standard makes consequential changes to a range of other Australian Accounting Standards and Interpretation arising from the issuance of AASB 119 Employee Benefits.	1-Jan-13	No significant impact is expected from these consequential amendments on entity reporting.
AASB 2011-11 Amendments to AASB 119 (September 2011) arising from Reduced Disclosure Requirements	This Standard makes amendments to AASB 119 Employee Benefits (September 2011), to incorporate reduced disclosure requirements into the Standard for entities applying Tier 2 requirements in preparing general purpose financial statements.	1-Jul-13	The Victorian Government is currently considering the impacts of Reduced Disclosure Requirements (RDRs) and has not decided if RDRs will be implemented in the Victorian public sector.

Standard/Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
2011-13 Amendments to Australian Accounting Standard – Improvements to AASB 1049	This Standard aims to improve the AASB 1049 Whole of Government and General Government Sector Financial Reporting at the operational level. The main amendments clarify a number of requirements in AASB 1049, including the amendment to allow disclosure of other measures of key fiscal aggregates as long as they are clearly distinguished from the key fiscal aggregates and do not detract from the the information required by AASB 1049. Furthermore, this Standard provides additional guidance and examples on the classification between 'transactions' and 'other economic flows' for GAAP items without GFS equivalents.	1-Jul-12	No significant impact is expected from these consequential amendments on entity reporting.
2012-1 Amendments to Australian Accounting Standards - Fair Value Measurement - Reduced Disclosure Requirements (AASB 3, AASB 7, AASB 13, AASB 140 & AASB 141)	This amending Standard prescribes the reduced disclosure requirements in a number of Australian Accounting Standards as a consequence of the issuance of AASB 13 Fair Value Measurement.	1-Jul-13	As the Victorian whole of government and the general government (GG) sector are subject to Tier 1 reporting requirements (refer to AASB 1053 Application of Tiers of Australian Accounting Standards), the reduced disclosure requirements included in AASB 2012-1 will not affect the financial reporting for Victorian whole of government and GG sector.

NOTE 2. INCOME FROM TRANSACTIONS

	2012	2011
	\$'000	\$'000
(a) Contributions		
State government	84,563	75,358
Insurance companies	416,060	309,211
Owners and insurance intermediaries	15,303	14,726
Commonwealth government	1,520	1,539
Total contributions	517,446	400,834
(b) Grants		
Major incident funding	0	1,557
Valuing volunteers funding	275	348
Victorian Bushfire Royal Commission (VBRC) Outcomes	0	24,425
Total grants	275	26,330
(c) Interest		
Interest from financial assets not at fair value through comprehensive operating statement:		
– Interest on bank deposits	2,611	1,952
– Interest on term deposits	9,147	5,077
Total interest revenue	11,758	7,029
(d) Sales of goods and services		
Sale of goods	4,117	4,787
Rendering of services	10,475	9,723
Total revenue from sale of goods and services	14,592	14,510
(e) Other income		
Brigade assets		
– Recognition of brigade cash and deposits	3,821	2,391
– Vehicles	1,178	1,591
– Plant and equipment	150	89
Sub total volunteer brigades	5,149	4,071
Property rental	469	664
Donations	4,510	4,808
Other (Aggregate of immaterial items)	5,486	6,634
Total other income	15,614	16,177
Total income from transactions	559,685	464,880

NOTE 3. EXPENSES FROM TRANSACTIONS

	2012	2011
	\$'000	\$'000
(a) Employee expenses		
Salaries	177,367	157,341
Superannuation (see note 12)	15,459	13,600
Other on-costs (payroll tax, fringe benefits tax, workcover premium)	13,138	10,796
Employee support	7,553	6,765
Total employee expenses	213,517	188,502
(b) Depreciation		
Depreciation of property, plant and equipment		
Buildings	8,877	5,946
Leasehold improvements	305	339
Vehicles	20,262	18,820
Other plant and equipment	2,164	2,560
Total depreciation	31,608	27,665
(c) Interest expense		
Interest on loan from TCV	146	172
Total interest expense	146	172
(d) Grants and other transfers (other than contributions by owners)		
Grants to volunteer brigade associations	620	714
Grants to victorian local government	377	518
Grants to office of the emergency services commissioner	6,107	3,281
Total grants and other payments	7,104	4,513
(e) Other operating expenses		
Supplies and services:		
Uniforms and equipment	9,399	13,591
Printing and stationery	4,951	2,594
Contract payments to external services:- ESTA	37,175	38,122
Contract payments to external services:- other	222	863
Volunteer compensation and insurance	9,863	7,474
Other volunteer and brigade support	1,946	1,600
External training and skills maintenance	2,260	2,045
Aircraft hire	3,957	3,537
Hire fees - plant, equipment & vehicles	3,918	3,291
Consultants fees	729	206
Audit fees (note 22)	468	470
Publicity/advertising	6,906	6,465
Buildings operating and maintenance	9,436	9,788
Motor vehicle operating and maintenance	18,532	11,375
Computer equipment and systems	6,550	4,314
Radio replacement	26,700	4,501

	2012	2011
	\$'000	\$'000
Communications and alarms	8,876	8,811
Other operating and maintenance	7,877	10,994
Brigade donations distributed	4,510	4,808
Total supplies and services	164,275	134,849
Operating lease rental expenses		
- Minimum lease payments	6,653	4,773
Total operating lease rental expenses	6,653	4,773
Subtotal	170,928	139,622
Bad and doubtful debts from transactions	26	68
Cost of goods sold/distributed	6,263	5,985
Legal fees	1,246	1,000
General expenses	6,339	4,753
Contributions to other emergency organisations	623	625
Contractors	21,873	15,731
Catering - operational	449	335
Total other operating expenses	207,747	168,119

NOTE 4. OTHER ECONOMIC FLOWS INCLUDED IN NET RESULT

(a) Net gain/(loss) on non-financial assets		
Net gain/(loss) on disposal of property plant and equipment	378	479
Total net gain/(loss) on non-financial assets	378	479
(b) Other gains/(losses) from other economic flows		
Doubtful Debts provision gain/(loss) on revaluation	21	(227)
Net gain/(loss) arising from revaluation of long service leave liability*	(1,601)	(109)
Total other gains/(losses) from other economic flows	(1,580)	(336)

Notes:

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

NOTE 5. RECEIVABLES

	2012	2011
	\$'000	\$'000
Current receivables		
Contractual		
Trade receivables	4,197	3,455
Other receivables	1,368	3,881
Provision for doubtful contractual receivables	(14)	(297)
	<hr/> 5,551	<hr/> 7,039
Statutory		
GST recoverable	2,841	2,242
Total receivables	<hr/> 8,392	<hr/> 9,281
(a) Movement in the provision for doubtful contractual receivables		
Balance at beginning of the year	(297)	(70)
Receivables written off during the year as uncollectible	262	-
Receivables recovered during the year	33	-
(Increase)/decrease in provision recognised in the comprehensive operating statement	(12)	(227)
Balance at end of the year	<hr/> (14)	<hr/> (297)
(b) Ageing analysis of receivables		
Please refer to Note 16 for the ageing analysis of receivables.		
(c) Nature and extent of risk arising from receivables		
Please refer to Note 16 for the nature and extent of credit risk arising from receivables		

NOTE 6. INVENTORIES

Current Inventories		
Supplies and consumables:		
At cost	9,152	6,273
Total Inventories	<hr/> 9,152	<hr/> 6,273

NOTE 7. PROPERTY, PLANT AND EQUIPMENT

Public Safety & Environment

	2012	2011
	\$'000	\$'000
(a) Gross carrying amount and accumulated depreciation		
Freehold Land		
At cost	13,609	3,138
At independent valuation 2011	135,523	135,728
	149,132	138,866
Buildings		
At cost	37,382	17,612
Less: Accumulated depreciation	(390)	(29)
At independent valuation 2011	459,326	459,532
Less: Accumulated depreciation	(9,599)	(1,095)
Net carrying amount	486,719	476,020
Leasehold improvements – at cost		
	12,127	12,127
Less: Accumulated depreciation	(10,555)	(10,250)
Net carrying amount	1,572	1,877
Vehicles – at cost		
	405,773	384,518
Less: Accumulated depreciation	(172,910)	(158,935)
Net carrying amount	232,862	225,583
Plant and equipment – at cost		
	66,644	66,197
Less: Accumulated depreciation	(59,435)	(57,313)
Net carrying amount	7,209	8,884
Property, plant and equipment in the course of construction – at cost		
	59,249	42,127
Net carrying amount of property, plant and equipment	936,743	893,357

NOTE 7. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

7(b) Movements in carrying amounts

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

	Freehold Land at cost & fair value	Buildings at cost & fair value	Leasehold Improve'ts at cost	Vehicles at cost	Plant, Mach. & Equipment at cost	In the course of construction at cost	Total
Carrying amount	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2010	84,834	301,595	1,824	213,620	11,117	34,990	647,980
Additions	0	0	0	0	0	68,444	68,444
Disposals	(254)	(536)	0	(5,528)	0	0	(6,318)
Net Revaluation Increments/(Decrements) (Note 18)	51,148	159,768	0	0	0	0	210,916
Transfers to Fixed Assets	3,138	21,139	392	34,720	259	(59,648)	0
Brigade Assets Recognised (Note 2(e))	0	0	0	1,591	68	(1,659)	0
Depreciation expense (Note 3(b))	0	(5,946)	(339)	(18,820)	(2,560)	0	(27,665)
Balance at 30 June 2011	138,866	476,020	1,877	225,583	8,884	42,127	893,357
Additions	0	0	0	0	0	78,617	78,617
Disposals	(205)	(194)	0	(3,224)	(0)	0	(3,623)
Transfers to Fixed Assets	10,471	19,770	0	29,587	338	(60,167)	0
Brigade Assets Recognised (Note 2(e))	0	0	0	1,178	150	(1,328)	0
Depreciation expense (Note 3(b))	0	(8,877)	(305)	(20,262)	(2,164)	0	(31,608)
Balance at 30 June 2012	149,132	486,719	1,572	232,862	7,209	59,249	936,743

NOTE 8. OTHER NON-FINANCIAL ASSETS

	2012 \$'000	2011 \$'000
Current other assets		
Prepayments	448	530
Total current other assets	448	530
Non-current other assets		
Prepayments	667	800
Total non-current other assets	667	800
Total other assets	1,115	1,330

NOTE 9. PAYABLES

	2012	2011
	\$'000	\$'000
Current payables		
Contractual		
Trade payables	4,278	6,064
Other payables and accruals	23,290	13,220
Total Payables	27,568	19,284

(a) Maturity analysis of contractual payables

Please refer to Note 16 for the ageing analysis of contractual payables.

(b) Nature and extent of risk arising from payables

Please refer to Note 16 for the nature and extent of risks arising from payables.

NOTE 10. BORROWINGS

Current borrowings		
Loans from TCV	0	3,860
Total borrowings	0	3,860

(a) Maturity analysis of borrowings

Please refer to Table 16.3 in Note 16 for the maturity analysis of borrowings

(b) Nature and extent of risk arising from borrowings

Please refer to Note 16 for the nature and extent of risks arising from borrowings

(c) Defaults and breaches

During the current and prior year, there were no defaults and breaches of any loans.

NOTE 11. PROVISIONS

	2012	2011
	\$'000	\$'000
Current provisions		
Employee benefits * (Note 11(a)) - annual leave		
Unconditional and expected to be settled within 12 months **	18,161	16,551
Unconditional and expected to be settled after 12 months +	4,414	3,238
Employee benefits * (Note 11(a)) - long service leave		
Unconditional and expected to be settled within 12 months **	1,678	1,633
Unconditional and expected to be settled after 12 months +	29,395	23,109
	<hr/>	<hr/>
	53,648	44,531
Provisions related to employee benefit on-costs (Note 11(a))		
Unconditional and expected to be settled within 12 months **	4,540	4,012
Unconditional and expected to be settled after 12 months +	6,433	4,986
	<hr/>	<hr/>
	10,973	8,998
Volunteer compensation (Note 1(k))	3,262	2,396
	<hr/>	<hr/>
Total current provisions	67,883	55,925
Non-current provisions		
Employee benefits * (Note 11(a))	4,584	6,274
Provisions related to employee benefit on-costs (Note 11(a))	795	1,157
Volunteer compensation (Note 1(k))	15,118	10,712
	<hr/>	<hr/>
Total non-current provisions	20,497	18,143
Total provisions		
Employee benefits Note 1(k), (Note 11(a))	70,000	60,960
Volunteer compensation Note 1(k)	18,380	13,108
	<hr/>	<hr/>
	88,380	74,068

(a) Employee benefits and related on-costs

Current employee benefits

Annual leave entitlements	22,575	19,789
Unconditional long service leave entitlements	31,073	24,742

Non-current employee benefits

Conditional long service leave entitlements	4,584	6,274
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Total employee benefits

	<hr/>	<hr/>
	58,232	50,805

Current on-costs	10,973	8,998
Non-current on-costs	795	1,157

Total on-costs

	<hr/>	<hr/>
	11,768	10,155

Total employee benefits and related on-costs

	<hr/>	<hr/>
	70,000	60,960

Notes:

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

** The amounts disclosed are nominal amounts

+ The amounts disclosed are discounted to present values

(b) Movement in provisions				
	Employee benefits 2012	On-costs 2012	Volunteer compensation 2012	Total 2012
	(\$'000)			
Opening balance	50,805	10,155	13,108	74,068
Additional provisions recognised	7,427	1,613	5,272	14,312
Closing balance	58,232	11,768	18,380	88,380
Current	53,648	10,973	3,262	67,883
Non-current	4,584	795	15,118	20,497
	58,232	11,768	18,380	88,380

NOTE 12. SUPERANNUATION

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

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

However, superannuation contributions paid or payable for the reporting period are included as part of employee benefits in the Comprehensive operating statement of CFA.

There were no superannuation contributions outstanding at 30 June 2012.

The name and details of each of the major employee superannuation funds and contributions made by CFA are as follows:

	2012	2011
Fund	\$'000	\$'000
Defined benefits schemes		
Emergency Services Superannuation Scheme (ESSS)	9,715	8,631
Other	57	38
Accumulation Schemes		
Emergency Services Superannuation Plan (ESS Plan)	5,518	4,772
Others	169	159
Total (See note 3(a))	15,459	13,600

NOTE 13. LEASES

Non-cancellable operating leases – Leasing arrangements

Operating leases relate to land and buildings used for regional and administration offices, mechanical workshops, training grounds and computer equipment with varying lease terms some of which extend beyond 30 years and with options to extend for varying terms. Many of the operating lease contracts contain annual percentage increases or market review clauses in the event that CFA exercises its option to review. CFA does not have an option to purchase the leased asset at the expiry of the lease period.

	2012	2011
Non-cancellable operating lease payables:	\$'000	\$'000
Not longer than one year	7,146	6,014
Longer than one year and not longer than five years	12,927	14,489
Longer than five years	7,143	8,418
Total lease commitments	27,216	28,921

NOTE 14. COMMITMENTS FOR EXPENDITURE

The following commitments have not been recognised as liabilities in the financial statements and are nominal amounts inclusive of GST.

	2012	2011
	\$'000	\$'000
(a) Capital expenditure commitments		
Plant and equipment:		
Payable:		
Not longer than one year	65,698	12,950
Longer than one year and not longer than five years	0	0
Total capital expenditure commitments	65,698	12,950
(b) Other expenditure commitments		
Emergency Services Telecommunications Authority (ESTA) agreement commitments:		
Payable:		
Not longer than one year	53,060	40,892
Longer than one year and not longer than five years	148,239	176,209
Longer than five years	211,729	251,680
Total other expenditure commitments	413,028	468,781
Total commitments for expenditure (inclusive of GST)	478,726	481,731
Less GST recoverable from the Australian Taxation Office	(43,521)	(43,794)
Total commitments for expenditure (exclusive of GST)	435,206	437,937
(c) Other service provider contract commitments		
(i) Metropolitan Mobile Radio Services CFA has entered into a contract with the Metropolitan Fire Brigade as a third party to their contract with the service provider. Base level Service Fees for 2011-12 were \$0.324m (\$0.341m 2011).		
(ii) Personal Protective Clothing CFA has entered into various contracts with service providers of personal protective clothing. Costs incurred for 2011-12 were \$4.548m (\$9.718m 2011).		
(iii) Radio Replacement CFA has entered into contracts with Tait Electronics Pty Ltd as the service provider for radio replacement. Costs incurred for 2011-12 were \$24.645m (\$3.116m 2011).		
(d) Committed funds		
Refer to the Report of Operations within the Annual Report for further details of committed cash and deposits.		

NOTE 15. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

CFA has the following unquantifiable contingent liabilities.

(i) At 30 June 2012, CFA has been included as a party in legal proceedings. CFA had been included as a party in these proceedings as at 30 June 2011. Due to the diversity of issues associated with legal matters and their discretionary nature, quantification of the financial effect cannot be reliably estimated and it is therefore impractical to do so.

(ii) On 8 August 2012, CFA has been included as a party in a second and separate legal proceeding. Due to the diversity of issues associated with legal matters and their discretionary nature, quantification of the financial effect cannot be reliably estimated and it is therefore impractical to do so.

(iii) An Independent investigation has been undertaken into the historical use of chemicals for live fire fighting training at Fiskville between 1971 and 1999. The Professor Joy Report has been released and CFA have accepted all of the facts, recommendations and conclusions and are now committed to implementing all recommendations. At this stage it is impractical to quantify any financial effect as a result of the investigation.

NOTE 16. FINANCIAL INSTRUMENTS

(a) Financial risk management objectives and policies

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

CFA has policies and procedures for its financial assets and financial liabilities which are reviewed at least annually. Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset and financial liability are disclosed in Note 1 to the financial statements. The main purpose in holding financial instruments is to prudentially manage CFA's financial risks within the government policy parameters.

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

Table 16.1 Categorisation of financial instruments

	2012 (\$'000)	2011 (\$'000)
Contractual financial assets (loans and receivables)		
Cash and deposits	300,194	195,708
Receivables:*		
Sale of goods and services	4,183	3,158
Other receivables	1,160	3,744
Total contractual financial assets	305,537	202,610
Contractual financial liabilities (at amortised cost)		
Payables:*		
Supplies and services	4,278	6,064
Amounts payable to government and agencies	3,193	3,695
Other payables	17,557	8,395
Borrowings:		
Loans from TCV	0	3,860
Total contractual financial liabilities	25,028	22,014

Notes:

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

(b) Credit risk

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

CFA minimises concentrations of credit risk in relation to trade accounts receivable by undertaking transactions with a large number of customers. Other than trade debtors, the major amounts owing at any point in time are from Government (no credit risk considered), and the pool of Insurance industry contributors. There is not considered to be any major risk with this latter class as, in the event of one contributor failing, the amount so lost can be collected from the rest of the pool in a subsequent period.

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

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

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

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

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

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

Table 16.2 Ageing analysis of contractual financial assets

(\$'000)							
2012	Carrying Amount	Not past due and not impaired	Past due but not impaired				Impaired financial assets
			Less than 1 month	1-3 months	3 months - 1 year	1-5 years	
Cash and deposits	300,194	300,194	0	0	0	0	0
Receivables*							
Sale of goods and services	4,183	2,864	611	263	445		
Other receivables	1,160	1,160	0	0	0	0	0
Total	305,537	304,218	611	263	445	0	0
2011							
Cash and deposits	195,708	195,708	0	0	0	0	0
Receivables*							
Sale of goods and services	3,158	864	927	639	728		
Other receivables	3,744	3,744	0	0	0	0	0
Total	202,610	200,316	927	639	728	0	0

Notes:

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

(c) Liquidity risk

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

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

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

Table 16.3 Maturity analysis of contractual financial liabilities

	(\$'000)					
	Carrying Amount	Nominal amount	Maturity dates *			
			Less than 1 month	1-3 months	3 months -1 year	1-5 years
2012						
Payables:**						
Amounts payable to other government agencies	3,193	3,193	3,193	0	0	0
Trade and other payables	21,835	21,835	21,835	0	0	0
	25,028	25,028	25,028	0	0	0
2011						
Payables:**						
Amounts payable to other government agencies	3,695	3,695	3,695	0	0	0
Trade and other payables	14,459	14,459	14,459	0	0	0
Borrowings:						
Loans from TCV	3,860	3,860	0	0	3,860	0
	22,014	22,014	18,154	0	3,860	0

Notes:

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

** The carrying amounts disclosed exclude statutory amounts.

(d) Market risk

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

(i) Foreign currency risk

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

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

(ii) Interest rate risk

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

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

The carrying amounts of financial assets and financial liabilities that are exposed to interest rates are set out in the table below.

Table 16.4 Interest rate exposure of financial instruments.

(\$'000)					
	Weighted average effective interest rate %	Carrying Amount	Interest rate exposure		
			Fixed interest rate	Variable interest rate	Non-interest bearing
2012					
Financial assets					
Cash and cash equivalents	4.30	300,194	211,000	89,148	46
Receivables*					
Sale of goods and services		4,183	0	0	4,183
Other receivables		1,160	0	0	1,160
		305,537	211,000	89,148	5,389
Financial liabilities					
Payables:					
Amounts payable to other government agencies	-	3,193	0	0	3,193
Trade and other payables	-	21,835	0	0	21,835
		25,028	0	0	25,028
2011					
Financial assets					
Cash and cash equivalents	4.76	195,708	126,000	69,664	44
Receivables*					
Sale of goods and services		3,158	0	0	3,158
Other receivables		3,744	0	0	3,744
		202,610	126,000	69,664	6,946
Financial liabilities					
Payables:					
Amounts payable to other government agencies	-	3,695	0	0	3,695
Trade and other payables	-	14,459	0	0	14,459
Borrowings:					
Loans from TCV	4.46	3,860	3,860	0	0
		22,014	3,860	0	18,154

Note:

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

Sensitivity disclosure analysis and assumptions

CFA's sensitivity to market risk is determined based on the observed range of actual historical data for the preceding five year period, with all variables other than the primary risk variable held constant. CFA's fund managers cannot be expected to predict movements in market rates. The sensitivity analysis is shown for illustrative purposes only. The following interest rate movement is reasonably possible over the next 12 months. – a movement of 100 basis points up and down (2011: 100 basis points up and down) in market interest rates.

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

Table 16.5 Interest rate risk sensitivity.

(\$'000)						
		Interest rate				
		-100 basis points			+100 basis points	
2012	Carrying Amount	Net result	Available- for-sale revaluation surplus	Net result	Available- for-sale revaluation surplus	
Contractual financial assets						
	Cash and deposits (floating rates)	89,148	(891)	-	891	-
Total impact		(891)	-	891	-	-
		-100 basis points			+100 basis points	
2011						
Contractual financial assets						
	Cash and deposits (floating rates)	69,664	(697)	-	697	-
		(697)	0	697	0	0
Contractual financial liabilities						
	Borrowings:	3,860	0	-	0	-
Total impact		0	0	0	0	0

(e) Fair value

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

Level 1 – the fair values of financial assets and financial liabilities 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 of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

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

NOTE 17. CASH FLOW INFORMATION

(a) Reconciliation of cash and cash equivalents

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

	2012	2011
	\$'000	\$'000
Cash at bank and on hand	61,194	58,708
Short term deposits	239,000	137,000
	300,194	195,708

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

Comprehensive net result for the period	98,361	76,052
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Non-cash movements:

Depreciation and amortisation of non-current assets	31,608	27,665
Allowance for doubtful debts	(283)	227
(Gain) / loss on sale of non-current assets	(378)	(479)

Movements in assets and liabilities:

(Increase) / decrease in assets:		
Receivables and prepayments	1,385	(2,462)
Current inventories	(2,880)	85
Increase / (decrease) in liabilities:		
Current payables	8,285	(4,648)
Employee entitlements	9,040	7,572
Volunteer compensation	5,272	3,166
Total adjustments	52,049	31,126

Net cash inflow from operating activities	150,410	107,178
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NOTE 18. RESERVES

	2012	2011
	\$'000	\$'000
Physical asset revaluation surplus		
Asset Revaluation Surplus – Land	110,931	110,931
Asset Revaluation Surplus – Buildings	321,001	321,001
	431,932	431,932
Movements		
Asset revaluation surplus		
Balance at beginning of financial year	431,932	221,016
Revaluation increment (decrement) of freehold land	0	51,148
Revaluation increment (decrement) of buildings	0	159,768
Movement for the year	0	210,916
Balance at end of financial year	431,932	431,932
Nature and purpose of reserve		
Physical asset revaluation surplus		
The physical asset revaluation surplus is used to record increments and decrements on the revaluation of land and buildings, as described in accounting policy note 1(j).		

NOTE 19. TRUST ACCOUNT BALANCES

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

	2012	2011
	\$'000	\$'000
Cash and Investments		
Controlled Trusts		
Public Trust Account	1,576	2,082
CFA and Brigades Donations Trust Fund	1,565	1,572
Total Controlled Trusts	3,141	3,654

There were no Trust Accounts opened and closed by CFA during 2011-2012

NOTE 20. RESPONSIBLE PERSONS

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

Names

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

Responsible Minister

Minister for Police and Emergency Services:

- The Honourable Peter Ryan, MLA
1 July 2011 to 30 June 2012

Acting Ministers

- The Honourable Andrew McIntosh, MLA
15 July 2011 to 31 July 2011
- The Honourable Robert Clark, MLA
16 January 2012 to 29 January 2012

Authority Members (CFA Board Members)

- K A Murphy (Chairman) –
1 July 2011 to 30 June 2012
- C L Higgins (Deputy Chairman) –
1 July 2011 to 30 June 2012
- M A Byatt – 1 July 2011 to 30 June 2012
- R G Coyle – 1 July 2011 to 30 June 2012
- P R Denham – 2 Nov 2011 to 30 June 2012
- D G Gibbs – 1 July 2011 to 31 October 2011
- P B Harmsworth – 1 July 2011 to 30 June 2012
- K W King – 1 July 2011 to 30 June 2012
- R C Mather – 1 July 2011 to 30 June 2012
- T Z Meikle – 1 July 2011 to 31 October 2011
- J Peberdy – 1 July 2011 to 30 June 2012
- D J Robertson – 2 Nov 2011 to 30 June 2012
- R N Spencer – 1 July 2011 to 30 June 2012
- M G Tudball – 1 July 2011 to 30 June 2012

Accountable Officer

- M Bourke (Chief Executive Officer) –
1 July 2011 to 30 June 2012
- E Ferguson (Acting Chief Executive Officer) –
21 Sept 2011 to 12 October 2011

Remuneration (other than the Responsible Minister)

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

Income Band	2012	2011
	No.	No.
\$0 - \$9,999	2	0
\$10,000 - \$19,999	9	8
\$20,000 - \$29,999	2	2
\$30,000 - \$39,999	0	1
\$50,000 - \$59,999	1	1
\$280,000 - \$289,999	0	1
\$350,000 - \$359,999	1	0
Total Numbers	15	13
Total Amount \$'000	616	558

C L Higgins is Chairman of Victoria State Emergency Services and a Board member of Ambulance Victoria, K W King is a Board member of Parks Victoria and Metropolitan Fire and Emergency Services Board, R C Mather is a Board member of Municipal Association of Victoria and J Peberdy is Chairman of Victorian Managed Insurance Authority.

CFA had transactions with these entities which were at arms-length from CFA Board members and at normal commercial terms.

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

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

NOTE 21. REMUNERATION OF EXECUTIVES

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

Several factors have affected total remuneration payable to executives over the year. A number of employment contracts were completed during the year and renegotiated and a number of executives received bonus payments during the year. These bonus payments

depend on the terms of individual employment contracts. All CFA executive contracts provide for consideration of an annual bonus payment.

A number of executive officers retired, resigned or their contracts were completed in the past year. This has had a significant impact on total remuneration figures due to separation payments which include annual leave and long-service leave entitlements.

Income Band	Total remuneration		Base remuneration	
	2012	2011	2012	2011
	No.	No.	No.	No.
\$120,000 - \$129,999	0	1	0	1
\$130,000 - \$139,999	0	2	0	3
\$140,000 - \$149,999	0	2	0	2
\$150,000 - \$159,999	1	3	9	3
\$160,000 - \$169,999	8	1	3	2
\$170,000 - \$179,999	1	3	3	2
\$180,000 - \$189,999	4	4	5	9
\$190,000 - \$199,999	5	8	4	3
\$200,000 - \$209,999	5	2	0	1
\$210,000 - \$219,999	0	2	0	1
\$220,000 - \$229,999	0	1	1	1
\$230,000 - \$239,999	0	1	1	0
\$240,000 - \$249,999	1	2	0	0
\$250,000 - \$259,999	0	1	0	0
\$270,000 - \$279,999	1	0	1	0
\$290,000 - \$299,999	1	0	0	0
\$320,000 - \$329,999	1	0	0	0
Total Number of executives	28	33	27	28
In the 2011-12 year ten Executives with a base and nine Executives with a total remuneration, were below the \$100,000 reporting threshold.				
In the 2010-11 year seven Executives with a base and two Executives with a total remuneration, were below the \$100,000 reporting threshold.				
There was a total of 37 individuals employed as Executives during 2011-12.				
There was a total of 35 individuals employed as Executives during 2010-11.				
The total annualised employee equivalent and total remuneration for these Executives (above and below \$100,000) were as follows:				
Total annualised employee equivalent (AEE)*	27.5	28.2	27.5	28.2
Total Amount \$'000	5,758	6,201	5,018	4,858

Note:

* Annualised employee equivalent is based on working 38 ordinary hours per week over the reporting period.

NOTE 22. REMUNERATION OF AUDITORS

	2012	2011
	\$'000	\$'000
Audit or review of the financial statements by the Victorian Auditor-General's Office	100	98
Audit fees – Internal audit services	368	372
	468	470

NOTE 23. SUBSEQUENT EVENTS

CFA has no material or significant events occurring after the reporting date.

NOTE 24. CORRECTION OF PRIOR PERIOD ERROR

(a) Correction of error in recording of depreciation, accumulated depreciation and the asset revaluation reserve in the 2010-11 financial year.

The depreciation of buildings expense for the year ended 30 June 2011 was overstated by \$6.202m, the asset revaluation reserve was overstated by \$2.185m and accumulated depreciation for buildings was overstated by a net amount of \$4.017m. This error had the effect of understating the carrying amount of property, plant and equipment and total assets by \$4.017m and an understatement of the net result of \$6.202m together with the above overstatement of the asset revaluation reserve giving a net understatement of total equity by \$4.017m as at 30 June 2011.

(b) Correction of error in recording of donations in the 2010-11 financial year.

Due to an error in the CFA & Brigades Donations Fund's accounts for the year ended 30 June 2011, donations received and brigade donations distributed were overstated by \$1.6m. Other income and other operating expenses were overstated by \$1.6m. The effect on net result was \$nil.

The errors as described above have been corrected by restating each of the affected financial statement line items for the prior year.

NOTE 25. GLOSSARY OF TERMS AND STYLE CONVENTIONS

Borrowings

Borrowings refers to interest-bearing liabilities mainly raised from public borrowings through the Treasury Corporation of Victoria , finance leases and other interest-bearing arrangements. Borrowings also include non-interest-bearing advances from government that is acquired for policy purposes.

Comprehensive result

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

Commitments

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

Current Grants

Amounts payable or receivable for current purposes for which no economic benefits of equal value are receivable or payable in return.

Depreciation

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

Employee benefits expenses

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

Financial asset

A financial asset is any asset that is:

(a) cash; (b) an equity instrument of another entity; (c) a contractual right to either receive cash or another financial asset from another entity ; or to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity; or (d) a contract that will or may be settled in the entity's own equity instruments and is a non-derivative for which the entity is or may be obliged to receive a variable number of the entity's own equity instruments or a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

Financial instrument

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

Financial Liability

A financial liability is any liability that is: (a) A contractual obligation: (i) to deliver cash or another financial asset to another entity; or (ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity, or (b) A contract that will or may be settled in the entity's own equity instruments and is:

(i) a non-derivative for which the entity is or may be obliged to deliver a variable number of the entity's own equity instruments; or (ii) a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments. For this purpose the entity's own equity instruments do not include instruments that are themselves contracts for the future receipt or delivery of the entity's own equity instruments.

Financial statements

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

Grants and other transfers

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

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

Interest expense

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

Interest income

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

Net acquisition of non-financial assets (from transactions)

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

Net result

Net result is a measure of financial performance of the operations for the period. It is the net result of items of revenue, gains and expenses (including losses) recognised for the period, excluding those that are classified as 'other non-owner changes in equity'.

Net result from transactions/net operating balance.

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

Net worth

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

Non-financial assets

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

Other economic flows

Other economic flows are changes in the volume or value of an asset or liability that do not result from transactions. It includes gains and losses from disposals, revaluations and impairments of non-current physical and intangible assets; actuarial gains and losses arising from defined benefit superannuation plans; fair value changes of financial instruments and agricultural assets; and depletion of natural assets (non-produced) from their use or removal. In simple terms, other economic flows are changes arising from market re-measurements.

Payables

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

Receivables

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

Sales of goods and services

Refers to revenue from the direct provision of goods and services and includes fees and charges for services rendered, sales of goods and services, fees from regulatory services, 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 revenue.

Supplies and services

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

Transactions

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

Style conventions

Figures in the tables and in the text have been rounded. Discrepancies in tables between totals and sums of components reflect rounding. Percentage variations in all tables are based on the underlying unrounded amounts. The notation used in the tables is as follows:

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

The financial statements and notes are presented based on the illustration for a government department in the 2011-12 Model Report for Victorian Government Departments. The presentation of other disclosures is generally consistent with the other disclosures made in earlier publications made in earlier publications of the Department's annual reports.

AUDITOR-GENERAL'S REPORT

VAGO

Victorian Auditor-General's Office

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INDEPENDENT AUDITOR'S REPORT

To the Board Members of Country Fire Authority

The Financial Report

The accompanying financial report for the year ended 30 June 2012 of the Country Fire Authority which comprises the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement, notes comprising a summary of significant accounting policies and other explanatory information, and the accountable officer's and chief finance and accounting officer's declaration has been audited.

The Board Members' Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

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

Independent Auditor's Report (continued)

Independence

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

Opinion

In my opinion, the financial report presents fairly, in all material respects, the financial position of the Country Fire Authority as at 30 June 2012 and of its financial performance and its cash flows for the year then ended in accordance with applicable Australian Accounting Standards, and the financial reporting requirements of the *Financial Management Act 1994*.

Matters Relating to the Electronic Publication of the Audited Financial Report

This auditor's report relates to the financial report of the Country Fire Authority for the year ended 30 June 2012 included both in the Country Fire Authority's annual report and on the website. The Board Members of the Country Fire Authority are responsible for the integrity of the Country Fire Authority's website. I have not been engaged to report on the integrity of the Country Fire Authority's website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in the website version of the financial report.

MELBOURNE
17 August 2012


D D R Pearson
Auditor-General

RISK MANAGEMENT ATTESTATION

CFA RISK ATTESTATION – 2011/2012



Attestation of CFA's Risk Management System - Compliance with Australian/New Zealand Risk Management Standard

I, Mick Bourke, certify that the Country Fire Authority (CFA) has risk management processes in place broadly consistent with ISO3100:2009. A continuing process for embedding the integration of the risk management process is being progressively phased into CFA's business.

CFA is currently reviewing its risks in light of the revised strategy and organisational restructure together with the risks raised by the Professor Joy Report. Further initiatives have commenced to incorporate the risk management policy/processes into a framework with specific focus on improvements to control assurance and reporting processes.

The CFA Board verifies this assurance.

A handwritten signature in black ink, appearing to read 'M. Bourke'.

Mick Bourke

Chief Executive Officer

Country Fire Authority

30 June 2012

ADDITIONAL INFORMATION

Powers, duties and responsibilities

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

Section	Summary of Power, Duty or Responsibility
14	Control of the prevention and suppression of fires in country areas
20	General duty of the Authority
20AA	General powers of the Authority
20AAA	Duty to assist in major emergency
20A	Attendances unconnected with a fire
27	Chief Officer to have control of all brigades
28	Powers and duties of Chief Officer
29	General powers and duties of Chief Officer
30 and 33(2)	Powers of officers at fires
30A	Authorisation of certain persons
35	Authority to inform the Secretary to Department of Human Services in certain matters
36	Authority may require certain municipalities to provide hydrants in streets etc
36A	Determination of sole responsibility for fire prevention in certain areas
37A	Direction not to light a fire
38	Lighting fires in accordance with permit
40 (5A)	Provisions about total fire bans
41B	Objection to notices
41E	Fire prevention infringement notices
44A	Power to Chief Officer to close roads
48	Power of Police, Chief Officer etc to direct extinguishment of fires
50AA	Alarm monitoring service to provide prescribed information
74G	Vacancies
87AA	Authority may charge for services under other Acts and regulations
91	Owners of houses and property to give information as to insurance
92	Immunity provision
93	Damage to be covered by fire insurance
93A	Interstate fire brigades and international fire brigades
97	Authority is a protection agency
97A	Authority may provide rescue and extrication services
97B	Authority may provide road accident and rescue service
97C	Authority may provide protection services
98	Place where fire occurs
102	Collections for brigades, etc, to be authorised by Authority
106A	Damage or interference with fire indicator panel or other apparatus
107	Obstruction of officers and damage to apparatus
107B	False report of fire

In addition, the Act sets out a number of powers that can be exercised by CFA that relate to fire prevention including:

Section	Summary of subject matter
4	Declaration of the fire danger period
37	General prohibition against lighting open air fires
40	Provisions about total fire bans
41	Fire prevention notices
41F	Issue of notices by the Chief Officer

Regulation provides a clear framework to our operations. Relevant legislation includes, but is not limited to:

Victorian Acts

- › *Audit Act 1994*
- › *Borrowing and Investment Powers Act 1987*
- › *Charter of Human Rights & Responsibilities Act 2006*
- › *Country Fire Authority Act 1958*
- › *Dangerous Goods Act 1985*
- › *Disability Act 2006*
- › *Electricity Safety Act 1998*
- › *Emergency Management Act 1986*
- › *Environment Protection Act 1970*
- › *Equal Opportunity Act 2010*
- › *Financial Management Act 1994*
- › *Fire Services Commissioner Act 2010*
- › *Freedom of Information Act 1982*
- › *Information Privacy Act 2000*
- › *Occupational Health and Safety Act 2004*
- › *Planning and Environment Act 1987*
- › *Public Administration Act 2004*
- › *Public Records Act 1973*
- › *Rail Safety Act 2006*
- › *Residential Tenancies Act 1997*
- › *Subdivision Act 1988*
- › *Whistleblowers Protection Act 2001*

Commonwealth Acts

- › *Fair Work Act 2009*
- › *Human Rights and Equal Opportunity Act 1986*
- › *Ombudsman Act 1973*
- › *Telecommunications Act 1997*

Contributions

Contributions by insurance companies

The following companies which insure against fire, property situated within the country area of Victoria, made contributions in accordance with sections 77-77B of the CFA Act during 2011-12.

ACE INSURANCE LIMITED	INSURANCE AUSTRALIA LIMITED
AIOI INSURANCE CO. LTD	INSURANCE MANUFACTURERS OF AUSTRALIA PTY LTD
AIS INSURANCE BROKERS PTY LTD	INSURE THAT PTY LTD
ALLIANZ AUSTRALIA INSURANCE LIMITED	INTERNATIONAL INSURANCE CO OF HANNOVER LTD
AMERICAN HOME ASSURANCE CO	JARDINE LLOYD THOMPSON PTY LTD
ANSVAR INSURANCE LIMITED	JMD ROSS INSURANCE BROKERS PTY LIMITED
AON RISK SERVICES AUSTRALIA LTD	JUA UNDERWRITING AGENCY PTY LTD
ARCH UNDERWRITING at LLOYD'S (AUSTRALIA)	LIBERTY INTERNATIONAL UNDERWRITERS
ASR UNDERWRITING AGENCIES PTY LTD	MANSIONS OF AUSTRALIA PTY LIMITED
ASSETINSURE PTY LTD	MARSH PTY LTD
ATC INSURANCE SOLUTIONS PTY LTD	MILLENNIUM UNDERWRITING AGENCIES PTY LTD
AUSTBROKERS SYDNEY PTY LTD	MIRAMAR UNDERWRITING AGENCY PTY LTD
AUSTRALIAN ALLIANCE INSURANCE LIMITED	MITSUI SUMITOMO INSURANCE COMPANY LTD
AUSTRALIAN ASSOCIATED MOTOR INSURERS LTD	MUTUAL COMMUNITY GENERAL INSURANCE PTY LTD
AUTO AND GENERAL INSURANCE COMPANY LTD	NAUTILUS MARINE INSURANCE AGENCY PTY LTD
NIPPONKOA INSURANCE COMPANY LTD	ONEPATH GENERAL INSURANCE PTY LTD
AXA CORPORATE SOLUTIONS ASSURANCE	PACIFIC UNDERWRITING CORPORATION PTY LTD
AXIS SPECIALTY EUROPE LIMITED	QBE INSURANCE (AUSTRALIA) LIMITED
AXIS UNDERWRITING SERVICES PTY LTD	QBE INSURANCE (INTERNATIONAL) LIMITED
BERKLEY INSURANCE COMPANY	SIRIUS INTERNATIONAL INSURANCE CORP
CALLIDEN INSURANCE LTD	SLE WORLDWIDE AUSTRALIA PTY LIMITED
CATHOLIC CHURCH INSURANCES LTD	SOMPO JAPAN INSURANCE INCORPORATED
CATLIN AUSTRALIA PTY LTD	SPORTSCOVER AUSTRALIA PTY LTD
CGU INSURANCE LIMITED	SRS UNDERWRITING AGENCY PTY LTD
CHARTIS AUSTRALIA INSURANCE LIMITED	SUNCORP METWAY INSURANCE LTD
CHUBB INSURANCE CO OF AUSTRALIA LTD	SWISS RE INTERNATIONAL SE AUSTRALIA BRANCH
COMMONWEALTH INSURANCE LTD	TERRITORY INSURANCE OFFICE
CUMIS INSURANCE SOCIETY INC	THE HOLLARD INSURANCE COMPANY PTY LTD
DEFENCE SERVICE HOMES INSURANCE SCHEME	TOKIO MARINE & NICHIDO FIRE INSURANCE CO LTD
DOLPHIN UNDERWRITING	TRINITY PACIFIC UNDERWRITING AGENCIES
ELDERS INSURANCE LTD	TT CLUB MUTUAL INSURANCE LTD
F.M. INSURANCE COMPANY LTD	VERO INSURANCE LIMITED
FREEMAN McMURRICK PTY LTD	VICTORIAN MANAGED INSURANCE AUTHORITY
GIO GENERAL LTD	W.R. BERKLYR INSURANCE AUSTRALIA
GREAT LAKES AUSTRALIA	WESFARMERS GENERAL INSURANCE
GUARDIAN UNDERWRITING SERVICES PTY LTD	WESTPAC GENERAL INSURANCE LIMITED
GUILD INSURANCE LTD	WILLIS AUSTRALIA LTD
H.W. WOOD AUSTRALIA PTY LTD	WINSURE INSURANCE GROUP PTY LTD
HDI-GERLING INDUSTRIE VERSICHERUNG AG, AUSTRALIA BRANCH	XL INSURANCE COMPANY LTD
HONAN INSURANCE GROUP	YOUI PTY LTD
INSURANCE ADVISERNET AUSTRALIA PTY LTD	ZURICH AUSTRALIAN INSURANCE LTD

Contributions other than insurance companies

Section 80A of the CFA Act addresses property in the country area of Victoria insured against fire with a person carrying on a business of insurance against fire, not being an insurance company required to make a return under section 77 of the CFA Act. The following companies made contributions in accordance with section 80A of the CFA Act during 2011-12.

ALTIORA INSURANCE SOLUTIONS	MAFIP LIMITED
AON RISK SERVICES AUST LTD	MANUFACTURED HOMES INSURANCE AGENCY LIMITED
AUSTBROKERS SYDNEY PTY LTD	MARSH PTY LTD
BMW AUSTRALIA FINANCE LTD	OAMPS INSURANCE BROKERS LTD
CONSOLIDATED INSURANCE AGENCIES PTY LTD	REDPATH IDEAL GREENHOUSES PTY LTD
CORION PTY LTD	RICEGROWERS LTD
CROMBIE LOCKWOOD (NZ) LTD	ROSEMAUR PROPERTIES PTY LTD
DOMINION UNDERWRITING PTY LTD	SHELL AUSTRALIA LTD
G-TECH SEPARATION PTY LTD	SPECIALISED BROKING ASSOCIATES PTY LTD
GENESIS INSURANCE BROKERS AUSTRALIA	TERRACE INSURANCE BROKERS PTY LTD
GUARDIAN UNDERWRITING SERVICES	UNILEVER AUSTRALIA LIMITED
JARDINE LLOYD THOMPSON PTY LTD	WILLIS AUSTRALIA LTD
JARDINE LLOYD THOMPSON PTY LTD	

Disclosure index

Victorian Industry Participation Policy (VIPP)

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

A total of 12 contracts were commenced or completed during 2011-12 to which the VIPP applied. Contracts in regional Victoria exceeding \$1 million in value included the new Seymour office, new Seymour DMO workshop, Mildura fire station, Wangaratta fire station, Ouyen, Kinglake CFA/SES Collocation, Marlo CFA/ VCGA collocation project and five rural fire stations contract packages.

Local content (including all labour and materials) for the five rural fire station packages (in Loddon Mallee, Grampians, Barwon South West and Hume regions) was 100 per cent, while for the remaining seven projects a 98 per cent local content applied.

Reference	Requirement	Page
Financial Statements		
Financial statements required under Part 7 of the FMA		
SD 4.2(c)	Compliance with Australian accounting standards and other authoritative pronouncements	32, 37
SD 4.2(c)	Compliance with Ministerial Directions	32, 37
SD 4.2(d)	Rounding of amounts	42
SD 4.2(c)	Accountable officer's declaration	32
SD 4.2(f)	Model Financial Report	-
SD 4.2(b)	Statement of financial performance	33
SD 4.2(b)	Statement of financial position	34
SD 4.2(b)	Statement of cash flows during the year	36
Other disclosures in notes to the financial statements		
FRD 21	Responsible person and executive officer disclosures	52
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FRD 10	Disclosure index	68
General Information		
FRD 22C	Statement on occupational health and safety matters	2
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FRD 22C	Nature and range of services provided	2
FRD 22C	Organisational chart	2
FRD 22C	Statement of workforce data and merit and equity	2
Financial information		
FRD 22C	Summary of the financial results for the year	2
FRD 22C	Significant changes in financial position during the year	2
FRD 22C	Operational and budgetary objectives and performance against objectives	2
FRD 22C	Subsequent events	2
FRD 22C	Details of consultancies over \$10,000	2
FRD 22C	Details of consultancies under \$10,000	2

Reference	Requirement	Page
Other relevant information		
FRD 22C	Application and operation of Freedom of Information Act 1982	3
FRD 22C	Compliance with building and maintenance provisions of Building Act 1993	3
FRD 22C	Application and operation of the Whistleblowers Protection Act 2001	3
FRD 22C	Statement of availability of other information	3
FRD 22C	Statement on National Competition Policy	3
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FRD 25	Disclosures for Victorian Industry Participation Policy Act 2003	64
FRD 8A	Budget portfolio outcomes – Not applicable to CFA	-
FRD 12A	Disclosure of major contracts – Not applicable to CFA	-
FRD 15A	Executive officer disclosures – Not applicable to CFA	-
FRD 24A	Reporting of office-based environmental impacts – Not applicable to CFA	-
FRD30A	Standard requirements for the design and print of annual reports	-

Relevant legislation and policies

Financial Management Act 1994

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

Whistleblowers Protection Act 2001

In relation to the matters specified in section 104 of the *Whistleblowers Protection Act 2001* (Whistleblowers Act), during the reporting year:

- CFA has procedures in accordance with Part 6 of the Whistleblowers Act.
- CFA received no disclosures under the Whistleblowers Act.
- CFA referred no disclosures to the Ombudsman for determination as to whether it is a public interest disclosure.
- The Ombudsman did not undertake any investigations in relation to disclosures.
- CFA did not decline to investigate any disclosed matter, which would be a protected disclosure under the Whistleblowers Act.
- The Ombudsman did not make any recommendations relating to CFA in relation to the Whistleblowers Act during the reporting period.

Information Privacy Act 2000

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

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

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

Freedom of Information Act 1982

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

Making a request

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

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

- be in writing;
- be accompanied by an application fee of \$24.40 or request for a fee waiver with supporting documentation; and
- provide such information as is reasonably necessary to enable the documents to be identified as described in section 17.

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

- an individual's personal information, such as personnel records
- information which is available publicly, such as on a public register
- information which is available for purchase (e.g. Fire/Incident Reports).

Fees and charges

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

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

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

Freedom of information contact information:

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

OH&S Act 2004

CFA adheres to the principles of health and safety protection set out in section 4 of the Act. These principles stress the importance of giving the highest level A protection against risk to the health and safety of CFA employees, other persons at work and members of the public.

CFA pays particular attention to the exchange of information on health and safety matters with employees and volunteers in compliance with subsection (4) of section 4 of the Act.

CFA consultancies 2011-12

Details of individual external consultancies over \$10,000						
(\$'000)						
Consultant	Purpose of consultancy	Start date	End date	Total approved project fee (excl. GST)	Expenditure 2011-12 (excl. GST)	Future expenditure (excl. GST)
Bearing Point	Tender process assistance	Apr 2011	Jul 2011	96.0	88.9	0.0
Booz & Company	Advice on the development of structure	May 2011	Aug 2011	53.7	53.7	0.0
CDL & Associates	Advice on support services delivery	Nov 2011	Dec 2011	50.0	45.7	0.0
CDL & Associates	Contract negotiation strategy and support	Aug 2010	Dec 2012	181.2	97.1	75.0
Leadership Strategy Command	Leadership development	Aug 2011	Feb 2012	140.0	130.5	0.0
LSI Consulting	Conduct external review of the operational infrastructure planning process	Aug 2011	Feb 2012	55.0	49.4	0.0
Mercer Australia	Evaluation of executive structure and roles	Jul 2011	Nov 2011	52.0	54.6	0.0
PTID Environments	Survey and report on CFA office accommodation	Feb 2011	Jul 2011	35.0	10.6	0.0
Stevenson Hallifax	Organisational culture and leadership assessments	Sep 2011	Sep 2012	240.0	138.1	101.9
Wyndarra Consulting	Advice on Risk Management Policy and related governance tools / processes	May 2012	Nov 2012	32.0	15.0	17.0
Total				934.9	683.6	193.9

External consultancies disclosed in the above table exclude consultancy provided by other government agencies which totalled \$39,125 (excl. GST) in 2011-12.

Details of external consultancies less than \$10,000

In 2011-12, CFA engaged one consultancy where the total fees payable to the consultant were less than \$10,000, with a total expenditure of \$5,950 (excl. GST).

CFA ANNUAL REPORT 2011-2012

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