



Annual Report 2018-19





All material in this publication is provided under a Creative Commons Attribution 4.0 international licence with the exception of any images, photographs or branding, including CFA and government logos. In some cases a third party may hold copyright in material in this publication and their permission may be required to use the material. See creativecommons.org/licenses/by/4.0. Material obtained from this publication is to be attributed as: © State of Victoria (Country Fire Authority) 2019.

Cover photo: Narren Warren volunteer Brittaney Keen by Blair Dellemijn

Contents

Foreword	5
Chair's foreword.....	5
From the CEO/Chief Officer	7
CFA Victoria	10
The Country Fire Authority	10
Our profile	11
Our people	13
An equitable, inclusive and respectful workplace.....	14
What we do	15
Purpose and functions.....	15
Where CFA operates	16
Informal networks benefit community.....	18
Our year in review	19
The Chief Officer's five priority projects	19
Juniors grow into seniors at Kiewa.....	20
AFL community says thanks to CFA volunteers.....	21
2018-19 summer season.....	22
Upgraded Penshurst boosts firefighter skills	25
CFA performance reporting	26
CFA discovers Aboriginal heritage site after fire	27
Progress to meet objectives and outcomes	28
Developing flexible learning at CFA.....	31
Remembering the 2009 fires.....	32
2018-19 Honours	34
Kids lead the way in Strathewen	35
How a country brigade improved its response	36
Governance	37
Formalised Governance Framework.....	37
CFA Board.....	38
Attestation for Standing Directions	40

Financial Statements	41
Financial Summary	41
Financial Report	46
Chair's, Accountable Officer's and Chief Financial Officer's declaration	48
Audit Report.....	49
 Appendix	 121
Financial Disclosures	121
Relevant Legislation and Policies	122
Occupational Health And Safety	125
Disclosure Index	127

Chair's foreword

It is with a great sense of pride that the CFA Board looks back on another year in which members across our vast and diverse state have kept their communities safe.

Often pictured wearing their iconic ‘yellows’ during a bushfire, our people do so much more. They deliver essential community safety education, and provide specialist additional services such as road rescue, emergency medical response (EMR) and high angle rescue to name a few.

CFA’s people, capabilities and skills are world class. We have unique expertise in managing fires particular to our local environments, and our relationships with our Indigenous communities in understanding their burning practices and cultural connection to land are to be celebrated.

Behind the scenes, we prepare our members to carry out their important work through activities such as delivering training, infrastructure and equipment, supporting volunteerism, undertaking research and planning for future improvements in capability. This includes focusing on improving diversity within our organisation and ensuring people have a safe place to volunteer and work.

From collaborating with the Environment Protection Authority and Metropolitan Fire Brigade on waste recycling and chemical storage issues to working with the Department of Environment, Land, Water and Planning on planned pre-season burns, or partnering with Emergency Management Victoria and government departments on fire season preparedness and large-scale emergency responses, CFA members stand shoulder-to-shoulder with our fellow emergency services and agency partners.

As a Board, our role is to ensure that the policy settings and enabling frameworks are in place to empower our people to carry out their many roles.

We have had a strong focus on risk over the past year. This includes managing physical



risk in the operational environment through effective training programs, identifying and responding to mental health risk caused through trauma, and developing a child safety framework to keep all young people safe during their interactions with CFA. We will continue to build on this work in coming years.

A new Integrity Framework has been introduced to guide the organisation in ensuring our people demonstrate the highest levels of integrity, in line with community expectations. The Board also commissioned an independent review of CFA’s current complaint handling systems and processes to address longstanding concerns about the way complaints are managed, and to ensure these are addressed in a timely manner.

We continue to prepare for the challenges of climate change. We know that fire seasons are becoming longer and more extreme, and we must continue to adapt and evolve to meet the changing needs of our communities.

To this end, we are finalising the development of a long-term CFA strategy, based on our four strategic goals: putting the community at the centre of everything we do; delivering programs and services that make a positive difference; providing a great place to volunteer and work; and being a progressive emergency service.

By anchoring our business planning decisions and program development against these four goals, we will ensure that we remain true to our foundations as a community-based organisation, while building on our capabilities to meet the challenges of the future.

This is especially important with the passage of the fire services reform legislation, which will

Foreword



present exciting opportunities and challenges for CFA. As we move to become a stronger, volunteer-focused organisation, our focus will be on supporting volunteerism through improved training, enhanced leadership and attracting new members to CFA.

These changes will come into effect during the next year and the Strategic Reform Committee will provide oversight, review and assurance to the Board and the broader organisation as we work through the changes.

It has also been a year to reflect on the anniversaries of two major fire events which each led to significant changes in the way we approach our mission of protecting lives and property.

Our people should be commended for the respectful and meaningful commemorations which marked the tenth anniversary of the 2009 Victorian Bushfires, including Chief Officer Steve Warrington who delivered a touching tribute on behalf of all emergency services.

We also remembered the terrible loss of five Geelong West firefighters in the 1998 Linton bushfire; an event which heralded a significant overhaul of fireground operations and training within CFA. The lessons of both tragedies are a constant reminder of our important role in community planning and operational preparedness.

In reflecting on the past year, the Board and I would like to express our gratitude to our volunteers and our career staff who work tirelessly to uphold CFA's reputation as a dedicated and respected Victorian

organisation. Over the past 12 months, we have attended many brigade dinners, anniversaries and events and had the privilege to meet many members and witness their commitment and service first hand. Without them there would be no CFA.

Our organisation also underwent change at the top level, with the departure of Chief Executive Officer Paul Smith after more than a year at the helm. The Board would like to acknowledge and thank Paul for his work in initiating a number of key reforms at CFA, particularly around governance and accountability.

The Board has appointed Steve Warrington to the dual role of Chief Officer and Chief Executive Officer. Steve is highly respected across CFA and the emergency services sector and is supported by an executive leadership team which has the challenge of navigating the implementation of fire services reform. The Board shares Steve's optimism for the future of CFA in using these changes to build and strengthen our organisation.

Finally, I wish to thank our current and departing Board members, each of whom has worked hard to ensure that the Board remains deeply connected to CFA members and the community they serve.

As we work through this period of change, our commitment to Victorians remains as strong as ever.

Greg Smith AM
Chair

From the CEO/Chief Officer

I am honoured and privileged to have been appointed Chief Executive Officer, in addition to my role as Chief Officer.

As the leader of this proud and respected Victorian organisation, I am excited by the opportunity to positively drive CFA forward during a period of change. Through the fire services reform, we have a unique opportunity to set ourselves up for the future, and be the organisation we want to be.

Reflecting on the past 12 months, there is much for our people to be proud of. We have taken great strides to set ourselves up as a strong, progressive and effective fire service.

We've established four strategic goals which are the pillars of our decision-making moving forward:

- We put the community at the centre of everything we do
- We provide a great place to volunteer and work
- We deliver programs and services that make a positive difference
- We are a progressive emergency service

These goals will form the basis of the CFA Strategy which will set our long-term objectives and outcomes, and help inform our investment decisions. The strategy will focus on partnerships with communities to help them plan and prepare for fire, while maintaining the resources to prevent loss of life and property through our response.

On the operational front, this has been a significant year for both reflecting on the experiences and lessons of the past and dealing with the current challenges we face in dealing with an increasingly extended fire season.

Over the 12-month period CFA attended almost 48,000 incidents.

A particularly dry winter, leading into the warmer months, signalled an early start to our active fire danger period, with early blazes in east Gippsland in September prior to the Fire Danger Rating period starting.



Photo: Andrew Hobbs

Some of our major fires included sustained efforts at Rosedale (12,148 hectares; \$22 million damage to plantations), Thompson Dam (6,411 hectares), Walhalla (8755 hectares; two houses and two outbuildings lost), Bunyip State Park (15,596 hectares; 29 houses and 67 outbuildings lost), Wilsons Promontory (burnt for 29 days), Yinnar (1,913 hectares; two houses and three outbuildings lost), Dargo (three main fires burned 113,858 hectares), and Timbarra River (22,705 hectares; six outbuildings lost). All challenged our resourcing and were handled through a sustained collective approach and united management.

A new initiative of our collective approach to firefighting was the use of night firebombing which provided an opportunity to use Night Vision Imaging Systems (NVIS) technology on bushfires. This played an important role in supporting ground crews, mitigating the potential impacts of fires outside containment lines, improving real-time intelligence and adding to the effectiveness of back burn and other operations.

During this year, we provided expertise beyond our borders too. In November CFA members joined their Queensland colleagues to assist with firefighting efforts in that state, through three incident management teams and 15 strike teams.

In August CFA firefighters were deployed to the US to help manage the destructive and devastating fires burning along the west coast, including in Oregon, Washington State and California. We also provided support to Greece in assessing the effects of fires during its summer.

We also received wonderful support from interstate and New Zealand colleagues during our peak period, specifically during early March as we tackled several major fires in Gippsland. This was also a testing time for our New Zealand colleagues, who accessed our support services following the tragic incident in Christchurch.

We continued to develop our own broader capabilities with Warrnambool, Portland, Geelong City, Lara, Corio, Belmont and Ocean Grove coming online to deliver emergency medical response (EMR). These locations are among 37 CFA brigades helping to protect Victorian lives by responding to life-threatening medical emergencies, alongside Ambulance Victoria paramedics.

In November the permanent Lucas Fire Station became operational after many months of planning, community consultation and construction, while Wodonga Fire Station also celebrated its official opening in May.

We also commemorated the tenth anniversary of the 2009 bushfires, with formal Victorian Government services and many local events to acknowledge and mark this tragic but important milestone in our firefighting history. It is critical that we do not forget what occurred during that fire season, but also that we continue to learn and improve on our preparation and response in line with the recommendations from the Royal Commission.

Strong leadership of CFA has been a key priority for the Executive and will enable us to successfully navigate, and positively deliver, change into the future. To support this objective CFA has introduced an Executive Charter articulating the behaviours we expect in CFA and how we will hold ourselves, and our people, to account.

We are committed to the highest levels of integrity within the organisation and we will be enforcing the CFA values and our codes of conduct where behaviours fail to meet expectation. To that end, we have undertaken a review of our complaints processes and will be overhauling the systems which support the management of complaints into the future.

Our focus on our people and making CFA a great place to volunteer and work is a priority for the Executive. If our people feel valued and engaged they, and we as an organisation, will perform at our best.

We have refreshed our performance planning processes to provide renewed emphasis on capability building and training opportunities.

During this year we successfully launched the CFA Wellbeing Support Line, which is one phone number for all services. This resulted in significantly more calls to our Member Assistance Program and other support services. We have also appointed regional wellbeing advisers to engage face-to-face with our members in all our districts.

New training and support programs have been developed to provide greater support across the organisation for dealing with mental health, which is a critical risk for our people in the wide range of work they undertake. This includes the rollout of The Working Mind First Responders mental health awareness training program which will equip our leaders with the skills to recognise and support members who are dealing with issues that impact their work and personal lives.

We have appointed Inclusion and Fairness Coordinators in each region, as well as regional and state Inclusion and Fairness councils to guide CFA towards its commitment to increased inclusion and diversity among its workforce and volunteer ranks.

As part of our commitment to safety, we have developed the CFA child safety framework, which is designed to ensure that the young people who volunteer and work with us, and those we come into contact with, are not at risk of harm through their involvement with CFA.

Our Business Intelligence team is focused on uplifting and maturing CFA's data management environment, which will enable us to confidently and efficiently give our people and stakeholders access to tools such as spatial maps, interactive dashboards and reports to better inform and support robust decision-making.



We are providing the most modern and usable tools and platforms to assist our people in making quality business decisions through our move to the Victorian Government's Oracle platform which will modernise our finance, asset management and business-related processes and tools.

We've also responded to the feedback from thousands of our staff and volunteers by refreshing our aged CFA intranet to make it more user-friendly and easier to navigate.

Our support for new members and staff has been significantly improved through the delivery of an online induction program – eLearning modules and unconscious bias training for those involved in recruitment processes.

Our commitment to supporting our volunteers is critical to the future success of CFA and I am particularly proud that we have started the rollout of CFA's Connected Brigades Initiative, with the first 50 brigades receiving internet access and experiencing better communication between brigades, regions, districts and HQ.

CFA also began using a resource tracking system (RTS) to collect GPS location data on vehicles in brigades across the state. Receiving GPS location data assisted in the dispatch of vehicles and other resources to places that might otherwise be difficult to find, and gives CFA the best chance of providing an accurate and timely response to an incident.

Our training portfolio team was busy with our members accessing online learning activities as our Learning Hub further matures. During the past year we had:

- 3,006 classroom courses attended by 27,099 people
- 5,399 drills attended by 35, 523 people
- 7,768 people accessed online training
- 382 briefings attended by 4,639 people

CFA is improving the safety of firefighters by reducing risks associated with low voltage fuse removal and working at heights during emergency responses. The project team delivered training courses to give CFA members the capability to operate safely at an incident where there are electrical or height considerations. Other improvements to safety included vehicle modifications, new equipment delivery, installation of props at VEMTC training grounds, and the use of a mobile training prop at several training sessions.

As I have outlined above, CFA will be entering a period of change, and this change will shape our organisation over the next 12 months as the fire services reforms are implemented.

We will be a volunteer-focused firefighting service, which restores CFA to its origins, but as an organisation which is modern, progressive and professional in its approach.

I am passionate about leading CFA through change to maintain its reputation as a high-achieving and respected organisation which delivers the highest standards of training and capability, and is focused on best-practice community safety, preparedness and response.

Steve Warrington AFSM

Chief Executive Officer / Chief Officer

The Country Fire Authority

The Country Fire Authority (CFA) is a progressive, inclusive, resilient and future-focused firefighting agency proudly protecting Victorians from fire and other emergencies, as well as helping communities prepare for a range of hazards, threats and disasters.

CFA Mission

To protect lives and property.

CFA Values

Our core values guide how our people should act and be treated.

At CFA we:

- put SAFETY first
- excel through TEAMWORK
- are dynamic and ADAPTABLE
- act with INTEGRITY
- RESPECT each other

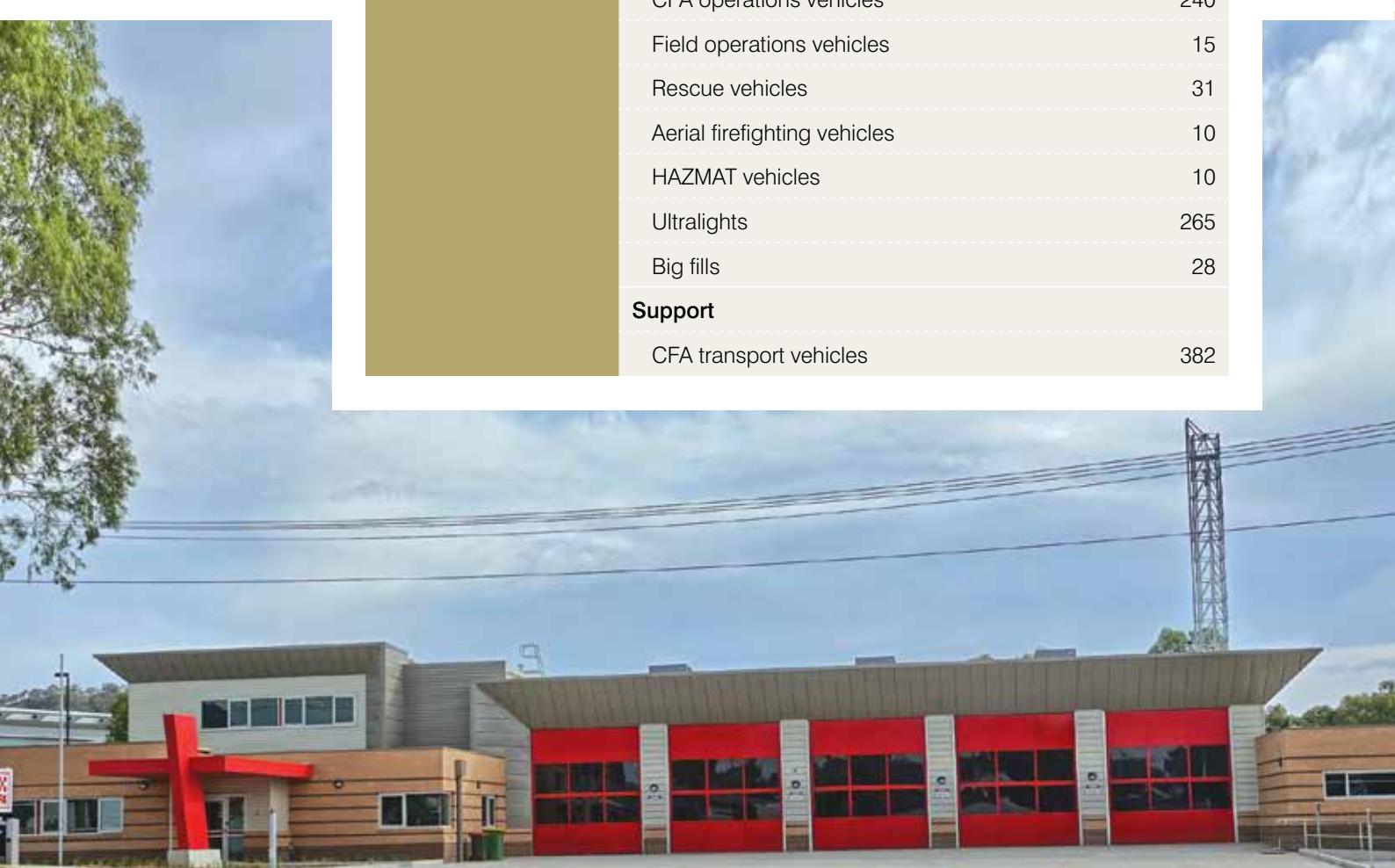


Our profile

Services in 2018-19	Type of service	Number
	Total incidents	47,817
	Total brigade turnouts	96,213
	Property Advice Visit Service home visits	4,462
	Fire Ready Victoria meetings/workshops	724
	Community Fireguard sessions	179
	School and youth program sessions	247
CFA workforce	Type	Number
	Volunteers	
	Operational	34,380
	Support ¹	20,241
	Total volunteers	54,621
	Staff²	
	Operational	1,371
	Support	1,401
	Total staff	2,772
1. Including Junior members 2. Headcount		
Brigades	Type of brigade	Number
	CFA – Brigade Class 1	539
	CFA – Brigade Class 2	305
	CFA – Brigade Class 3	133
	CFA – Brigade Class 4	115
	CFA – Brigade Class 5	66
	CFA – District HQ brigades	19
	CFA – Other	2
	Forestry industry brigades	20
	Coast Guard brigades	18
	Total	1,217

Buildings	Type of building	Number
	Fire stations ¹	1,228
	Career and integrated stations ²	38
	Regional, district and HQ offices	39
	Mechanical workshops	13
	Training grounds	7
	Other	18
1. Includes satellite sites 2. This figure is included in total fire stations		

Vehicles	Type of vehicle	Number
Operational		
	Tankers	1,618
	Pumpers	286
	Pumper tankers	38
	Field command vehicles	400
	CFA operations vehicles	240
	Field operations vehicles	15
	Rescue vehicles	31
	Aerial firefighting vehicles	10
	HAZMAT vehicles	10
	Ultralights	265
	Big fills	28
Support		
	CFA transport vehicles	382



Our people

Employee Profile

Table 1: Employee breakdown by age and gender

JUNE 2019			
Employees	Number (Headcount)	Ongoing FTE	Fixed term and casual FTE
Gender			
Male	1962 ¹	1718.86	117.02
Female	810 ²	525.45	129.77
Age			
Under 25	68	23.00	27.72
25-34	639	551.48	60.82
35-44	772	672.42	51.45
45-54	655	547.50	51.69
55-64	519	389.28	44.56
65 and over	119	60.63	10.55

1. Includes 1306 career firefighters 2. Includes 65 career firefighters

Table 2: Employee breakdown by PTA status

JUNE 2019			
PTA employees	Number (Headcount)	Ongoing FTE	Fixed term and casual FTE
PTA Level			
PTA 1	26	4.32	3.31
PTA 2	220	84.05	53.38
PTA 3	308	153.65	32.55
PTA 4	277	214.96	44.56
PTA 5	150	123.50	22.80
PTA 6	116	84.83	27.47
PTA 7	45	38.24	4.6
Total	1142	703.55	188.67

Table 3: Volunteer breakdown by role and gender

JUNE 2019		
Volunteers	Operational	Support
Gender		
Male	29,329	11,710 ¹
Female	5,051	6,902 ²

1. Not including 996 Juniors 2 Not including 633 Juniors



An equitable, inclusive and respectful workplace

CFA's Inclusion and Fairness team plays an active role in building a cohesive and safe team environment where people are valued for their skills, experience, capability and perspective; a workplace in which all CFA people engage with each other and the broader community equitably, inclusively and respectfully.

Inclusion means valuing and providing equal opportunity to all employees and volunteers regardless of differences and without discrimination. *Fairness* means impartial and just treatment without favouritism.

CFA has recruited inclusion and fairness coordinators in each of our five regions to support staff across our organisation to understand and deliver on our aim to build a diverse and supportive organisation. Travelling throughout the regions, the coordinators have established strong links with CFA leaders and teams including those in operations, training, volunteer support, community engagement and wellbeing.

Valuable insights from the field enhance the coordinators' ability to identify and respond to key issues. Regional knowledge plays an essential role in establishing the structures, systems and processes that will ultimately enable us to integrate the principles of inclusion and fairness into all aspects of our work.

"I'm encouraged to see staff and volunteers starting to consciously think about putting an inclusion and fairness lens over their work and seeking our advice about how to promote these important principles, such as consulting on creating accessibly-formatted online content for vision-impaired people," said South West Region Coordinator Libby Symons.

"Promoting and supporting increased inclusion, fairness, equity and diversity at CFA is critical to our organisation's aim to truly represent the diversity of the community it serves, because you can't be what you can't see," said North West Region Coordinator Nicky Haslinghouse.

Purpose and functions

CFA protects Victorians from fire and other emergencies and prepares its many communities for a range of threats.

As a highly-trained firefighting organisation we protect and respond to bushfire, grassfire, house and structure fires across Victoria, including towns, regional cities and 60 per cent of metropolitan Melbourne. We're also playing an increasingly critical role in emergency medical response (EMR), providing life-saving treatment to priority Triple Zero calls where we are the first responder, before paramedics arrive.

CFA is an integrated fire service with more than 1,300 operational staff working alongside volunteer firefighters and support staff. We proudly support rural, regional and metropolitan communities through education, engagement, fire planning and preparedness and fundraising as we have done for many decades.

Throughout 2018-19 our service delivery has included:

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

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

Building Act 1993 (Vic)

Emergency Management Act 1986 (Vic) and
Emergency Management Act 2013 (Vic)

Financial Management Act 1994 (Vic)

Freedom of Information Act 1982 (Cth)

Privacy and Data Protection Act 2014 (Vic)

Planning and Environment Act 1987 (Vic)

Protected Disclosure Act 2012 (Vic)

Occupational Health and Safety Act 2004 (Vic)

Public Administration Act 2004 (Vic)

Victoria's Emergency Management Sector

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

Where CFA operates

We protect large parts of Victoria including the state's fastest growing urban areas like Point Cook and Werribee. CFA career firefighters and volunteers are also responsible for protecting residents in Geelong, Ballarat, Bendigo and the Mornington Peninsula, and tourist destinations like the alpine regions, the Great Ocean Road and Yarra Valley. During 2018-19, we helped protect more than 3.4 million Victorians, and 1.4 million homes and properties.

CFA's 1217 brigades are grouped into 21 districts and five regions, and cover country Victoria (Figure 1) as well as parts of the Melbourne metropolitan area.

South West Region

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

West Region

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

North West Region

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

Ranges. Its risks range from campaign bushfires to structural and house fires in built-up areas of metropolitan Melbourne.

North East Region

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

South East Region

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

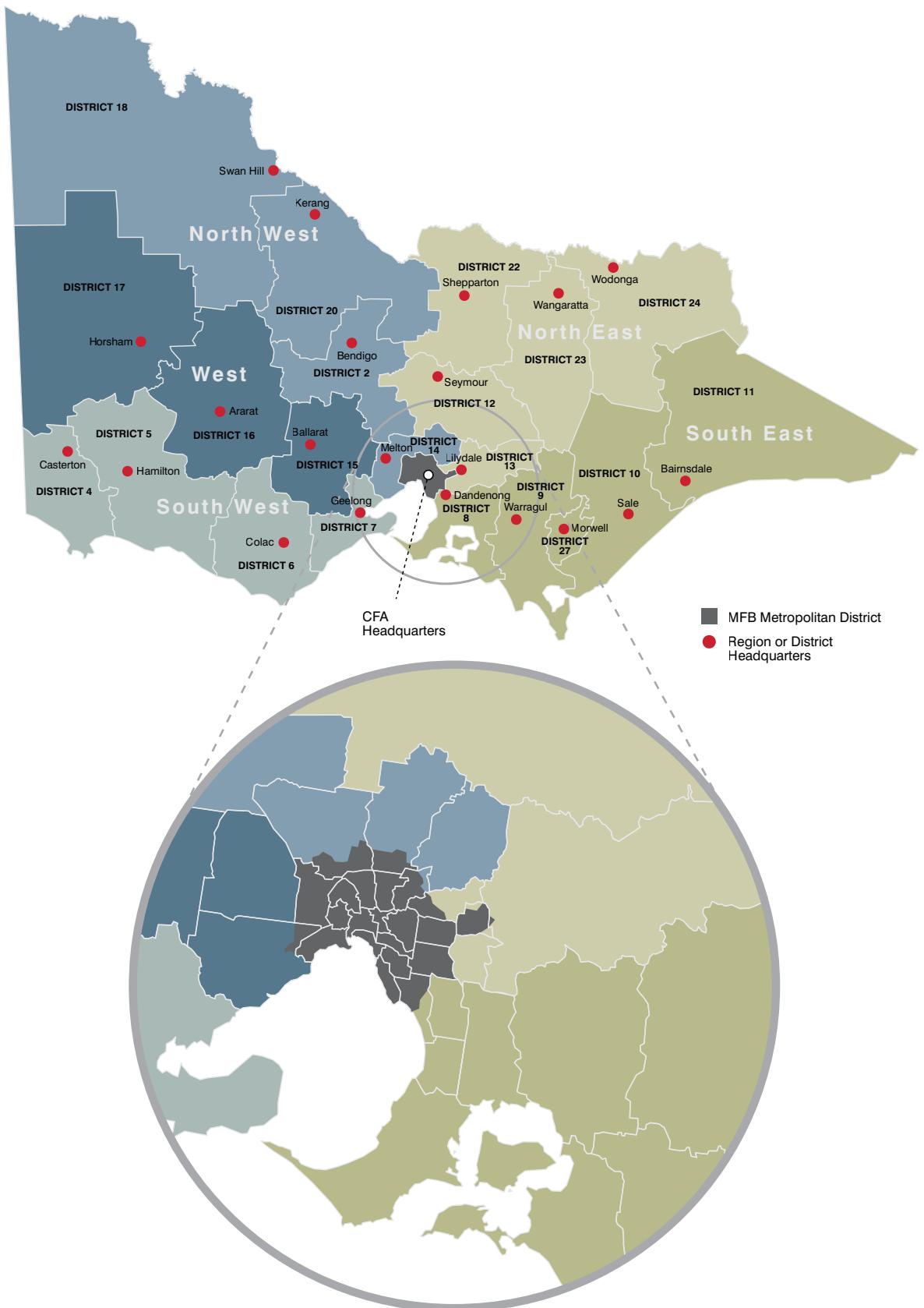


Figure 1: The districts and regions CFA covers in Victoria
(inset) Melbourne metropolitan regions covered by CFA



Informal networks benefit community

A crucial part of CFA's core business is to increase community resilience by engaging residents in fire safety issues through established programs and printed information. But it can be difficult reaching the people who are most vulnerable to bushfires.

The CFA-funded Balmoral Fire Connect project in bushfire-prone south-west Victoria is reaching these people by passing on fire safety advice via social networks. The project enrolled four key staff at a health centre called Balmoral Bush Nursing Centre (BBNC), and asked them to include conversations about fire-related preparedness in their everyday interactions with community members who use the health centre.

Southern Grampians Glenelg Primary Care Partnership led the project in collaboration with CFA's Community Engagement Coordinator Tiff Heeson and RMIT University.

Tiff Heeson and a bushfire engagement officer worked closely with BBNC.

"We advised them about the information to hand out based on our key messages

for summer," Tiff said. "We emphasised to BBNC staff members not to underestimate their value – even small conversations about the weather or fire safety can build resilience.

"It's important to think about which people have a strong connection to the community, and involve them in passing on safety messages."

The project team also took advantage of the local social networks by introducing a 'pass the parcel' initiative, where parcels of fire safety information were passed around in the community, extending the reach of the information.

Following surveys by RMIT, the project led to a better understanding of how bushfire information flows informally through community networks.

It won the Victorian Community Award at the 2018 Resilient Australia awards in September 2018. Organised by Emergency Management Victoria, the awards recognise initiatives that help make our communities safer, stronger and better prepared to manage natural disasters.

The Chief Officer's five priority projects

Further progress has been made to strengthen the operational capability of our volunteer brigades through ongoing priority projects.

South West Region completed a pilot of **Fit for Duty**, which produced valuable lessons thanks to the commitment of Class 4 and 5 brigades and the dedication of the project team. The team prioritised feedback from participating brigades and improved the program during the pilot. Extending this important work, the program transitioned to a state-level team to support further engagement and analysis to help develop the next phase of the program.

The **Annual Brigade Review** (ABR) project team focused on further improving the project, following the outcomes of testing and evaluation with 44 brigades in District 9 in 2017-18. The ABR is a holistic health and capability assessment of volunteer brigades to identify where brigades are strong and where they need assistance.

Data from the Brigade Capability Profile Application (BCPA), which was developed as part of the **Brigade Capability** pilot, now supports the assessment of the majority of ABR criteria. In March 2019 an agreement was also reached with our industrial partners to proceed with the ABR Pilot Project, which will start in select locations in most CFA regions in 2019-20.

North West Region prepared for the pilot of the **Volunteer Officer Qualification Framework** in conjunction with the brigades of Whittlesea Diamond Valley Group in District 14. The framework illustrates the proposed development pathway for volunteer officers in leadership roles, both operationally and in relation to brigade management. The delivery phase of the pilot began in May 2019 and will continue into 2019-20.



During the course of the year, the pilot of the **Community Incident Engagement Program** (CIEP) in North East Region was expanded to include rural localities. Brigade feedback identified that our members already engage with community members present at structure fires – either during or after the event – to pass on home fire safety information. However, the members were keen to receive additional training tailored around home fire safety key messages. The CIEP team is developing a training package which will also be used to support the District 7 Smoke Alarm Project, as well as tools that will be used to evaluate the program to ensure it can be improved to meet the needs of our members and our communities.

The Chief Officer looks forward to the further development of these projects in 2019-20 to support our people and service delivery.



Juniors grow into seniors at Kiewa

Kiewa Fire Brigade Captain Aaron Wallace understands the importance of recruiting youngsters, and that's why the senior brigade members have a close relationship with their junior brigade.

"This close relationship means the youngsters can train with older members as they reach the end of their junior membership," he said, "which encourages juniors to transition into the seniors, giving us a good flow of young members."

When juniors are almost 16 years old they attend training with the senior brigade to introduce them to the equipment, the station and older members. They begin their Minimal Skills training to be firefighters as soon as they become senior members, and because the brigade has already introduced them to senior training, they complete this quickly and efficiently.

Three juniors who joined the brigade when they were 11 years old – Jack Nicholls, Abbey Damm and Branden Wallace –

'When juniors are almost 16 years old they attend training with the senior brigade'

recently followed in their family's footsteps by joining the senior brigade.

16-year-old Branden has a passion for his brigade, which perhaps isn't surprising given that his dad is the captain and his mum and sister are also brigade members.

"I completed my Minimum Skills in mid-June and I'm now looking forward to helping the community," Branden said. "I did the training with Jack and Abbey. We gave each other support and we're pretty good mates."

"Doing some training with seniors before I was 16 gave me a good idea of what it was all about," he said.



AFL community says thanks to CFA volunteers

The contribution of CFA volunteers was celebrated at the annual AFL Country Round match between Essendon and Geelong Football Clubs at the MCG.

The day kicked off with a festival outside the ground in Yarra Park, with entertainment from country singer Kasey Chambers, demonstrations of sheep and cattle dog herding, and fresh produce from around Victoria.

CFA contributed to the fun with entertainment from children's entertainer April and Captain Koala, a jumping castle, trucks and crews from The Basin and Diamond Creek brigades, and an interactive hoses and ladders game. While the kids were enjoying themselves, CFA members took the opportunity to pass on valuable home fire safety information to the adults.

The celebrations continued on the ground with a big thank you from the AFL clubs to all CFA volunteers.

80 CFA volunteers took part in the pre-match activities, performing a guard of honour for the two teams. The volunteers also unfurled a giant Australian flag during a performance of *Waltzing Matilda* by Australian singer John Williamson.

'The volunteers unfurled a giant Australian flag during a performance of *Waltzing Matilda*'

"It was a memorable day standing on the ground holding the Australian flag with fellow CFA members," said Bunyip brigade member Jason Boler. "It really brought home what CFA means to me and the similar values we all hold. And it really meant something to be thanked and applauded by Essendon and Geelong fans for what we do."

"I felt incredibly proud to be standing with fellow firefighters, whose community spirit and hearts are as huge as the flag we were holding," said Badger Creek brigade member Sarah Oliver. "That feeling of appreciation they bestowed upon us is something I will never forget. I will carry it with me when I'm exhausted on the fireground, facing a horrifying car accident, or needing an extra push to get through training on a cold winter's night."

2018-19 summer season

Total Fire Ban days

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

Table 4: Days of Total Fire Ban 2018-19

Date	Total Fire Ban district(s)
29/03/2019	Mallee and Northern Country
03/03/2019	State of Victoria
02/03/2019	South West
01/03/2019	South West
03/02/2019	State of Victoria
30/01/2019	Mallee, Wimmera and South West
25/01/2019	State of Victoria
17/01/2019	Mallee, Wimmera and Northern Country
15/01/2019	State of Victoria
12/01/2019	Mallee and Northern Country
04/01/2019	State of Victoria
28/12/2018	Mallee
27/12/2018	Mallee and Wimmera
07/12/2018	Mallee, Wimmera and Northern Country
01/12/2018	Mallee and Wimmera
02/11/2018	Mallee
01/11/2018	Mallee

Table 5: Number of Total Fire Ban days declared 2014-2019

Declaration	2014-15	2015-16	2016-17	2017-18	2018-19
Whole of state	1	2	1	1	5
Partial	11	20	7	15	12
Total	12	22	8	16	17

Season overview

In the past 12 months, CFA and our partner agencies provided resources to support our colleagues both abroad and within Australia. In August 2018, CFA provided a small contingent of personnel to support deployments to the US, Greece and Canada.

In November 2018, CFA deployed 90 people to Queensland to assist with unprecedented fire conditions. A mix of firefighters, incident management specialists, and liaison personnel were dispatched over a period of 20 days.

This past summer Victoria experienced above average temperatures, with some parts of the state reaching daytime temperatures that were the highest on record. Much of East and West Gippsland experienced two consecutive years of record low rainfall during autumn and winter. Fire restrictions were introduced a month earlier than normal in East Gippsland and Wellington shires. The whole of Victoria was under restrictions by 10 December 2018.

The warmer and drier conditions in January resulted in above average Forest Fire

Danger Index (FFDI) values across Victoria. For example, Baw Baw National Park in eastern Gippsland experienced well above average FFDI conditions, and there were a number of significant fires.

Three extreme temperature events ranging from two to four days occurred throughout January. Several fires started and burned throughout these events, particularly in the east of the state. From 13 December 2018, two weeks preceding the extreme heat, parts of Victoria experienced a four-day weather event consisting of severe thunderstorms, localised heavy rainfall and flash flooding.

At the end of February and the beginning of March there were numerous fires across Gippsland in heavily forested areas. There was significant lightning throughout this period which started many new fires that spread very quickly and had a significant impact on communities.

Committed, collaborative work between agencies eventually brought these fires under control, though several fires continued for well over 100 days.



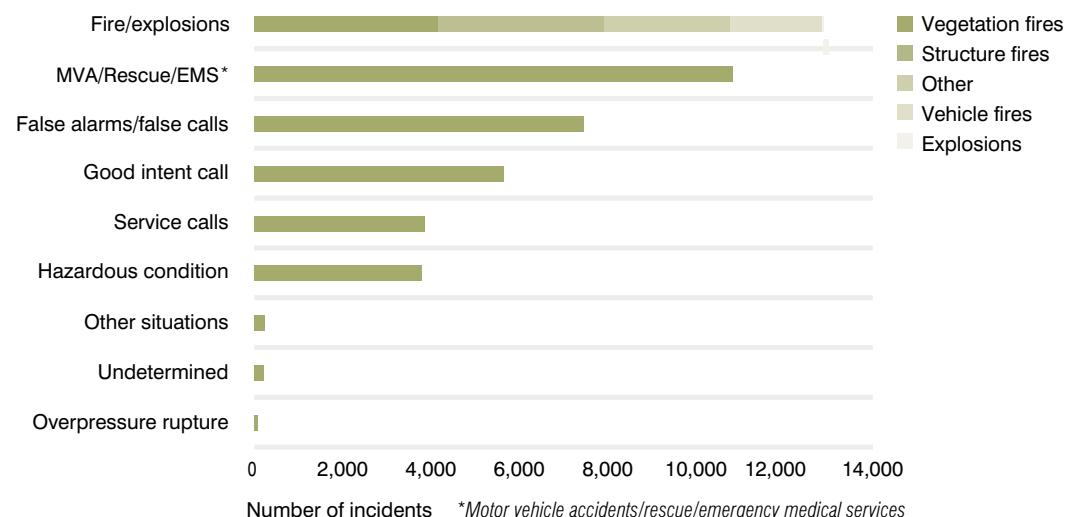
2018-19 major incidents

Table 6: Summary of major incidents 2018-19

Date	Incident location	Incident type	Description
23/08/2018	State Control Centre	Flood/fire	Extensive smoke and water damage through the building.
07/12/2018	Little River	Bushfire	1,270 hectares Losses: 38 properties V/Line services closed
04/01/2019	Rosedale	Bushfire	12,148 hectares \$22 million damage to plantations
16/01/2019	Nunnett/Timbarra River Complex	Bushfire	22,705 hectares
30/01/2019	Walhalla	Bushfire	8,755 hectares Losses: 2 houses and 2 outbuildings.
01/02/2019	Grantville	Bushfire	267 hectares
02/02/2019	Hepburn – Mannings Road	Bushfire	28 hectares
01/03/2019	North-east lightning fires	Bushfire	
01/03/2019	Bunyip State Park (Gembrook – Helmet Track)	Bushfire	15,596 hectares Losses: 29 houses and 67 outbuildings
02/03/2019	Yinnar South	Bushfire	1,913 hectares Losses: 2 houses and 3 outbuildings
03/03/2019	Cambarville Road	Bushfire	2,629 hectares
29/03/2019	Mt Mercer	Bushfire	1,547 hectares Losses: 2,369 sheep
29/03/2019	Bunkers Hill	Bushfire	Losses: 1 house and 16 outbuildings. 2 houses damaged

2018-19 total incidents

Figure 2: 2018-19 incident response by type





Upgraded Penshurst boosts firefighter skills

Following a series of upgrade works, the newly improved Victorian Emergency Management Training Centre (VEMTC) at Penshurst reopened in September 2018, and PAD Supervisor Darren Rentsch said it was great to see training sessions back in full swing.

"Since the Penshurst campus reopened in September 2018, more than 1,200 CFA volunteers, 150 career staff and around 450 other emergency services personnel have attended the campus to train," Darren said.

"The campus is a more modern facility with upgraded capability which enhances our regional and state training, ensuring our emergency services have the skills and experience needed to protect their local communities.

"The campus is attracting CFA members from as far away as Districts 14 and 15 which shows brigades will travel for skills maintenance and skills acquisition."

District 14 CFA volunteer Greg McMillan, who recently trained at the site, was impressed by the facilities.

"The PAD supervisor and his staff were outstanding. From the moment we arrived until the time of our departure we were made welcome and assured they were there to assist us in any way they could," Greg said.

'The campus is a more modern facility with upgraded capability'

"In my opinion, Penshurst should be the benchmark as the minimum standard required for hot fire training. The props were erected on a flat solid surface, the hot fire training was challenging and it exposed students to real-life situations."

The improvements delivered by the Infrastructure Services team included a storm water diversion, a new dam, paving of the open-air training area and the construction of new drainage systems and water management measures. These works align with EPA environmental recommendations and deliver enhanced water management at the campus.

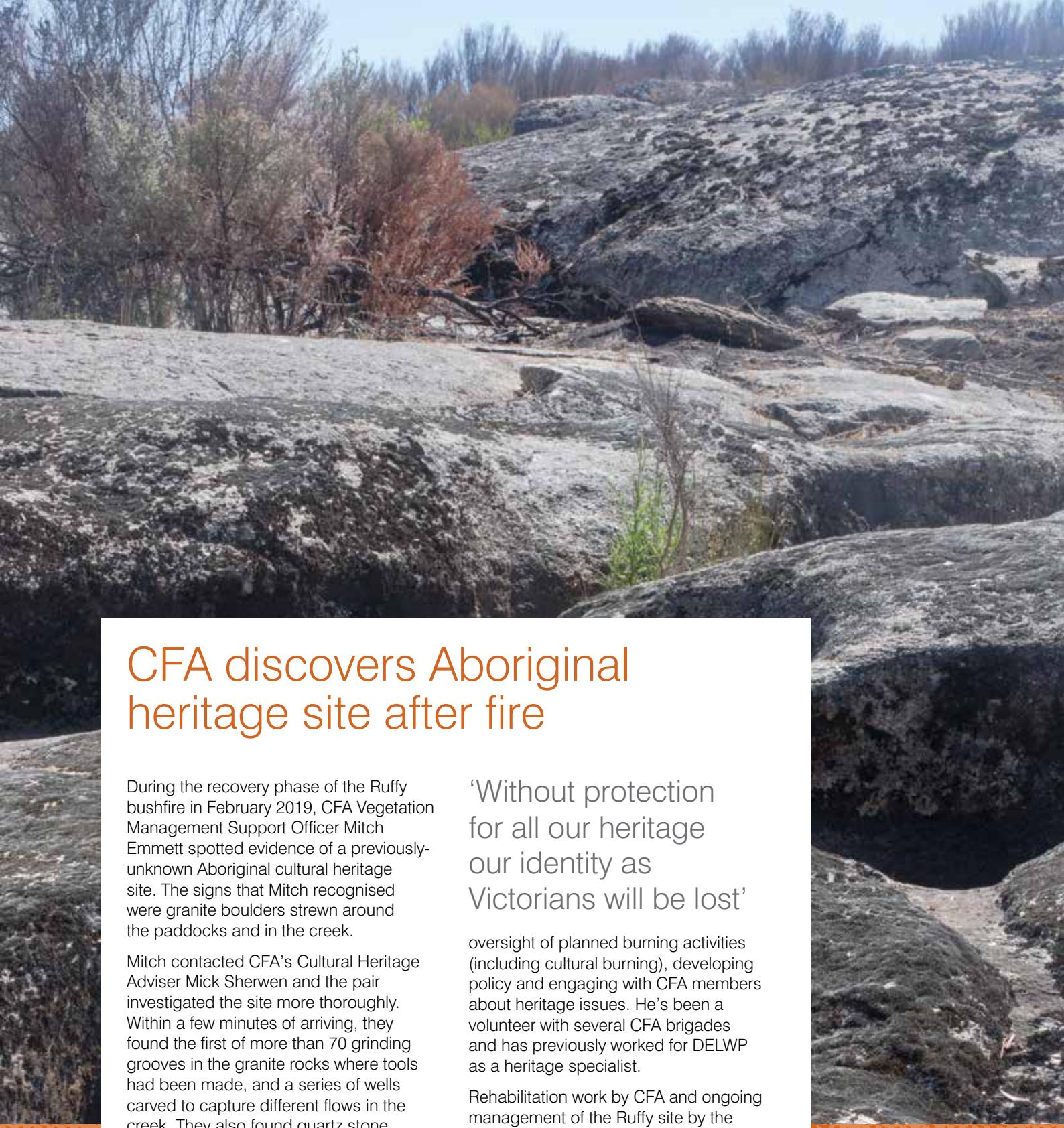
"This site will continue to be an invaluable asset for the region and the state and I look forward to providing comprehensive and innovative training programs to local emergency services for many years to come," Darren said.

CFA performance reporting

CFA is formally monitored by the Department of Justice and Community Safety, and held to account by quarterly reports on government-set KPIs. Table 7 shows CFA's actual performance together with measures reported in Budget Paper No. 3. CFA adheres to the national requirements for counting rules, which is normal for fire and emergency services organisations.

Table 7: Emergency management capability (BP3)

Major outputs/deliverables	Unit of measure	2018-19 Target	2018-19 Actual
Performance measures			
Quantity			
1. Permanent operational staff	number	1,360	1,371
2. Permanent support staff	number	1,026	1,056
3. Volunteers – operational	number	39,400-40,950	34,380
4. Volunteers – support	number	20,500-22,000	20,241
Quality			
5. Road crash rescue accredited brigades/units	number	23	23
6. Level 3 Incident Controller trained staff and volunteers	number	67	57
7. Structural fire confined to room of origin (A23 Type Incident 110-129 where K20 Extent of Flame Damage is (1,2,3)*100)	per cent	70	77
Timelines			
8. Emergency response times meeting benchmarks – structural fires	per cent	90	87
9. Emergency response times meeting benchmarks – road accident rescue	per cent	90	83



CFA discovers Aboriginal heritage site after fire

During the recovery phase of the Ruffy bushfire in February 2019, CFA Vegetation Management Support Officer Mitch Emmett spotted evidence of a previously-unknown Aboriginal cultural heritage site. The signs that Mitch recognised were granite boulders strewn around the paddocks and in the creek.

Mitch contacted CFA's Cultural Heritage Adviser Mick Sherwen and the pair investigated the site more thoroughly. Within a few minutes of arriving, they found the first of more than 70 grinding grooves in the granite rocks where tools had been made, and a series of wells carved to capture different flows in the creek. They also found quartz stone flakes from tool making.

"I contacted the Traditional Owners and initiated formal site registration and survey work," said Mick. "The Taungurung elders were very moved by the discovery and thrilled to have CFA's support, and adjoining landowners said they were proud to have such a special place in their backyards."

Mick is CFA's first Cultural Heritage Adviser. His role involves heritage management protection measures,

'Without protection for all our heritage our identity as Victorians will be lost'

oversight of planned burning activities (including cultural burning), developing policy and engaging with CFA members about heritage issues. He's been a volunteer with several CFA brigades and has previously worked for DELWP as a heritage specialist.

Rehabilitation work by CFA and ongoing management of the Ruffy site by the Catchment Management Authority will ensure the site is protected.

"Anyone with just a little awareness and sharp eye can make a contribution to the protection of our shared cultural heritage," said Mick. "The past, present and future is a continuum of our societies living in our environment, whether built, remote, regional, city or country. Without protection for all our heritage our identity as Victorians will be lost."

Progress to meet objectives and outcomes

Responding to community need

There has been ongoing research to ensure we identify factors affecting the incidence and impacts of structure fires. The results of the research are helping us develop the risk assessment criteria to use with a structural risk assessment tool. This tool will initially focus on residential structure fires, but will expand to include other structures over the next 12 months in collaboration with Monash University Accident Research Centre.

CFA began publishing response time data in quarterly reports in late 2017-18, and regular reports were published in 2018-19. This transparency measure provides assurance to the community of the timeliness of CFA responses. CFA also provides other information in these quarterly reports, including the extent of CFA's activity (number of emergency calls) and the outcomes of CFA's activity (for example, loss of life, injuries, and containment to room of origin).

Supporting our people

In 2018 our Virtual Reality Roadshow travelled to every CFA district in the state to demonstrate our VR training capability and how VR technology can be used in learning and development. The attendees had a wide range of backgrounds and experience, and we received valuable feedback to further develop VR learning. The next step is to issue an expression of interest to get a comprehensive understanding of the supplier market and range of solutions available for virtual reality systems that realistically simulate firefighting and other emergency situations.

CFA has begun rolling out a secure and standard internet service to all brigades as part of the Connected Brigades Program. More than 1,000 brigades across Victoria will receive internet connectivity. This will increase the use of our online training modules by volunteers and strengthen the ability of CFA members to communicate.

This financial year CFA continued to develop and launch many eLearning programs. We will continue to develop knowledge-based content and make it available both in classrooms and as eLearning modules.

Promoting health, safety and wellbeing

In 2018-19, South West Region continued the Fit for Duty pilot project with volunteers at Class 4 and 5 brigades, aiming to promote the ongoing physical and mental health of operational volunteers. The pilot included physical tanker-based assessments, medical checks, psychological support programs and access to health and exercise programs for participating volunteers. The pilot was evaluated, and participating brigades gave valuable feedback which will be used to develop the next phase of the program.

The Matter of Respect program was launched throughout the state this financial year with more than 350 leaders completing the training. Twelve workshops were held to support headquarters staff, and several sessions were delivered to regional leadership teams and regional inclusion and fairness councils across Victoria. Participant feedback showed that CFA members felt more confident to have conversations about respectful behaviour. Participants acknowledged that our actions, no matter how small, have an impact on others and respect is a core requirement for everyone at CFA. The Inclusion and Fairness team will continue to develop the program into 2019-20.

Building sector partnerships and collaboration

In partnership with Ambulance Victoria, CFA continued to roll out the GoodSAM app to members. The app supports CFA's commitment to improve cardiac arrest response and outcomes for patients in Victoria. The app alerts trained first-aiders about people who are nearby in cardiac arrest to enable CPR to be started as soon as possible. More than 380 CFA members have registered as GoodSAM responders.

Strengthening our operational capability

Following the development phase in 2017-18, the Brigade Capability Profiling Application (BCPA) was progressively introduced to a number of district operations managers and their teams during 2018-19. The rollout started in West Region and after a number of workshops and familiarisation sessions, the BCPA was used to support several capability planning sessions involving operational staff. By 30 June 2019 more than 100 CFA staff across districts, regions and directorates had received training to use BCPA and put it to use. Work continues to ensure that BCPA is developed to full production status and is established as a key planning and monitoring platform in CFA.

As part of the Volunteer Recruitment and Retention Project, we completed a series of workshops with district staff and volunteers to identify gaps and opportunities in our recruitment and retention processes. Several resources and tools were updated to support our volunteers:

- more than 400 new images were added to the CFA digital library so that our published content can represent the diversity of our volunteer workforce
- the website and intranet were refreshed to provide additional recruitment support materials
- a knowledge sharing platform was developed so people can share ideas about recruitment and retention
- we launched new marketing templates
- we designed a new member retention survey.

350 Firefighter Program hits its target

Over the past 12 months CFA's 350 Firefighter Program (P350) achieved a number of significant milestones:

- We completed the recruitment and training of 50 new career firefighters in December 2018, meeting the Victorian Government's commitment of 350 new firefighters between 2015 and 2018.
- We deployed 12 newly-designed heavy pumper.
- We opened new fire stations at Lucas and Wodonga, and a temporary station at Latrobe West.
- Career firefighters increased their skills through the Promotional Programs and we deployed mixed-rank positions across the state. By upskilling and moving around the existing workforce we have more people in the upper ranks to support new recruits.

In the 2019-20 financial year, the program will continue to deliver a range of projects including opening the new Tarnet Fire Station, starting construction on new fire stations in Shepparton, Springvale and Morwell, and supporting recruitment to meet attrition needs for CFA.



Leading transformational improvements

In February, CFA honoured and remembered those affected by the devastating 2009 Victorian bushfires which claimed the lives of 173 people and destroyed thousands of homes across the state. To commemorate the tenth anniversary, CFA was involved in the State Memorial Service held on 4 February, and CFA CEO/Chief Officer Steve Warrington was given the honour of speaking on behalf of all emergency services. CFA also organised many memorial services around the state, from private brigade-based gatherings to the large event at the Burwood headquarters office where staff heard harrowing accounts from people who fought the fires.

CFA is continuing to work collaboratively with the Inspector-General for Emergency Management (IGEM) to participate in the 2019 Ten Year Review of Emergency Management Reform, which will examine ten years of change in Victoria's emergency management sector. CFA has provided a variety of information to IGEM to show how the organisation and sector have changed over the past ten years. This significant review is being conducted over a 12-month period and will cover the themes of governance, capability and capacity, community engagement and preparedness, rebuilding and recovery, and community safety and resilience. Additional submission will continue in 2019-20. The final report is due December 2019.

Work is continuing to improve the asset management system to comply with the Department of Treasury and Finance's Asset Management Accountability Framework. This year we published the refreshed asset management policies and Strategic Asset Management Plan. Next steps include updating the asset management plans for the four key asset classes to align with the 2019-20 corporate business plan, develop an asset benefits realisation framework, and focus on change management activities that will align CFA's asset management capability with Victorian Government policy requirements.

In 2017-2018 the CFA Board and Executive established a project to enhance the Firefighter State Championships to reflect a modern and diverse CFA and ensure the Championships remain sustainable into the future. In 2018 a survey of members revealed a number of opportunities to enhance our Championships. This led to the emergence of a strong partnership between CFA and VFBV Urban and Rural Competition and Rules Committees, which have agreed to run the 2020 Rural Senior and Junior Championships concurrently with the Urban Senior Championships. This is a significant decision. The 2020 CFA/VFBV Championships will be a major regional event in Victoria and a celebration of CFA. A five-year action plan mapping out the future developments of the Championships has also been produced.

Child safety at CFA

CFA's priority is community safety, and that includes children. CFA has long been recognised and respected by Victorians for providing high-quality educative programs and services for children and young people both within the community and to our young members.

During 2018-19, CFA established a revised Child Safety Framework and program of works to develop new and improved systems, processes, practice advice and educational packages aimed at supporting our people, young members and their parents.

This financial year our Child Safety Team held more than 50 education sessions across the state and spoke to more than 1,000 staff, volunteers, Juniors and their parents about the right that all children have to feel safe and be safe at CFA. We've built a child safety risk framework which is helping to inform our program development and improvement, and corporate decision-making, to ensure children's safety is considered and respected in everything we do.

CFA is continuing its child safety program of works in 2019-20, and is committed to achieving excellence and best practice in the emergency services sector.



Developing flexible learning at CFA

The digitisation of current and future training and assessment programs to meet volunteer training needs is a significant opportunity for CFA.

The State Government's Fire Services Statement identified that CFA needs to increase training opportunities and brigade support to continue to be a strong and proud volunteer organisation, equipped with contemporary, high-standard equipment, tools and systems.

CFA delivers more than 500,000 hours of formal and informal training each year to its staff and volunteers, through a network of about 1,000 paid and volunteer trainer-assessors.

The eLearning programs currently available include: Thermal Imaging; Tree Hazard Awareness; Electrical Safety Awareness; Asbestos Awareness; General Firefighter; Drive on Roads; Brown Coal; Fire Weather; Intermediate Bushfire Behaviour; and AIIMS Awareness.

Executive Manager Training Delivery and Performance Colin Oliver said eLearning allowed CFA to deliver more flexible,

'CFA staff and volunteers receive more than 500,000 hours of formal and informal training each year'

consistent, targeted training to brigades particularly for individual role-specific training and response activities.

"This means that instead of having to wait until there are enough members to fill a face-to-face training session or travel to complete training, our people can jump online," Colin said.

"It also means no-one misses out on training because sessions are full. In some cases, members are able to complete the majority of their training online before completing a more concise, practical component in person.

"eLearning is another way CFA is increasing the sustainability of its brigades and the capability of its people."

Remembering the 2009 fires

Chief Officer Steve Warrington's speech at the Royal Exhibition Building to commemorate the 10th anniversary of the 2009 fires

Good evening all.

As CFA's Chief Officer, I am deeply honoured to be speaking on behalf of all the emergency services as we commemorate the tragedy of the 2009 fires and remember the bravery of those who risked their lives to save others during that terrible summer.

I'd first like to offer my condolences to the bereaved families and friends of the 173 people who died in the fires and those who have passed since. On behalf of CFA and the other emergency services, I sincerely express our ongoing sadness for each of your losses. Our thoughts will always be with you.

My colleagues from CFA, MFB, Forest Fire Management Victoria, the State Emergency Services, Victoria Police and Ambulance Victoria are all represented by leaders, staff and volunteers here this evening.

Many of the events of early 2009 are deeply painful subjects at CFA and the other emergency services agencies. Rarely does a day pass where something about that time doesn't cross my mind.

As the years have gone by, the sense of grief has been channelled into

determination to ensure we keep learning and evolving.

It's impossible to tell the story of the 2009 fires without speaking about the enormous task our emergency services people took on during that long and dreadful summer.

We had a string of record breaking hot days, well over 40 degrees, coming on the back of a decade-long drought. This created weather patterns and circumstances that were never seen before.

In late January, we had significant fires already burning, including the Delburn fires in Gippsland.

On 7 February, the state was tinder dry and the storm force winds that accompanied the extreme heat created the conditions for this unprecedented disaster.

By the time the spotter at Pretty Sally fire tower saw the first flames of the Kilmore East fire at 11.47am, every emergency services organisation in the state was already in full swing as the first of thousands of emergency incidents arose.

It was a tragic day where lives were lost, but decisions were made that saved the lives of countless others in many small



towns and communities right across this great state such as Horsham, and quite possibly all of the Dandenong Ranges – all places where fire was beaten.

There is no doubt that Victoria's emergency services agencies stood shoulder to shoulder during that time to save lives and protect property as best we could. We witnessed women and men performing incredible acts of bravery, incredible feats of strength and moments of shattering heartbreak in their day jobs and as volunteers.

We remember it all.

We remember the tens of thousands of volunteers and career firefighters and rescue crews who came from every corner of the state, every corner of the country, from across the globe to battle the raging infernos and to help us all in those desperate days.

We remember the police who remained calm when people needed them most, some leading many people safely away from the fire, risking their own lives.

We remember the ambulance crews that raced the injured to hospitals and

comforted the sick and scared before there was anyone else to help them. Finally, we remember the shock and horror of the days, weeks and months afterwards where we had to relive the trauma, learn from our mistakes and get on with the job.

We will never forget 2009.

I have been so inspired by the courage and determination shown by our emergency responders, and am humbled by the kindness and generosity of those who have supported us during that time and ever since. It continues to motivate me, and many others in the sector to work hard to honour the trust you placed in us then, and the trust you have placed in us now.

I take great strength from the way our staff and volunteers have grown in the past decade and how we have become stronger as a result. This has been evident in recent weeks where we have experienced several significant fires and heat right across the state.

On behalf of the emergency services sector, I thank you for your support and promise we will continue to stand by you.

Thank you.

Photo: Andrew Hobbs

2018-19 Honours

The commitment of those people involved with CFA was recognised with the awarding of the Australian Fire Service Medal to Colin Newell (pictured with Governor of Victoria Linda Dessau), Nicole Harvey, Gwynne Brennan and John Callahan.



Photo: Kit Heselden Photography



Kids lead the way in Strathewen

The carnage of the 2009 bushfires reduced the primary school in Strathewen to ashes. But now its students are leading the way to ensure the town is ready for fire every summer.

In 2016 students produced a claymation video about Fire Danger Ratings, followed by a picture story book. This year another claymation video was produced focusing on key aspects of bushfire education. The students worked with a variety of community groups including Arthurs Creek/Strathewen Fire Brigade.

Arthurs Creek brigade volunteer Lisal O'Brien has been heavily involved in the program. She said that while the video is aimed at the school's students, it isn't just the kids who are learning.

"We experienced a significant disaster in 2009 and many of the school's students and families are still managing distress years later," Lisal said. "Our students have learned where Fire Danger Ratings come from and how they are calculated."

"They've learned how to use a number of fire behaviour analysis tools, as well as fuel loadings, tree bark types and general fire behaviour.

"Students now know what's needed to keep their families' properties fire ready, and they are proud to go away and share their knowledge with family and other community members."

CFA CEO/Chief Officer Steve Warrington, Deputy Chief Officer Stephanie Rotarangi, members from CFA headquarters and local brigades were among those who helped to make claymation characters for the video.

CFA Wildfire Instructor Jamie MacKenzie helped get the program off the ground as part of CFA's Survive and Thrive bushfire education program for students in grades 5 and 6.

"The main thing we wanted to do was to use knowledge to dispel fear. These kids are growing up with the knowledge to make the right decisions," Jamie said.



How a country brigade improved its response

Twenty years ago Katamatite Fire Brigade, north-east of Shepparton, was struggling to cope with weekday, day-time emergencies because of a lack of operational members. To address the issue the captain held community sessions hoping to persuade stay-at-home mums and those working part-time in the area to join the brigade. From the sessions and through word-of-mouth six women signed up.

Four of the original six are still heavily involved with the brigade. Three have remained operational and one has joined the brigade management team. Initially trained only in wildfire firefighting, the women have expanded their skill levels and completed training in low structure, road crash rescue, and as crew leaders. Two have also received their medium rigid truck licence and completed Code 1 driver training.

Dossie Parnell and Helen Matthies are two of the original group of women recruited through the community sessions.

"Even through the hard times of car accidents, the camaraderie is amazing.

'Women can become the backbone of your brigade.'

The supportive nature of everyone involved helps," Dossie said.

"Before joining, my husband and son were involved and I remember sitting at a running competition watching from the sidelines," Helen said. "I just thought to myself 'why am I sitting here when I could be participating?'"

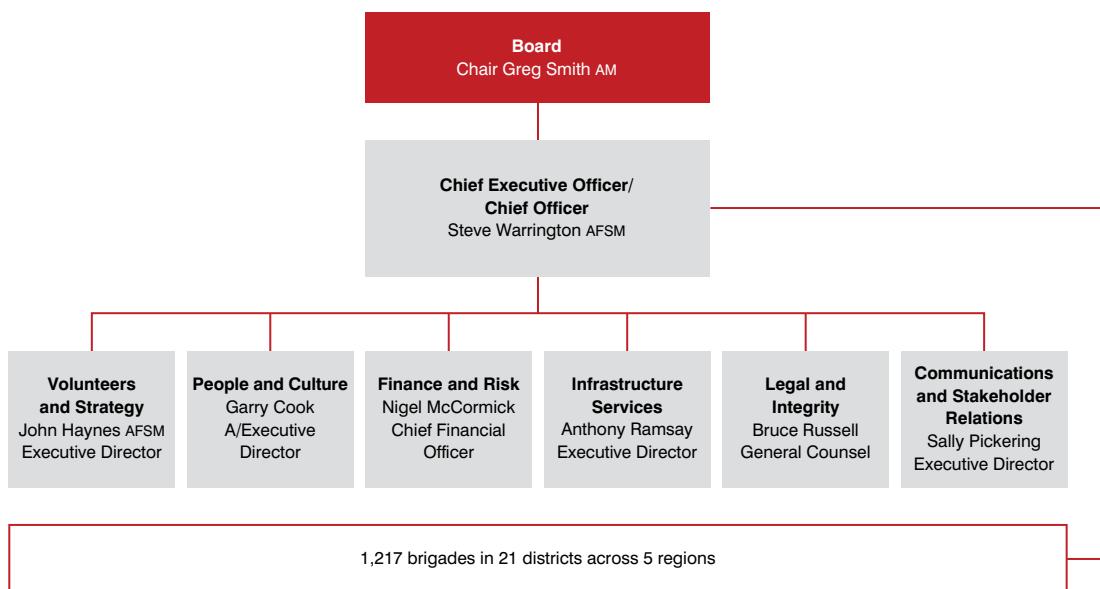
Captain John Parnell has continued to use the recruitment model of his predecessor. "Everyone is equal and has the right to be heard," he said. "A brigade that's struggling to get day-time responders should look at its community and talk to the women. It will only make your brigade stronger and more welcoming."

This sentiment is reinforced by Helen. "Recruit the women in your community. They can become the backbone of your brigade."

Formalised Governance Framework

Our formalised Governance Framework details governance arrangements for the Board and Board committees.

Figure 3: Structure and Executive as at 30 June 2019



Governance

CFA Board Committees

Community Engagement Committee	Finance, Risk and Audit Committee	Health, Safety and Environment Committee	People and Culture Committee
Chair: Tim Young	Chair: Michelle McLean	Chair: Dr Gillian Sparkes	Chair: Lynda Hamilton
Executive Sponsor: CEO/ Chief Officer	Executive Sponsor: Chief Financial Officer	Executive Sponsor: ED People and Culture	Executive Sponsor: ED People and Culture
Strategy, Planning and Governance Committee	Remuneration Committee	Honours, Awards and Remembrance Committee	Strategic Reform Committee
Chair: Pam White PSM	Chair: Greg Smith AM	Chair: Lynda Hamilton	Chair: Greg Smith AM
Executive Sponsor: ED Volunteers and Strategy	Executive Sponsor: ED People and Culture	Executive Sponsor: ED Infrastructure Services	Executive Sponsor: ED Volunteers and Strategy

CFA Board

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

Board members for 2018-19 were:

- Greg Smith AM (Chair); re-appointed for a three-year term from 17 June 2019
- Michelle McLean (Deputy Chair); re-appointed for a three-year term from 17 June 2019
- Dr Gillian Sparkes; re-appointed for a three-year term from 17 June 2019
- Pam White PSM; re-appointed for a three-year term from 17 June 2019
- Simon Weir; re-appointed for a three-year term from 17 June 2019
- Timothy Young; appointed 19 July 2016
- Hazel Clothier; appointed 19 July 2016
- Peter Shaw; appointed 19 July 2016
- Lynda Hamilton; appointed 19 July 2016.

CFA Board Committees

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

Finance, Risk and Audit Committee

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

People and Culture Committee

This committee provides the Board with oversight, review and assurance for people and culture plans, and programs of work and policy, including change management, workplace relations and staff development, and performance and succession. The committee includes an independent member.

Health, Safety and Environment Committee

This committee provides the Board with oversight, review and assurance regarding health, safety and environment strategy and policy, compliance and risk, performance, and in meeting external reporting requirements. The committee includes an independent member.

Honours, Awards and Remembrance Committee

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

Remuneration Committee

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

Strategy, Planning and Governance Committee

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

Community Engagement Committee

This committee provides oversight, review and assurance for community engagement initiatives, building community resilience, and on the quality and performance of our community engagement. The committee includes an independent member.

Strategic Reform Committee

The Strategic Reform Committee was established during 2018-19 to support the Board in discharging its responsibilities regarding the preparation for and implementation of government policy as outlined in the Fire Services Statement. The committee provides oversight, review and assurance regarding the delivery and implementation of the government's Fire Services Reform Policy, and manages the strategic risks associated with it.

Table 8: Board members' attendance at meetings 2018-19

Meeting*	BM	FRAC	HSE	P&C	HAR	REM	SPG	CEC	SRC
No. meetings to 30 June 2019	16	10	4	4	6	6	4	4	4
Greg Smith	16	-	-	-	-	6	-	-	4
Michelle McLean	13	9	-	-	-	6	-	-	-
Lynda Hamilton	13	-	-	4	6	-	4	3	-
Simon Weir	15	10	3	-	-	-	-	-	-
Pam White	11	-	-	3	-	4	4	-	3
Gillian Sparkes	14	8	4	-	-	-	-	-	-
Tim Young	14	-	-	4	-	-	4	4	-
Peter Shaw	16	6	-	-	-	-	3	-	4
Hazel Clothier	15	-	3	-	-	-	-	3	-

*BM, Board meetings; FRAC, Finance, Risk and Audit Committee; HSE, Health, Safety and Environment Committee; P&C, People and Culture Committee; HAR, Honours, Awards and Remembrance Committee; Rem, Remuneration Committee; SPG, Strategy, Planning and Governance Committee; CEC, Community Engagement Committee; SRC, Strategic Reform Committee.

Attestation for Standing Directions

2018-19 Attestation Statement



2018-19 Financial Year Compliance with Standing Directions 5.1.4

CFA Financial Management Compliance Attestation Statement

I, Greg Smith, on behalf of the CFA Board, certify that the CFA has complied with the applicable Standing Directions made under the Financial Management Act 1994 and Instructions.

During the year CFA has received advice that questions the power of the CEO to comply with Standing Direction 2.3.5 Responsibility to establish requirements for excluded entities. CFA has engaged with relevant stakeholders on this matter, including with DTF. The matter has not been determined conclusively. CFA will continue to work with stakeholders to confirm the position and implement remedial measures if/as necessary.

A handwritten signature in black ink, appearing to read 'Greg Smith'.

Greg Smith AM
Chair

Date 15.9.19

cfa.vic.gov.au

Financial Summary

Five year financial summary	2018-19	2017-18	2016-17	2015-16	2014-15
	\$m				
Grant income	622.2	600.2	577.8	477.6	451.2
Total Income	656.7	640.1	590.5	510.2	501.9
Total expenses*	(644.4)	(591.0)	(582.2)	(575.2)	(501.2)
Net result	12.3	49.1	8.4	(65.1)	0.8
Comprehensive result	84.7	67.9	8.4	(31.0)	0.3
Net cash flows from operating activities	56.0	93.1	108.8	47.7	34.8
Total Assets	1,722.1	1,614.6	1,490.2	1,426.9	1,361.0
Total Liabilities	(221.0)	(231.1)	(231.6)	(217.6)	(144.5)
Total Equity	1,501.1	1,383.5	1,258.6	1,209.3	1,216.5

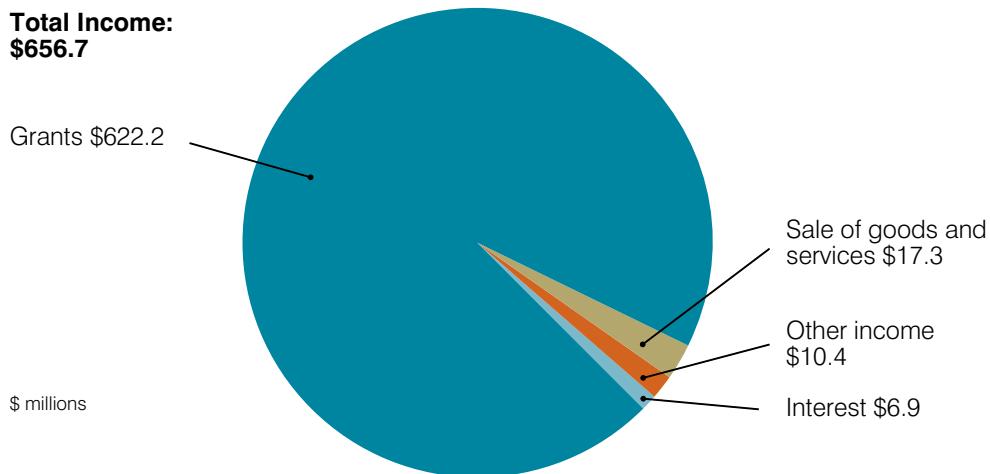
*includes other economic flows included in net result

Executive Summary

CFA's comprehensive operating result for 2018-19 is a surplus of \$84.7m, representing an increase over last year's surplus of \$67.9m. CFA continues to maintain a strong balance sheet with net assets increasing by 8% (\$117m) to \$1.50 billion. These positive financial results reflect the Board's prudent oversight of financial management and CFA's objective of maintaining expenditures to within income over the medium term. Projects are a significant feature of CFA's financial position. In 2018-19 CFA received Output funding for Expenditure Review Sub Committee (ERSC) related projects of \$107.4m and Asset funding for ERSC-related projects of \$70.5m.

Comprehensive Operating Statement

Income



In 2018-19, CFA received most of its income (95%) through Grants provided by the Department of Justice and Community Safety.

The total income for the 2018-19 year was \$656.7m, which is an increase of \$16.6m from the previous year's total of \$640.1m primarily attributable to additional grants income of \$22.0m. This was partly offset by a reduction in non-grant income due to a one-off recognition in 2017-18 of historically accumulated public fund donation and brigade cash \$6.4m.

Government and statutory funding

CFA received Grants and Contributions amounting to \$622.2m (2017-18 \$600.2m). Under the *Country Fire Authority Act 1958* (the Act), CFA received funding of annual expenditure from the State Government under the property-based fire service levy arrangements. Additional grant income arose on many projects including 350 Firefighters program and Fire Services Statement implementation as well as base funding escalation.

Sales of goods and services

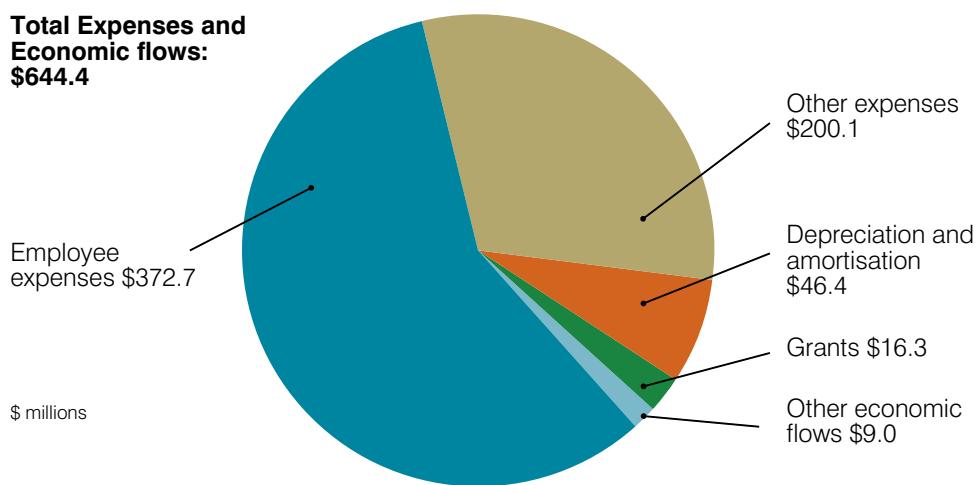
CFA received \$17.3m during the year from the sale of goods and services to external bodies (2017-18: \$17.2m). This includes the provision of external training services, fire protection fees, dangerous goods inspections, fire and equipment maintenance services, and charges for hazardous materials incidents and emergency attendances.

Other income and interest

Other income during the year totalled \$10.4m (2017-18 \$16.9m), which was lower due to the one-off recognition of income in 2017-18 from historically accumulated public donation income and brigades cash \$6.4m.

Interest income for the year was \$6.9m (2017-18: \$5.7m). The increase in interest compared to 2017-18 was a result of higher average investments, higher average interest from Treasury Victoria Corporation (TCV) and Central Banking System following the transition from TCV in the last quarter.

Expenses



Expenses

Total expenses excluding other economic flows for the 2018-19 year were \$635.4m compared to \$589.3m for 2017-18. The increase of \$46.1m is due to additional employee expenses of \$40.8m, other operating expenses of \$3.1m and depreciation and amortisation of \$1.8m.

Net losses from other economic flows for 2018-19 was \$9.0m compared to \$1.7m for 2017-18.

Employee expenses

During 2018-19 employee expenses were \$372.7m (2017-18 \$331.9m), the increase of \$40.8m primarily resulted from EBA changes during the year and increased staff numbers including through the 350 Firefighters program.

Depreciation and amortisation

Depreciation of property, plant and equipment and amortisation of intangible assets totalled \$46.4m during 2017-18 (2017-18 \$44.6m). The increase of \$1.8m was due to capitalisation of additional assets particularly vehicles.

Other expenses

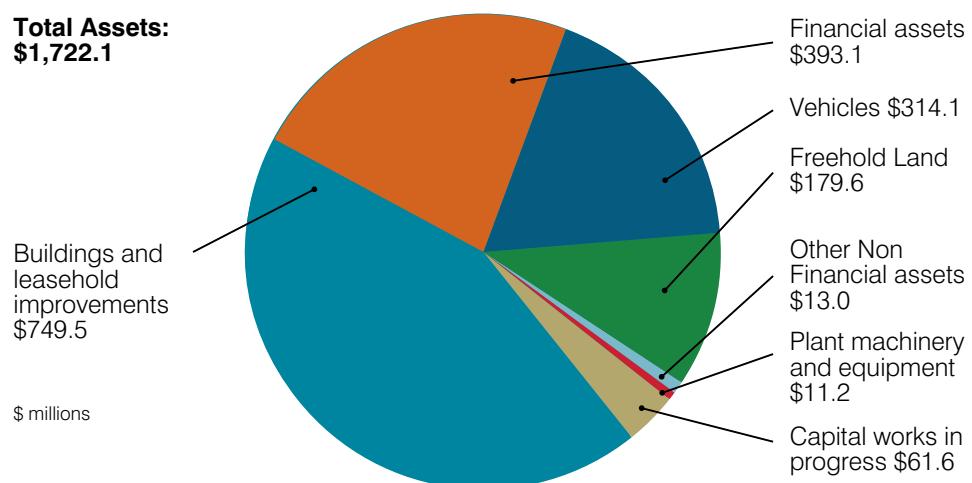
CFA spent \$200.1m on general operating costs and other expenses during 2018-19 (2017-18 \$197.0m). This increase of \$3.1m over the previous year in expenses was due to increases in the maintenance and running costs mitigated partially by reassessment to a lower provision for Fiskville remediation and decommissioning project.

Grants

CFA spent \$16.3m on grants during 2018-19 (2017-18: \$15.9m) consistent with the previous year.

Balance Sheet

Assets



Total Assets

Total assets at 30 June 2019 were \$1,722.1m compared to the 30 June 2018 total of \$1,614.6m. The major elements of the year-on-year variation of \$107.5m were an increase in property, plant and equipment of \$113.9m partially offset by a decrease in financial assets of \$6.2m.

Financial assets

Financial assets totalled \$393.1m (2017-18: \$399.4m) and comprise cash at bank and deposits of \$318.4m, investments of \$46.5m and money owed to CFA for trade receivables, other receivables and GST recoverable of \$28.3m. There was a shift in composition from investments to cash and deposits with the introduction of the Central Banking System as required by Standing Directions 2018. Receivables were impaired by \$15.5m due to the application of the new Accounting Standard AASB 9.

Cash and deposits, and investments include brigades' cash and deposits held for local initiatives and future activities such as:

- 350 Fire Fighters Program
- Fire Services Statement
- New training capability
- Regional Radio Dispatch Service
- Morwell Fire Station

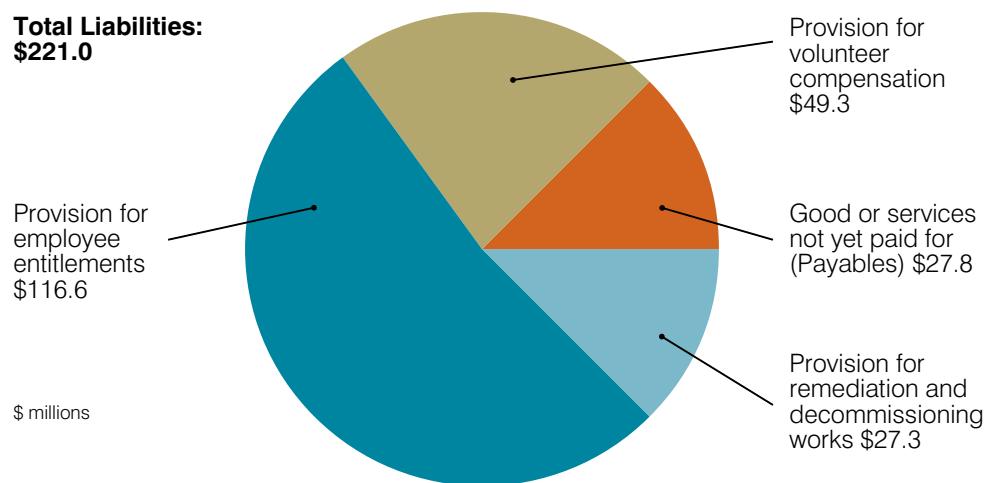
Non-Financial assets

Non-Financial assets totalled \$1,329.0m (2017-18: \$1,215.2m) comprising property, plant and equipment of \$1,315.9m, and other non-financial assets including inventories and goods held in store of \$7.8m, prepayments of \$2.5m and intangible assets \$2.8m.

Land and buildings within property, plant and equipment was revalued upward by \$5.8m and \$66.5m respectively in accordance with FRD 103G.

At the end of the year, the value of expenditure on capital works such as buildings, emergency response vehicles, and plant and equipment which were in progress, totalled \$61.6m (2017-18: \$84.5m).

Liabilities



Total Liabilities

Total liabilities at 30 June 2019 amounted to \$221.0m compared to the previous year's total of \$231.1m. The movement in the total liabilities in the current year was due to a decrease in other provisions offset partially by an increase in employee related provisions.

Goods or services not yet paid for (Payables)

At the end of the year, a total of \$27.8m was owed for goods or services already provided but not yet paid for. This was a negligible movement against the corresponding figure last year (2017-18: \$29.8m).

Employee related and other provisions

The total employee and other provisions as at 30 June 2019 were \$193.2m (2017-18 \$203.1m). The decrease of \$9.9m primarily represents payments and a reassessment to a lower provision for environmental and decommissioning works partially offset by additional annual and long service leave provision triggered by EBA and headcount increases and additional volunteer compensation provision due to significant change in the discount rate factor.

CFA and Brigades Donations Fund

In 2004, CFA established the CFA and Brigades Donations Fund (the Trust). The Trust is a public fund with tax-deductible status. It was set up to comply with the *Income Tax Assessment Act 1997*, to allow people to make tax-deductible donations to support CFA brigades' operational firefighting capacity.

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

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

A total of 1,217 brigades were registered with the Trust as at 30 June 2019. The Trust received revenue from donations of \$4.2m during the 2018-19 financial year compared to \$4.0m during 2017-18.

The 30 June 2019 and 30 June 2018 Trust bank and deposits balances were \$1.5m and \$1.3m respectively.

Subsequent Events

After the reporting period, *The Firefighters' Presumptive Rights Compensation and Fire Services Legislation Amendment (Reform) Act 2019* (the Act) received assent on 2 July 2019. Parts 1 and 2 of the Act came into operation on 3 July 2019. This legislation will affect CFA's future operations and further details are provided in Note 8.10 of the Annual Financial Statements.

Financial Report

How this report is structured

Country Fire Authority (CFA) has presented its audited general purpose financial statements for the year ended 30 June 2019 in the following structure to provide users with the information about the CFA's stewardship of resources entrusted to it.

Certifications

Chair's, Accountable Officer's and Chief Financial Officer's declaration	48
Independent Auditor's Report.....	49

Financial statements

Comprehensive operating statement	51
Balance sheet.....	52
Cash flow statement	53
Statement of changes in equity.....	54

Notes to the financial statements

1. About this report.....	55
The basis on which the financial statements have been prepared and compliance with reporting regulations	
2. Funding delivery of our services.....	57
Revenue recognised from grants, sales of goods and services and other sources	
2.1 Summary of income that funds the delivery of our services	
2.2 Income from transactions	
3. The cost of delivering services	60
Operating expenses of CFA	
3.1 Expenses incurred in delivery of services	
3.2 Grant expenses	
3.3 Other operating expenses	
4. Key assets available to support output delivery	66
Land, properties and intangible assets	
4.1 Property, plant and equipment	
4.2 Intangible assets	

5. Other assets and liabilities.....	73
Working capital balances, and other key assets and liabilities	
5.1 Receivables	
5.2 Inventories	
5.3 Payables	
5.4 Other provisions	
6. How we financed our operations.....	78
Cash flow information	
6.1 Cash and deposits	
6.2 Trust account balances	
6.3 Investments	
7. Risks, contingencies and valuation judgements.....	82
Financial risk management, contingent assets and liabilities as well as fair value determination	
7.1 Financial instruments specific disclosures	
7.2 Contingent assets and contingent liabilities	
7.3 Fair value determination	
8. Other disclosures	99
8.1 Ex-gratia expenses	
8.2 Other economic flows included in net result	
8.3 Physical asset revaluation surplus	
8.4 Commitments for expenditure	
8.5 Change in accounting policies	
8.6 Responsible persons	
8.7 Remuneration of executives	
8.8 Related parties	
8.9 Remuneration of auditors	
8.10 Subsequent events	
8.11 Other accounting policies	
8.12 Australian Accounting Standards issued that are not yet effective	
8.13 Glossary of technical terms	
8.14 Style conventions	

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

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

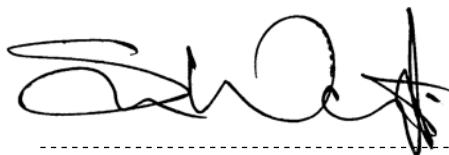
We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and accompanying notes, presents fairly the financial transactions during the year ended 30 June 2019 and financial position of the Country Fire Authority at 30 June 2019.

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

In accordance with a resolution of the Board of the Country Fire Authority, we authorise the attached financial statements for issue on 15 September 2019.



G Smith AM
Chair
Country Fire Authority
Melbourne
15 September 2019



S Warrington AFSM
Chief Executive Officer/Chief Officer
Country Fire Authority
Melbourne
15 September 2019



N McCormick CA
Chief Financial Officer
Country Fire Authority
Melbourne
15 September 2019

Audit Report



Independent Auditor's Report

To the Board of the Country Fire Authority

Opinion	I have audited the financial report of the Country Fire Authority (the authority) which comprises the:
	<ul style="list-style-type: none">• balance sheet as at 30 June 2019• comprehensive operating statement for the year then ended• statement of changes in equity for the year then ended• cash flow statement for the year then ended• notes to the financial statements, including significant accounting policies• chair's, accountable officer's and chief finance and accounting officer's declaration.
	In my opinion the financial report presents fairly, in all material respects, the financial position of the authority as at 30 June 2019 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the <i>Financial Management Act 1994</i> and applicable Australian Accounting Standards.
Basis for Opinion	I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.
	My independence is established by the <i>Constitution Act 1975</i> . My staff and I are independent of the authority in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.
	I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.
Board's responsibilities for the financial report	The Board of the authority is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Financial Management Act 1994</i> , and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.
	In preparing the financial report, the Board is responsible for assessing the authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.

Auditor's responsibilities for the audit of the financial report	<p>As required by the <i>Audit Act 1994</i>, my responsibility is to express an opinion on the financial report based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.</p> <p>As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:</p> <ul style="list-style-type: none"> • identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. • obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the authority's internal control • evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board • conclude on the appropriateness of the Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the authority's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the authority to cease to continue as a going concern. • evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation. <p>I communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.</p>
---	--

MELBOURNE
18 September 2019


Bill Gilhooly
as delegate for the Auditor-General of Victoria

Comprehensive operating statement

For the financial year ended 30 June 2019

	Notes	(\$ thousand)	
		2019	2018
Continuing operations			
Income from transactions			
Grants	2.2.1	622,216	600,191
Sale of goods and services	2.2.2	17,257	17,242
Other income	2.2.3	10,380	16,940
Interest income	2.2.4	6,877	5,705
Total income from transactions		656,730	640,078
Expenses from transactions			
Employee expenses	3.1.1	372,654	331,854
Other operating expenses	3.3	200,098	196,988
Depreciation and amortisation	4.1.1 & 4.2	46,356	44,559
Grant expenses	3.2	16,268	15,875
Total expenses from transactions		635,376	589,276
Net result from transactions/ (net operating balance)		21,354	50,802
Other economic flows included in net result			
Net gain/(loss) on non-financial assets ^(a)	8.2	(2,184)	(1,204)
Net gain/ (loss) on financial instruments ^(b)	8.2	(5,105)	(600)
Other gain/ (loss) from other economic flows	8.2	(1,739)	75
Total other economic flows included in net result		(9,028)	(1,729)
Net result		12,326	49,073
Other economic flows – other comprehensive income:			
Items that will not be reclassified to net result			
Changes in physical assets revaluation surplus	8.3	72,385	18,828
Total other economic flows – other comprehensive income		72,385	18,828
Comprehensive result		84,711	67,901

The accompanying notes form part of these financial statements.

Notes

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

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

Balance sheet

As at 30 June 2019

	Notes	(\$ thousand)	
		2019	2018
Assets			
Financial assets			
Cash and deposits	6.1	318,415	104,902
Receivables	5.1	28,252	42,408
Investments	6.3	46,476	252,077
Total financial assets		393,143	399,387
Non-financial assets			
Inventories	5.2	7,774	8,962
Property, plant and equipment	4.1	1,315,928	1,202,066
Intangible assets	4.2	2,775	1,370
Prepayments		2,486	2,810
Total non-financial assets		1,328,963	1,215,208
Total assets		1,722,106	1,614,595
Liabilities			
Payables	5.3	27,802	27,910
Employee related provisions	3.1.2	116,566	110,008
Other provisions	5.4	76,630	93,140
Total liabilities		220,998	231,057
Net assets		1,501,108	1,383,538
Equity			
Accumulated surplus		444,448	442,550
Physical asset revaluation surplus	8.3	556,761	484,376
Contributed capital		499,899	456,612
Net worth		1,501,108	1,383,538

The accompanying notes form part of these financial statements.

Cash flow statement

For the financial year ended 30 June 2019

	Notes	(\$ thousand)	2019	2018
Cash flows from operating activities				
Receipts				
Receipts from government		620,090	588,389	
Receipts from other entities		18,513	5,616	
Goods and services tax recovered from the ATO ^(a)		27,302	24,974	
Interest received		8,275	5,069	
Other receipts		10,340	16,503	
Total receipts		684,520	640,551	
Payments				
Payments of grant expenses		(16,268)	(15,875)	
Payments to suppliers and employees		(612,245)	(531,532)	
Total payments		(628,513)	(547,407)	
Net cash flows from operating activities	6.1.1	56,007	93,144	
Cash flows from investing activities				
Payments for investments		(475,399)	(602,324)	
Proceeds from sale of investments		681,000	530,000	
Purchases of non-financial assets		(97,663)	(81,933)	
Proceeds from sale of non-financial assets		6,281	6,224	
Net cash flows from/ (used in) investing activities		114,219	(148,033)	
Cash flows from financing activities				
Owner contributions by State Government		43,287	57,020	
Net cash flows from financing activities		43,287	57,020	
Net increase in cash and cash equivalents		213,513	2,131	
Cash and cash equivalents at beginning of financial year		104,902	102,771	
Cash and cash equivalents at end of financial year	6.1	318,415	104,902	

The accompanying notes form part of these financial statements.

Notes:

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

Statement of changes in equity

For the financial year ended 30 June 2019

	Notes	(\$ thousand)			
		Accumulated surplus	Physical asset revaluation surplus	Contributed capital	Total
Balance as at 1 July 2017		393,432	465,548	399,592	1,258,572
Net result for the year		49,073	–	–	49,073
Other comprehensive income		–	18,828	–	18,828
Capital appropriations		–	–	57,020	57,020
Other adjustments		45	–	–	45
Balance as at 30 June 2018		442,550	484,376	456,612	1,383,538
Change in accounting policy	8.5	(10,428)	–	–	(10,428)
Restated balance at 1 July 2018		432,122	484,376	456,612	1,373,110
Net result for the year		12,326	–	–	12,326
Other comprehensive income		–	72,385	–	72,385
Capital appropriations		–	–	43,287	43,287
Balance as at 30 June 2019		444,448	556,761	499,899	1,501,108

1. About this report

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

Its principal address is:

CFA
8 Lakeside Drive,
Burwood East,
VIC 3151.

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

Basis of preparation

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

- non-financial physical assets which, after acquisition, are measured at a re-valued amount being their fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent impairment losses. Revaluations are made with sufficient regularity to ensure that the carrying amounts do not materially differ from their fair value; and
- certain liabilities that are calculated based on actuarial assessments or present value.

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

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

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

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

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

- the fair value of land, buildings, and plant and equipment and investment properties;
- assumptions for employee benefit provisions based on likely tenure of existing staff, patterns of leave claims, future salary movements and future discount rates;
- actuarial assumptions for volunteer compensation provisions based on assessment of outstanding claims;
- provision for decommissioning and remediation based on expert advice regarding the nature and timing of work involved; and
- collectability of receivables given period of outstanding debt, risk of default and expected loss. This is explained further in Note 7.1.3 under Financial instruments: Credit risk.

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

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

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

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

All amounts in the financial statements have been rounded to the nearest \$1,000 unless otherwise stated. Refer to Note 8.14 for a style convention guide and explanation of minor discrepancies resulting from rounding.

Compliance information

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

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

To gain a better understanding of the terminology used in this report, a glossary of technical terms can be found in Notes 8.13 and 8.14.

These annual financial statements were authorised for issue by the Board of CFA on 15 September 2019.

2. Funding delivery of our services

Introduction

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

CFA receives income in the form of grants from the Department of Justice and Community Safety (DJCS) (formerly Department of Justice and Regulation (DJR)) to fulfil its objectives. CFA also receives income from supplementary funding, other grants, regulatory fees, rendering of services and interest income from bank deposits and investments.

Structure

2.1 Summary of income that funds the delivery of our services	57
2.2 Income from transactions	57

2.1 Summary of income that funds the delivery of our services

	Notes	(\$ thousand)	
		2019	2018
Grants	2.2.1	622,216	600,191
Sale of goods and services	2.2.2	17,257	17,242
Other income	2.2.3	10,380	16,940
Interest income	2.2.4	6,877	5,705
Total income from transactions		656,730	640,078

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

2.2 Income from transactions

2.2.1 Grants

		(\$ thousand)	
		2019	2018
General purpose		609,414	580,885
Supplementary funding		12,802	19,306
Total grants		622,216	600,191

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

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

2.2.2 Sale of goods and services

	(\$ thousand)	
	2019	2018
Sale of goods	2,874	2,867
Regulatory fees	7,888	7,842
Rendering of services	6,495	6,533
Total sale of goods and services	17,257	17,242

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

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

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

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

2.2.3 Other income

	(\$ thousand)	
	2019	2018
Brigade assets – Cash and donations	4,357	7,051
Brigade assets – Buildings at fair value	–	276
Brigade assets – Vehicles, plant and equipment	769	1,520
Fair value of assets and services received free of charge or for nominal consideration – Land	40	–
Other	5,214	8,093
Total other income	10,380	16,940

Brigade Assets represent donations received via the CFA and Brigades Donations Fund Trust, movement in cash at the brigades and contributions by the brigades towards property, plant and equipment. Brigade assets are recognised when received or receivable.

Contributions of resources provided free of charge or for nominal consideration are recognised at their fair value when the recipient obtains control over the resources, irrespective of whether restrictions or conditions are imposed over the use of the contributions. Contributions in the form of services are only recognised when a fair value can be reliably determined and the services would have been purchased if not donated.

Other income includes insurance recoveries, fair value of assets received free of charge or for minimal consideration, donations received, brigade contributions, external capital contributions and employee contributions for Fringe Benefits Tax (FBT).

2.2.4 Interest income

	(\$ thousand)	
	2019	2018
Interest from financial assets not at fair value through profit and loss		
Interest on term deposits with Treasury Corporation Victoria (TCV)	5,107	5,263
Interest on Central Banking System account	1,089	–
Interest on bank deposits	681	442
Total interest from financial assets not at fair value through profit and loss	6,877	5,705

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

3. The cost of delivering services

Introduction

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

Structure

3.1 Expenses incurred in delivery of services	60
3.2 Grant expenses	63
3.3 Other operating expenses	64

3.1 Expenses incurred in delivery of services

	Notes	(\$ thousand)	
		2019	2018
Employee benefit expenses	3.1.1	372,654	331,854
Grants expenses	3.2	16,268	15,875
Other operating expenses	3.3	200,098	196,988
Total expenses incurred in delivery of services		589,020	544,717

3.1.1 Employee benefits in the comprehensive operating statement

	Notes	(\$ thousand)	
		2019	2018
Defined contribution superannuation expense		8,092	7,165
Defined benefit superannuation expense		18,999	17,580
Other on-costs (payroll tax, fringe benefits tax, workcover premium)		21,810	16,276
Employee allowance and support costs *		4,055	2,488
Salaries and wages, annual leave and long service leave		319,698	288,345
Total employee benefit expenses		372,654	331,854

Note

* 2018 travel cost has been reclassified under other operating expenses to align with the presentation in 2019.

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

The amount recognised in the comprehensive operating statement in relation to superannuation is employer contributions for members of both defined benefit and defined contribution superannuation plans that are paid or payable during the reporting period. CFA does not recognise any defined benefit liabilities because it has no legal or constructive obligation to pay future benefits relating to its employees; its only obligation is to pay superannuation contributions as they fall due. The Department of Treasury and Finance (DTF) discloses in its annual financial statements the net defined benefit cost related to the members of these plans as an administered liability (on behalf of the State as the sponsoring employer).

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

3.1.2 Employee benefits in the balance sheet

	(\$ thousand)	
	2019	2018
Current provisions:		
Annual leave		
Unconditional and expected to settle within 12 months	32,294	34,817
Unconditional and expected to settle after 12 months	4,359	345
Long service leave		
Unconditional and expected to settle within 12 months	3,134	2,819
Unconditional and expected to settle after 12 months	48,740	47,419
Provisions for on-costs		
Unconditional and expected to settle within 12 months	7,984	8,365
Unconditional and expected to settle after 12 months	9,650	8,484
Total current provisions for employee benefits	106,161	102,249
Non current provisions:		
Employee benefits	8,854	6,602
On-costs	1,551	1,157
Total non current provisions for employee benefits	10,405	7,759
Total provisions for employee benefits	116,566	110,008

Reconciliation of movement in on-cost provision

	(\$ thousand)	
	2019	2018
Opening balance	18,006	16,334
Additional provisions recognised	8,045	7,761
Reductions arising from payments	(6,992)	(6,207)
Unwind of discount and effect of changes in the discount rate	126	118
Closing balance	19,185	18,006
Current	17,634	16,849
Non current	1,551	1,157

Liabilities for annual leave are recognised as part of the employee benefit provision as current liabilities, because CFA does not have an unconditional right to defer settlements of these liabilities.

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

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

Liabilities for long service leave are recognised in the provision for employee benefits.

Unconditional Long Service Leave (LSL) is disclosed as a current liability; even where CFA does not expect to settle the liability within 12 months because it will not have the unconditional right to defer the settlement of the entitlement should an employee take leave within 12 months.

The components of this current LSL liability are measured at:

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

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

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

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

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

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

3.1.3 Superannuation contributions

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

As stated in Note 3.1.1, CFA does not recognise any defined benefit liability in respect of the plans because CFA has no legal or constructive obligation to pay future benefits relating to its employees; its only obligation is to pay superannuation contributions as they fall due. The defined benefit liability is recognised in DTF as an administered liability. However, superannuation contributions paid or payable for the reporting period are included as part of employee benefits in the comprehensive operating statement of CFA.

	(\$ thousand)			
	Paid contribution for the year		Contribution outstanding at year end	
	2019	2018	2019	2018
Defined benefit plans ^(a)				
Emergency Services Superannuation Scheme (ESSS)	18,941	17,496	–	–
Other (Government Superannuation Office)	58	83	–	–
Defined contribution plans				
Emergency Services Superannuation Plan (ESS Plan)	5,774	5,523	–	–
Others	2,317	1,643	–	–
Total	27,090	24,745	–	–

Note:

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

3.2 Grant expenses

	(\$ thousand)	
	2019	2018
General purpose grants		
Grants to volunteer associations	1,695	1,568
Grants to local governments	175	240
Grants to federal government	175	160
Grants to Department of Justice and Community Safety (DJCS)	14,223	13,907
Total grant expenses	16,268	15,875

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

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

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

3.3 Other operating expenses

	(\$ thousand)	
	2019	2018
<u>Supplies and services</u>		
Purchase of uniform & equipment ^	11,710	9,706
Purchase of services		
– Legal fees	2,075	1,726
– Contractors and consultants fees	8,829	6,313
– Audit fees	600	546
– Catering – operational	811	1,377
– Contractor payments to external services – ESTA and others	40,230	36,418
Maintenance		
– Building operating and maintenance	12,387	12,034
– Motor vehicle operating and maintenance	15,211	13,657
– Computer equipment and systems	3,557	3,111
– Communications, alarms and radio replacement	18,278	19,747
– Other operating and maintenance	11,025	6,757
Printing and stationery	2,490	2,475
External training and skills maintenance	7,871	6,761
Hire fees – plant, equipment and vehicles	3,624	4,828
Aircraft hire	7,556	10,588
Publicity/Advertising	1,025	1,592
Volunteer compensation and insurance	16,009	13,680
Volunteer and brigade running costs	5,355	5,969
Contribution to other organisations	766	1,527
Operating lease rental expenses	9,766	8,591
Bad debts from transactions	25	10
Cost of goods sold/ distributed	5,224	4,962
Essential remediation and decommissioning expenses		
Reversal of provision	5.4	(8,302)
Others	990	1,746
General expenses	7,636	6,145
Travel expenses *	15,350	14,905
Assets written off	–	1,817
Total other operating expenses	200,098	196,988

^ In 2018 titled “purchase of inventories”

* 2018 travel expenses has been reclassified from employee benefit expenses to align with the presentation in 2019.

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

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

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

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

Operating lease rental expenses are recognised on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern of the benefits derived from the use of the leased asset. Leased assets are not recognised in the balance sheet.

4. Key assets available to support output delivery

Introduction

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

Significant judgement:

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

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

Fair value measurement

Where the assets included in this section are carried at fair value, additional information is disclosed in Note 7.3 in connection with how those fair values were determined.

Structure

4.1 Property, plant and equipment	66
4.2 Intangible assets	71

4.1 Property, plant and equipment

	(\$ thousand)					
	Gross carrying amount*		Accumulated depreciation		Net carrying amount	
	2019	2018	2019	2018	2019	2018
Land at fair value*	179,621	171,774	–	–	179,621	171,774
Buildings at fair value*	737,350	654,989	–	(22,132)	737,350	632,857
Leasehold improvements at fair value	28,215	24,781	(16,110)	(14,707)	12,105	10,074
Plant and equipment at fair value	82,966	81,692	(71,752)	(69,747)	11,214	11,946
Vehicles at fair value	616,337	576,328	(302,254)	(285,457)	314,083	290,871
Assets under construction at cost	61,555	84,544	–	–	61,555	84,544
Net carrying amount	1,706,044	1,594,109	(390,116)	(392,043)	1,315,928	1,202,066

* A fair value assessment was conducted on these classes of assets, where the fair value was found to be more than 10 per cent change from the last full revaluation conducted by the Valuer General Victoria for 30 June 2016. This resulted in a revaluation increase in the value of the land by \$5,840k (2018: \$18,828k) and buildings by \$66,545k (2018: Nil) and the comprehensive result by \$72,385k (2018: \$18,828k). The next scheduled revaluation will be conducted in 2021.

Property, plant and equipment

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

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

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

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

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

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

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

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

Refer to Note 7.3 for additional information on fair value determination of property, plant and equipment.

Volunteer brigade land and buildings

CFA acknowledges the significant contributions made by volunteer brigades to the capital value of fire stations. Many brigades have made substantial improvements to fire stations and property over many decades. The value of these improvements is considered when the five-yearly Valuer General's valuation occurs and the aggregate amount is then included in future financial statements. The next scheduled revaluation will be conducted in 2021.

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

Volunteer brigade vehicles and plant and equipment

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

Impairment of property, plant and equipment

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

4.1.1 Depreciation and amortisation

Charge for the period

	(\$ thousand)	
	2019	2018
Buildings	11,301	11,028
Leasehold improvements	2,042	1,335
Plant and equipment	2,009	2,223
Vehicles	30,455	29,397
Total depreciation	45,807	43,983
Intangible produced assets (amortisation) (Note 4.2)	549	576
Total depreciation and amortisation	46,356	44,559

Depreciation

All buildings, plant and equipment and other non-financial physical assets greater than \$5,000 that have finite useful lives, are depreciated. The exception to this rule is land.

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

Asset	(years)	Useful life
Buildings	50-67	
Leasehold improvements	4-50	
Plant and equipment	3-25	
Vehicles	3-25	

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

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

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

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

	(\$ thousand)			
	Public safety and environment		Total	
	2019	2018	2019	2018
Nature based classification				
Land at fair value	179,621	171,774	179,621	171,774
Buildings at fair value	737,350	632,857	737,350	632,857
Leasehold improvements	12,105	10,074	12,105	10,074
Plant and equipment at fair value	11,214	11,946	11,214	11,946
Vehicles at fair value	314,083	290,871	314,083	290,871
Assets under construction at cost	61,555	84,544	61,555	84,544
Net carrying amount	1,315,928	1,202,066	1,315,928	1,202,066

Notes:

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

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

	Land at fair value*		Buildings at fair value*		Leasehold improvements at fair value		Plant and equipment at fair value		Vehicles at fair value		Assets under construction at cost		Total
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019
Opening balance	171,774	141,939	632,858	625,360	10,074	11,307	11,946	10,468	290,870	300,122	84,544	53,758	1,202,066
Fair value of assets received free of charge	40	—	—	—	—	—	—	—	—	—	—	—	40
Additions	60	—	—	—	—	—	—	—	—	—	97,603	81,934	97,663
Disposals	(2,394)	(374)	(2,430)	(3,505)	(755)	—	—	(3)	(2,655)	(3,315)	—	—	(8,234)
Assets written-off	—	—	—	—	—	—	—	(673)	—	(1,143)	—	—	(1,817)
Transfer in/out of assets under construction	4,301	6,557	51,484	15,230	4,828	103	1,162	3,828	55,863	23,633	(117,638)	(49,351)	—
Revaluation of freehold land*	5,840	18,828	—	—	—	—	—	—	—	—	—	—	5,840
Revaluation of buildings*	—	—	66,545	—	—	—	—	—	—	—	—	—	66,545
Brigade assets recognised	—	—	194	276	—	—	115	549	460	971	(769)	(1,796)	—
Transfer from investment property **	—	4,825	—	6,523	—	—	—	—	—	—	—	—	11,349
Transfer to software under development (Note 4.2)	—	—	—	—	—	—	—	—	—	(2,185)	—	(2,185)	—
Depreciation	—	—	(11,301)	(11,028)	(2,042)	(1,335)	(2,009)	(2,223)	(30,455)	(29,397)	—	—	(45,807)
Closing balance	179,621	171,774	737,350	632,858	12,105	10,074	11,214	11,946	314,083	290,870	61,555	84,544	1,315,928
													1,202,066

* A fair value assessment was conducted on these classes of assets, where the fair value was found to be more than 10 per cent change from the last full revaluation conducted by the Valuer General Victoria for 30 June 2016. This resulted in a revaluation increase in the value of the land by \$5,840k (2018: \$18,828k) and buildings by \$66,545k (2018: Nil) and the comprehensive result by \$72,385k (2018: \$18,828k). The next scheduled revaluation will be conducted in 2021.

** Investment properties comprising land and buildings with a value of \$11,348k at 30 June 2017 have been re-classified as property, plant and equipment in 2017–18 as the properties are held by CFA to meet service delivery objectives rather than to earn rent or for capital appreciation.

4.2 Intangible assets

	(\$ thousand)	
	2019	2018
Capitalised software, trademarks and copyrights		
Gross carrying amount		
Opening balance	12,714	12,714
Additions	–	–
Closing balance	12,714	12,714
Accumulated depreciation and amortisation		
Opening balance	11,344	10,536
Amortisation of intangible produced assets ^(a)	549	576
Amortisation of intangible non-produced assets ^(a)	231	231
Closing balance	12,124	11,344
Net book value – Capitalised software, trademarks and copyrights	590	1,370
Software under development		
Gross carrying amount		
Opening balance	–	–
Transfer from property, plant and equipment (Note 4.1.3)	2,185	–
Net book value – Software under development	2,185	–
Net book value at end of financial year	2,775	1,370

Note:

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

Initial recognition

Purchased intangible assets are initially recognised at cost. When the recognition criteria in 'AASB 138 Intangible Assets' is met, internally generated intangible assets are recognised at cost. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation begins when the asset is available for use, that is, when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

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

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

Subsequent measurement

Intangible produced assets with finite useful lives are depreciated as an 'expense from transactions' on a straight-line basis over their useful lives. Intangible non-produced assets with finite useful lives are amortised as an 'other economic flow' on a straight-line basis over their useful lives. Useful lives of intangible assets are stated in the below table:

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

Impairment of intangible assets

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

Significant intangible assets

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

5. Other assets and liabilities

Introduction

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

Structure

5.1 Receivables.....	73
5.2 Inventories	74
5.3 Payables.....	74
5.4 Other provisions	75

5.1 Receivables

		(\$ thousand)	
		2019	2018
Contractual			
Sale of goods and services		4,740	16,077
Allowance for impairment losses of contractual receivables	7.1.3	(67)	(36)
Other receivables		15,256	3,283
Statutory			
GST input tax credit recoverable		2,850	2,655
Regulatory fees		20,975	20,429
Allowance for impairment losses of statutory receivables	7.1.3	(15,502)	–
Total receivables		28,252	42,408
Represented by			
Current receivables		25,485	24,221
Non-current receivables		2,767	18,187

Contractual receivables mainly include debtors in relation to goods and services.

Statutory receivables arise from statutory requirements.

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

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

5.2 Inventories

	(\$ thousand)	
	2019	2018
Current inventories		
Supplies and consumables:		
At cost	7,774	8,962
Total current inventories	7,774	8,962

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

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

Cost for all inventories is measured based on weighted average cost.

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

5.3 Payables

	(\$ thousand)	
	2019	2018
Contractual		
Supplies and services	1,235	4,909
Other payables	24,830	21,398
Statutory		
Payroll tax	1,317	1,236
PAYG withholding	19	19
FBT payable	212	276
GST payable	189	72
Total payables	27,802	27,910
Represented by:		
Current payables	27,802	27,910

Payables consist of:

- **contractual payables** are classified as financial instruments and measured at amortised cost. Accounts payable represent liabilities for goods and services provided to CFA prior to the end of the financial year that are unpaid; and
- **statutory payables**, that are recognised and measured similarly to contractual payables, but are not classified as financial instruments and not included in the category of financial liabilities at amortised cost, because they do not arise from contracts.

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

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

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

Maturity analysis of contractual payables^(a)

	(\$ thousand)						
	Maturity dates						
	Carrying amount	Nominal amount	Less than 1 month	1-3 months	3 months - 1 year	1-5 years	5+ years
2019							
Supplies and services	1,235	1,235	1,235	–	–	–	–
Other payables	24,830	24,830	24,830	–	–	–	–
Total	26,065	26,065	26,065	–	–	–	–
2018							
Supplies and services	4,909	4,909	4,909	–	–	–	–
Other payables	21,398	21,398	21,398	–	–	–	–
Total	26,307	26,307	26,307	–	–	–	–

Note:

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

5.4 Other provisions

	(\$ thousand)	
	2019	2018
Current provisions		
Volunteer compensation	6,787	5,875
Environmental decommissioning and remediation works	25,152	11,852
Total current provisions	31,939	17,727
Non-current provisions		
Volunteer compensation	42,495	36,581
Environmental decommissioning and remediation works	2,196	38,831
Total non-current provisions	44,691	75,412
Total other provisions	76,630	93,140

Other provisions are recognised when CFA has a present obligation, the future sacrifice of economic benefits is probable and the amount of the provision can be measured reliably. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation.

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

Volunteer compensation

CFA administers a compensation scheme, provided for under the *Country Fire Authority Act 1958* that is designed to recompense its volunteers for personal loss and injury incurred as a direct result of their firefighting and emergency response activities. An actuarial assessment of this scheme was performed by Deloitte, to determine the present value of CFA's future payment obligations for injuries sustained up to 30 June 2019. An allowance for anticipated recoveries was made, with these predominately related to lump sum recoveries from the Victorian Managed Insurance Authority (VMIA).

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

Non-Large Claims: Payments and recoveries were modelled using two actuarial techniques – payments per claim incurred (PPCI) (for injuries in 2010 to 2019) and chain-ladder (for injuries prior to 2010).

Allowance was made for claims incurred but not reported (IBNR) and claims incurred but not enough reported (IBNER), based on experience in recent injury years. Inflation adjusted future payments and recoveries were discounted to 30 June 2019 using risk free discount rates.

CFA's net outstanding claims provision increased from \$42.5m at 30 June 2018 to \$49.3m at 30 June 2019 and can be attributed primarily to:

- decrease in forecast discount rate assumption reflecting lower cash rate and forward market expectations compared to previous year (offset in part by a marginal decrease in forecast claims inflation); and
- increases in net case estimates on large claims from those estimated 30 June 2018, reflecting several significant upward revisions for individual claims, reflecting injured volunteers expected to have longer durations off work and longer durations of rehabilitation and medical services.

The volunteer compensation provision is based on the following key assumptions as at 30 June 2019.

Assumptions	2019	2018
Claim inflation	2.9%	3.0%
Discount rate	1.4%	2.8%
Risk margin	25.0%	25.0%
Claims handling expenses	10.0%	11.0%
Weighted average term of settlement ^(a)	6.7 years	8.0 years

Note

(a) The weighted average term of settlement has reduced significantly, mainly due to significant reduction in the forecasted remaining years for medical benefits in the large claims case estimates.

Reconciliation of movements in provision for volunteer compensation

	(\$ thousand)	
	2019	2018
Opening balance	42,456	37,201
Net movement in provisions recognised	6,826	5,255
Closing balance	49,282	42,456

Environmental decommissioning and remediation works

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

Based on the environmental auditor's endorsement of the rehabilitation strategy, the cost components determined during the year 2015–16 were included in the provision for environmental remediation and decommissioning works for that year. The program's delivery lifecycle has reached a stage where the anticipated full, whole-of-life program spend has been reviewed and adjusted for known costs resulting in a net reduction of the provision.

Based on the current clean-up plan, with decommissioning already complete, the remaining environmental rehabilitation works have been contracted and scheduled to be completed by 2020.

CFA has completed the environmental assessments required under the clean-up notices for the Wangaratta, Longerenong, Huntly, West Sale and Bangholme VEMTC sites, while environmental sampling, monitoring and reporting continues.

Reconciliation of movements in provision for environmental decommissioning and remediation works

	(\$ thousand)	
	2019	2018
Opening balance	50,683	60,874
Reductions arising from payments	(15,033)	(10,191)
Reversal of provision	(8,302)	–
Closing balance	27,348	50,683

6. How we financed our operations

Introduction

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

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

Structure

6.1 Cash and deposits	78
6.2 Trust account balances	80
6.3 Investments	81

6.1 Cash and deposits

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

Cash and deposits held by volunteer brigades are included in the balance sheet.

	(\$ thousand)	
	2019	2018
Total cash and deposits disclosed in the balance sheet		
– Cash at bank and on hand held by CFA Corporate	8,941	23,475
– Cash at bank held by Brigades	30,404	29,993
– Cash at bank with Central Banking System held by CFA Corporate	277,545	–
– Short-term deposits held by CFA Corporate ^(a)	–	49,000
– Short-term deposits held by Brigades	1,525	2,434
Balance as per cash flow statement	318,415	104,902

Note

(a) As at 30 June 2019, CFA does not hold short term deposits with TCV as the investments have been transferred to an account under the Central Banking System in accordance with the Standing Directions 2018.

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

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

Short-term deposits held by CFA corporate were invested with TCV until March 2019 when they were transferred to an account under the Central Banking System. Short-term deposits held by brigades are invested in Authorised Deposit-Taking Institutions (ADIs) approved by Australian Prudential Regulation Authority (APRA) as per CFA's Treasury and Investment Management Policy.

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

	(\$ thousand)	
	2019	2018
Net result for the period	12,326	49,073
Non-cash movements		
(Gain)/ Loss on sale or disposal of non-current assets	1,953	973
Amortisation of non-produced intangible asset	231	231
Depreciation and amortisation of non-current assets	46,356	44,559
Asset write-off	–	1,817
Resources provided free of charge or for nominal consideration	(40)	–
Impairment of financial assets at amortised cost	5,105	–
Bad debts written off	–	600
Gain/ (Loss) arising from revaluation of long service leave liability	1,739	(75)
Other non-cash movements	–	45
Movements in assets and liabilities		
(Increase)/ Decrease in prepayments	324	2,681
(Increase)/ Decrease in receivables	(1,377)	(5,906)
(Increase)/ Decrease in inventories	1,188	(365)
Increase/ (Decrease) in payables	(107)	(4,493)
Increase/ (Decrease) in provisions	4,819	8,939
Increase/ (Decrease) in other liabilities	(16,510)	(4,935)
Net cash inflow from operating activities	56,007	93,144

6.2 Trust account balances

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

Public Trust

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

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

The Public Trust balance forms part of the cash at bank and on hand held by CFA corporate in Note 6.1.

CFA and Brigades Donations Fund

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

Any earnings on the funds held pending distribution are also applied to the trust funds under management as appropriate. The transactions and balances of the 'CFA and Brigades Donations Fund' are not consolidated in this financial statement based on materiality.

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

	(\$ thousand)			
	2019			
Cash and cash equivalents and investments	Opening balance as at 1 July 2018	Total receipts	Total payments	Closing balance as at 30 June 2019
Public trust	3,334	33	11	3,356
CFA and Brigades Donations Fund	1,306	4,307	4,117	1,496
Total	4,640	4,340	4,128	4,852

	(\$ thousand)			
	2018			
Cash and cash equivalents and investments	Opening balance as at 1 July 2017	Total receipts	Total payments	Closing balances as at 30 June 2018
Public trust	3,306	87	59	3,334
CFA and Brigades Donations Fund	1,590	4,234	4,518	1,306
Total	4,896	4,321	4,576	4,640

6.3 Investments

	(\$ thousand)	
	2019	2018
Term deposits:		
Australian dollar term deposits held by CFA Corporate > three months ^(a)	–	209,000
Australian dollar term deposits held by Brigades > three months	46,476	43,077
Total current investments	46,476	252,077

Note

(a) As at 30 June 2019, CFA does not hold term deposits greater than three months with TCV as the investments have been transferred to an account under the Central Banking System in accordance with the Standing Directions 2018.

7. Risks, contingencies and valuation judgements

Introduction

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

Structure

7.1 Financial instruments specific disclosures.....	82
7.2 Contingent assets and contingent liabilities.....	93
7.3 Fair value determination.....	94

7.1 Financial instruments specific disclosures

Introduction

Financial instruments arise out of contractual agreements that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Due to the nature of CFA's activities, certain financial assets and financial liabilities arise under statute rather than a contract (taxes, fines and regulatory fees). The nature of such a receivable arising from statutory requirements is, in substance, similar to a contractual receivable, as the statutory requirements also provide an entity with a right to receive cash or another financial asset from another entity. Para 4.3 of FRD 114C Financial Instruments further states that statutory receivables are also financial instruments. Accordingly, CFA recognises and measures a statutory receivable as if it were a financial instrument when the statutory requirements establish a right for the entity to receive cash or another financial asset.

From 1 July 2018, CFA applies AASB 9 and classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms.

Categories of financial assets under AASB 9 and FRD 114C

Financial assets at amortised cost

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

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

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

CFA recognises the following assets in this category:

- cash and deposits;
- receivables; and
- investments in term deposits.

Categories of financial assets previously under AASB 139

Loans and receivables and cash 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. After initial measurement, loans and receivables are measured at amortised cost using the effective interest method (and for assets, less any impairment). CFA recognised the following assets in this category:

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

Categories of financial liabilities under AASB 9 and previously under AASB 139

Financial liabilities at amortised cost are initially recognised on the date they are originated. They are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial instruments are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit and loss over the period of the interest-bearing liability, using the effective interest rate method. CFA recognises the following liability in this category:

- payables (excluding statutory payables).

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

Some master netting arrangements do not result in an offset of balance sheet assets and liabilities. Where CFA does not have a legally enforceable right to offset recognised amounts, because the right to offset is enforceable only on the occurrence of future events such as default, insolvency or bankruptcy, they are reported on a gross basis.

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

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

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

De-recognition of financial liabilities:

A financial liability is de-recognised when the obligation under the liability is discharged, cancelled or expires.

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

Reclassification of financial instruments:

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

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

Subsequent to initial recognition reclassification of **financial liabilities** is not permitted.

7.1.1 Financial instruments: Categorisation

2019	(\$ thousand)				Total
	Cash and deposits	Financial assets at amortised cost	Financial liabilities at amortised cost		
Financial assets					
Cash and deposits	318,415	–	–	318,415	
Receivables					
Sale of goods and services	–	4,673	–	4,673	
Other receivables	–	15,256	–	15,256	
Statutory receivables	–	8,323	–	8,323	
Investments					
Term deposits	–	46,476	–	46,476	
Total financial assets	318,415	74,728	–	393,143	
Financial liabilities					
Payables ^(a)					
Supplies and services	–	–	1,235	1,235	
Other payables	–	–	24,830	24,830	
Total financial liabilities	–	–	26,065	26,065	

2018 ^(b)	(\$ thousand)				Total
	Cash and deposits	Contractual financial assets – loans and receivables	Contractual financial liabilities at amortised cost		
Contractual financial assets					
Cash and deposits	104,902	–	–	104,902	
Receivables ^(a)					
Sale of goods and services	–	16,041	–	16,041	
Other receivables	–	3,283	–	3,283	
Investments					
Term deposits	–	252,077	–	252,077	
Total contractual financial assets	104,902	271,401	–	376,303	
Contractual financial liabilities					
Payables ^(a)					
Supplies and services	–	–	4,909	4,909	
Other payables	–	–	21,398	21,398	
Total contractual financial liabilities	–	–	26,307	26,307	

Notes:

(a) The total amounts disclosed exclude statutory amounts

(b) In accordance with AASB 9 paragraph 7.2.15 limited exemption, prior period figures have not been restated. Refer Note 8.5.

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

2019	(\$ thousand)		
	Impairment loss	Total interest income	Total
Financial assets			
Cash and deposits	–	1,770	1,770
Financial assets at amortised cost – other than on derecognition	(5,105)	5,107	2
Total financial assets	(5,105)	6,877	1,772

2018 ^(a)	(\$ thousand)		
	Impairment loss	Total interest income	Total
Contractual financial assets			
Cash and deposits	–	442	442
Financial assets at amortised cost – other than on derecognition	–	5,263	5,263
Total contractual financial assets	–	5,705	5,705

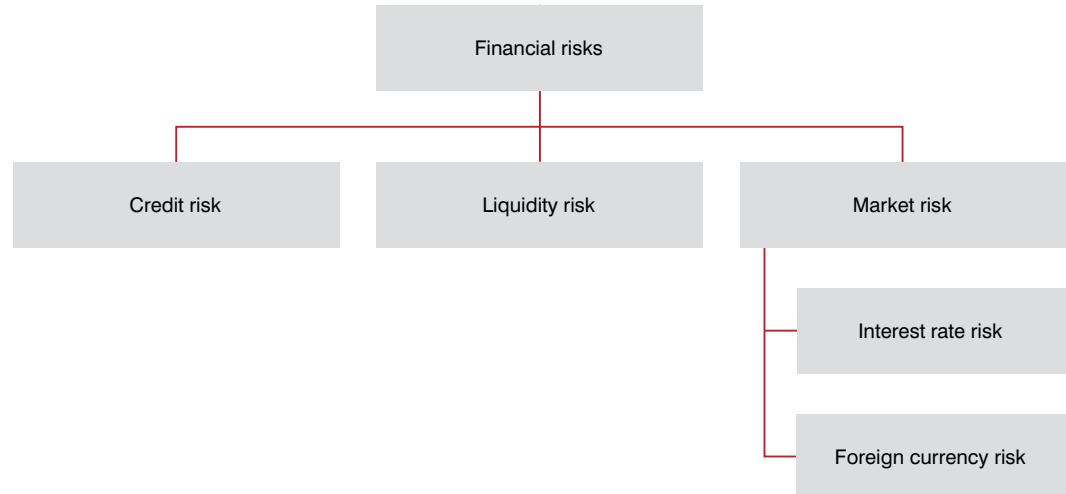
Note:

(a) In accordance with AASB 9 paragraph 7.2.15 limited exemption, prior period figures have not been restated. Refer Note 8.5.

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

- for cash and deposits and financial assets at amortised cost the net gain or loss is the interest income minus any impairment recognised in the net result;

7.1.3 Financial risk management objectives and policies



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

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

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

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

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

Financial instruments: Credit risk

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

Credit risk associated with CFA's financial assets is minimal, except an isolated instance of statutory receivable. CFA minimises the concentration of credit risk by undertaking transactions with a large number of customers. Other than trade debtors, the major amounts owing at any point in time are from government (considered to be no credit risk).

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

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

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

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

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

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

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

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

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

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

There has been no material change to CFA's credit risk profile in 2018-19, except for statutory receivables. A sum of \$15,502,000 has been recognised as impairment loss allowance for statutory receivable for the financial year 2018-19.

Credit quality of financial assets

		(\$ thousand)		
2019		Government agencies (triple-A credit rating)	Other	Total
Financial assets				
Not assessed for impairment due to materiality				
Cash and deposits	–	318,415	318,415	318,415
Investments held by CFA Corporate > 3 months ^(c)	–	–	–	–
Investments held by brigades > 3 months ^(d)	–	46,476	46,476	46,476
Financial assets with loss allowance measured at lifetime expected credit loss:				
Contractual receivables applying the simplified approach for impairment	–	19,929	19,929	19,929
Statutory receivables applying the simplified approach for impairment	–	8,323	8,323	8,323
Total financial assets	–	393,143	393,143	393,143

Credit quality of contractual financial assets that are neither past due nor impaired^(b)

		(\$ thousand)		
2018 ^(e)		Government agencies (triple-A credit rating)	Other	Total
Cash and deposits ^(a)	49,000	55,902	104,902	104,902
Receivables ^(b)	–	19,324	19,324	19,324
Investments held by CFA Corporate > 3 months ^(c)	209,000	–	209,000	209,000
Investments held by brigades > 3 months ^(d)	–	43,077	43,077	43,077
Total contractual financial assets	258,000	118,303	376,303	376,303

Notes:

- (a) As at 30 June 2019, CFA does not hold short term deposits with TCV as the investments have been transferred to an account under the Central Banking System in accordance with the Standing Directions 2018.
- (b) The total amounts disclosed here exclude statutory amounts
- (c) As at 30 June 2019, CFA does not hold term deposits greater than three months with TCV as the investments have been transferred to an account under the Central Banking System in accordance with Standing Directions 2018.
- (d) Investments held by brigades are invested in Authorised Deposit-Taking Institutions (ADI) approved by Australian Prudential Regulation Authority (APRA) as per CFA's Treasury and Investment Management Policy.
- (e) In accordance with AASB 9 paragraph 7.2.15 limited exemption, prior period figures have not been restated. Refer Note 8.5.

Impairment of financial assets under AASB 9 – applicable from 1 July 2018

From 1 July 2018, CFA has been recording the allowance for expected credit loss for the relevant financial instruments, replacing AASB 139's incurred loss approach with AASB 9's Expected Credit Loss approach. Subject to AASB 9 and FRD 114C impairment assessment include the CFA's contractual receivables and statutory receivables.

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

Contractual receivables and statutory receivables at amortised cost

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

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

On this basis, CFA determines the opening loss allowance on initial application date of AASB 9 and the closing loss allowance at end of the financial year as follows:

30 June 2019	Current	Less than 1 month	1-3 months	3 months – 1 year	1-5 years	Total
Contractual Receivables						
Expected loss rate	0.0%	1.0%	4.4%	9.5%	0.0%	
Gross carrying amount	3,078	619	752	291	–	4,740
Loss allowance	–	6	33	28	–	67
Statutory Receivables						
Expected loss rate	0.0%	1.0%	4.4%	4.8%	84.8%	
Gross carrying amount	767	185	1,083	753	18,187	20,975
Loss allowance	–	1	45	36	15,420	15,502

1 July 2018	Current	Less than 1 month	1-3 months	3 months – 1 year	1-5 years	Total
Contractual Receivables						
Expected loss rate	0.0%	0.8%	4.8%	9.8%	0.0%	
Gross carrying amount	14,697	539	385	456	–	16,077
Loss allowance	–	4	18	47	–	69
Statutory Receivables						
Expected loss rate	0.0%	0.8%	1.4%	6.2%	56.8%	
Gross carrying amount	556	292	420	974	18,187	20,429
Loss allowance	–	2	6	60	10,327	10,395

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

	(\$ thousand)	
	2019	2018
Balance at beginning of the year	(36)	(564)
Opening retained earnings adjustment on adoption of AASB 9	8.5.3	(33)
Opening Loss Allowance	(69)	(564)
Reversal of unused/(Increase in) provision recognised in the net result	2	–
Reversal of provision of receivables written off during the year as uncollectible	–	528
Balance at end of the year	(67)	(36)

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

	(\$ thousand)	
	2019	2018
Balance at beginning of the year	–	–
Opening retained earnings adjustment on adoption of AASB 9	8.5.3	(10,395)
Opening Loss Allowance	(10,395)	–
Reversal of unused/ (Increase in) provision recognised in the net result	(5,107)	–
Reversal of provision of receivables written off during the year as uncollectible	–	–
Balance at end of the year	(15,502)	–

In prior years, a provision for doubtful debts is recognised when there is objective evidence that the debts may not be collected and bad debts are written off when identified. A provision is made for estimated irrecoverable amounts from the sale of goods when there is objective evidence that an individual receivable is impaired. Bad debts considered as written off by mutual consent.

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

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

Financial instruments: Liquidity risk

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

CFA is exposed to liquidity risk mainly through the financial liabilities as disclosed in the face of the balance sheet. CFA manages its liquidity risk by:

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

CFA's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk. Cash for unexpected events is generally sourced from funds invested in call accounts through the Central Banking System.

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

Financial instruments: Market risk

CFA's exposure to market risk is primarily through interest rate risk. With the introduction of Central Banking System, surplus cash and deposits is invested in a call account at daily variable rates that could impact income and cash moderately.

CFA's exposure to foreign currency risk is insignificant.

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

Sensitivity disclosure analysis and assumptions

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

- a movement of 50 basis points up and down (2018: 50 basis points up and down) in market interest rates (AUD).

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

Interest rate risk

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

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

Management has concluded for cash at bank, as financial assets that can be left at floating rate without necessarily exposing CFA to significant bad risk. Management monitors movement in interest rates on a daily basis.

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

Interest rate exposure of financial instruments

2019	Weighted average interest rate	Carrying amount	Interest rate exposure			Non-interest bearing	
			(\$ thousand)				
			Fixed interest rate	Variable interest rate			
Financial assets							
Cash and deposits ^(b)	1.52	318,415	–	318,415	–	–	
Receivables							
Sale of goods and services		4,673	–	–	4,673		
Other receivables		15,256	–	–	15,256		
Statutory receivables		8,323	–	–	8,323		
Investments > 3 months ^(b)	2.05	46,476	46,476	–	–	–	
Total financial assets		393,143	46,476	318,415	28,252		
Financial liabilities							
Payables ^(a)							
Supplies and services		1,235	–	–	1,235		
Other payables		24,830	–	–	24,830		
Total financial liabilities		26,065	–	–	26,065		

2018 ^(c)	Weighted average interest rate	Carrying amount	Interest rate exposure			Non-interest bearing	
			(\$ thousand)				
			Fixed interest rate	Variable interest rate			
Financial assets							
Cash and deposits ^(b)	1.50	104,902	49,000	55,902	–	–	
Receivables ^(a)							
Sale of goods and services		16,041	–	–	16,041		
Other receivables		3,283	–	–	3,283		
Investments > 3 months ^(b)	1.86	252,077	252,077	–	–	–	
Total financial assets		376,303	301,077	55,902	19,324		
Financial liabilities							
Payables ^(a)							
Supplies and services		4,909	–	–	4,909		
Other payables		21,398	–	–	21,398		
Total financial liabilities		26,307	–	–	26,307		

Notes:

(a) The total amounts disclosed here exclude statutory amounts

(b) As at 30 June 2019, CFA does not hold short term deposits or investments > 3 months with TCV as the investments have been transferred to an account under the Central Banking System in accordance with the Standing Directions 2018.

(c) In accordance with AASB 9 paragraph 7.2.15 limited exemption, prior period figures have not been restated. Refer Note 8.5.

Interest rate risk sensitivity

2019		Carrying amount	(\$ thousand)		
			-50 basis points	+50 basis points	
			Net Result	Net result	
Contractual financial assets					
Cash and deposits (a) (b)		318,415	(1,592)	1,592	
Total impact			(1,592)	1,592	

2018		Carrying amount	(\$ thousand)		
			-50 basis points	+50 basis points	
			Net result	Net result	
Contractual financial assets					
Cash and deposits (a) (b)		55,902	(280)	280	
Total impact			(280)	280	

Notes:

(a) Cash and deposits include deposits of \$318,415,000 (2018: \$55,902,000) that are exposed to floating rates movements. Sensitivities to these movements are calculated as follows:

- 2019: $\$318,415,000 \times \pm 0.005 = \pm \$1,592,000$; and
- 2018: $\$55,902,000 \times \pm 0.005 = \pm \$280,000$

(b) As at 30 June 2019, no short-term corporate deposit is held with TCV as funds have been transferred to an account under the Central Banking System.

Foreign currency risk

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

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

7.2 Contingent assets and contingent liabilities

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

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

Contingent assets

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

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

CFA has not identified any contingent assets for the 2019 financial year (2018: nil).

Contingent liabilities

Contingent liabilities are:

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

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

Non-quantifiable contingent liabilities

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

- i) At 30 June 2019, CFA is included as a party in many legal proceedings. Due to the diversity of issues associated with these legal matters and their discretionary nature, quantification of the financial effect cannot be reliably estimated and it is therefore impractical to do so.
- ii) *Firefighters' Presumptive Rights Compensation and Fire Services Legislation Amendment (Reform) Act 2019*
- iii) Remediation and closure of Fiskville Training College and remediation of VEMTC training grounds.

Firefighters' Presumptive Rights Compensation and Fire Services Legislation Amendment (Reform) Act 2019

The *Firefighters' Presumptive Rights Compensation and Fire Services Legislation Amendment (Reform) Act 2019* (Act) was assented to on 2 July 2019.

Part 2 of the Act came into operation on 3 July 2019 provides for the establishment and operation of the Firefighters' Presumptive Rights Compensation scheme for both career and volunteer firefighters. At the time of the preparation of this report, it is impractical to quantify any possible contingent liabilities for CFA.

Remediation and closure of Fiskville Training College and remediation of VEMTC training grounds.

On 26 March 2015, the government announced the permanent closure of Fiskville Training College (Fiskville). Fiskville, VEMTC training grounds owned by CFA at Penshurst, Bangholme, West Sale, Wangaratta, Huntly, and Longerong have been the subject of notices issued by the EPA. Note 5.4 'Other provisions' details the provisions associated with the closure of Fiskville and the activities required for addressing the obligations associated with these notices.

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

7.3 Fair value determination

Significant judgement: Fair value measurements of assets and liabilities

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

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

The following assets are carried at fair value:

- land, buildings, plant and equipment and vehicles.

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

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

Fair value hierarchy

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

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

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

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

How this section is structured

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

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

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

7.3.1 Fair value determination of financial assets and liabilities

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

- Level 1 – the fair value of financial instruments with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market prices;
- Level 2 – the fair value is determined using inputs other than quoted prices that are observable for the financial asset or liability, either directly or indirectly; and
- Level 3 – the fair value is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using unobservable market inputs.

CFA currently holds a range of financial instruments that are recorded in the financial statements where the carrying amounts are a reasonable approximation of fair value due to their short-term nature or with the expectation that they will be paid in full by the end of the 2018-19 reporting period. All financial instruments are determined at Level 3 above. Refer to Note 7.1.1 for the list of financial instruments.

There have been no transfers between levels during the period.

7.3.2 Fair value determination: Non-financial physical assets

Fair value measurement hierarchy

	2019	Carrying amount as at 30 June 2019	(\$ thousand)		
			Level 1 ^(a)	Level 2 ^(a)	Level 3 ^(a)
Land at fair value					
Specialised land		179,621			179,621
Total of land at fair value	179,621		–	–	179,621
Buildings at fair value					
Specialised buildings		735,594			735,594
Heritage assets ^(b)		1,756			1,756
Total of buildings at fair value	737,350		–	–	737,350
Leasehold improvements at fair value					
Leasehold improvements		12,105			12,105
Total of Leasehold improvements at fair value	12,105		–	–	12,105
Plant, equipment and vehicles at fair value					
Plant and equipment		11,214			11,214
Vehicles		314,083			314,083
Total of plant, equipment and vehicles at fair value	325,297		–	–	325,297

	2018	Carrying amount as at 30 June 2018	(\$ thousand)		
			Level 1 ^(a)	Level 2 ^(a)	Level 3 ^(a)
Land at fair value					
Specialised land		171,774			171,774
Total of land at fair value	171,774		–	–	171,774
Buildings at fair value					
Specialised buildings		631,241			631,241
Heritage assets ^(b)		1,616			1,616
Total of buildings at fair value	632,857		–	–	632,857
Leasehold improvements at fair value					
Leasehold improvements		10,074			10,074
Total of Leasehold improvements at fair value	10,074		–	–	10,074
Plant, equipment and vehicles at fair value					
Plant and equipment		11,946			11,946
Vehicles		290,871			290,871
Total of plant, equipment and vehicles at fair value	302,817		–	–	302,817

Notes:

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

(b) CFA holds \$1,756,000 (\$1,616,000 in 2018) worth of properties listed as heritage assets. These heritage assets cannot be modified nor disposed of without formal ministerial approval.

There have been no transfers between levels during the period.

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

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

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

An independent valuation of CFA's specialised land and specialised buildings was performed by the Valuer-General Victoria. The valuation was performed using the market approach adjusted for CSO. The effective date of the valuation is 30 June 2016. Managerial revaluation of these land and buildings was performed at 30 June 2019.

Heritage assets are valued using the current replacement cost method. This cost generally represents the replacement cost of the building/component after applying depreciation rates on a useful life basis. However, for some heritage and iconic assets, the cost may be the reproduction cost rather than the replacement cost if those assets' service potential could only be replaced by reproducing them with the same materials.

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

An independent valuation of CFA's heritage assets was performed by the Valuer-General Victoria. The valuation was performed based on the current replacement cost of the assets. The effective date of the valuation is 30 June 2016. Managerial revaluation of these land and buildings was performed at 30 June 2019.

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

Plant and equipment is held at fair value. When plant and equipment is specialised in use, such that it is rarely sold other than as part of a going concern, fair value is determined using the current replacement cost method. There were no changes in valuation techniques throughout the period to 30 June 2019. For all assets measured at fair value, the current use is considered the highest and best use.

For a more detailed analysis of the sensitivity of significant unobservable inputs used in valuation, please refer to the table below titled "Description of significant unobservable inputs to Level 3 valuations".

Reconciliation of Level 3 fair value movements

2019	(\$ thousand)					
	Specialised land	Specialised buildings	Heritage assets	Leasehold improvements	Plant and equipment	Vehicles
Opening balance	171,774	631,241	1,616	10,074	11,946	290,871
Purchases	4,361	51,679	–	4,828	1,277	56,322
Fair value of assets received free of charge	40	–	–	–	–	–
Disposals	(2,394)	(2,430)	–	(755)	–	(2,655)
Revaluation of land and buildings	5,840	66,373	172	–	–	–
Transfers in/(out) of level 3	–	–	–	–	–	–
Depreciation	–	(11,269)	(32)	(2,042)	(2,009)	(30,455)
Closing balance	179,621	735,594	1,756	12,105	11,214	314,083

2018	(\$ thousand)					
	Specialised land	Specialised buildings	Heritage assets	Leasehold improvements	Plant and equipment	Vehicles
Opening balance	141,938	623,744	1,616	11,307	10,468	300,123
Purchases	6,557	15,507	–	103	4,377	24,604
Disposals	(374)	(3,505)	–	–	(677)	(4,459)
Transfers in from investment properties at level 3	4,825	6,523	–	–	–	–
Revaluation of freehold land	18,828	–	–	–	–	–
Depreciation	–	(11,028)	–	(1,335)	(2,223)	(29,397)
Closing balance	171,774	631,241	1,616	10,074	11,946	290,871

Description of significant unobservable inputs to Level 3 valuations

2018 and 2019	Valuation technique	Significant unobservable inputs
Specialised land	Market approach	CSO adjustment 20%
Specialised buildings	Current replacement cost	Useful life of specialised buildings
Heritage assets	Current replacement cost ^(a)	Useful life of heritage assets
Vehicles	Current replacement cost	Useful life of vehicles
Plant and equipment	Current replacement cost	Useful life of plant and equipment

Note:

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

Significant unobservable inputs have remained unchanged since June 2018.

8. Other disclosures

Introduction

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

Structure

8.1 Ex-gratia expenses	99
8.2 Other economic flows included in net result.....	100
8.3 Physical asset revaluation surplus.....	100
8.4 Commitments for expenditure	101
8.5 Changes in accounting policies.....	101
8.6 Responsible persons	104
8.7 Remuneration of executives	105
8.8 Related parties.....	106
8.9 Remuneration of auditors	110
8.10 Subsequent events	111
8.11 Other accounting policies.....	111
8.12 Australian Accounting Standards issued that are not yet effective.....	112
8.13 Glossary of technical terms.....	116
8.14 Style conventions.....	120

8.1 Ex-gratia expenses^(a)

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

	(\$ thousand)	
	2019	2018
Payments made on termination	—	23
Total ex-gratia expenses	—	23

Notes:

(a) Includes ex-gratia expenses for both individual items or in aggregate that are greater than or equal to \$5,000.

8.2 Other economic flows included in net result

Other economic flows are changes in the volume or value of an asset or liability that do not result from transactions. Other gains/(losses) from other economic flows include the gains or losses from: the revaluation of the present value of the long service leave liability due to changes in the bond interest rates

	(\$ thousand)	
	2019	2018
Net gain/(loss) on non-financial assets		
Amortisation of non-produced intangible assets ^(a)	(231)	(231)
Net gain/(loss) on disposal of property plant and equipment	(1,953)	(973)
Total net loss on non-financial assets	(2,184)	(1,204)
Net gain/(loss) on financial instruments		
Bad debts written off unilaterally	–	(600)
Impairment of financial assets at amortised cost ^(b)	(5,105)	–
Total net loss on financial instruments	(5,105)	(600)
Other gain/(loss) from other economic flows		
Net gain/(loss) arising from revaluation of long service liability ^(c)	(1,739)	75
Total other gain/(loss) from other economic flows	(1,739)	75

Notes:

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

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

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

8.3 Physical asset revaluation surplus

	(\$ thousand)	
	2019	2018
Physical asset revaluation surplus		
Balance at beginning of financial year	484,376	465,548
Revaluation increments/ (decrements)		
– Freehold land	5,840	18,828
– Buildings	66,545	–
Balance at end of financial year	556,761	484,376
Net changes in physical asset revaluation surplus	72,385	18,828

8.4 Commitments for expenditure

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

Nominal amounts 2019	(\$ thousand)			
	Less than 1 year	1-5 years	5+ years	Total
Capital expenditure commitments payable	40,025	728	–	40,753
Operating lease commitments payable	11,067	21,486	16,256	48,809
Other commitments payable	82,710	91,869	7,238	181,817
Total commitments (inclusive of GST)**	133,802	114,083	23,494	271,379
Less GST recoverable from the Australian Tax Office	(12,164)	(10,371)	(2,136)	(24,671)
Total commitments (exclusive of GST)	121,638	103,712	21,358	246,708

Nominal amounts 2018	(\$ thousand)			
	Less than 1 year	1-5 years	5+ years	Total
Capital expenditure commitments payable	27,290	413	–	27,703
Operating lease commitments payable	8,172	10,752	3,179	22,103
Other commitments payable	78,983	84,648	8	163,639
Total commitments (inclusive of GST)	114,445	95,813	3,187	213,445
Less GST recoverable from the Australian Tax Office	(10,404)	(8,710)	(290)	(19,404)
Total commitments (exclusive of GST)	104,041	87,103	2,897	194,041

8.5 Change in accounting policies

CFA has elected to apply the limited exemption in AASB 9 paragraph 7.2.15 relating to transition for classification and measurement and impairment, and accordingly has not restated comparative periods in the year of initial application. As a result:

- a) any adjustments to carrying amounts of financial assets or liabilities are recognised at the beginning of the current reporting period with difference recognised in opening retained earnings; and
- b) financial assets and provision for impairment have not been reclassified and/or restated in the comparative period.

This note explains the impact of the adoption of AASB 9 Financial Instruments and FRD 114C Financial Instrument on CFA's financial statements.

8.5.1 Changes to classification and measurement

On initial application of AASB 9 and FRD 114C on 1 July 2018, CFA's management has assessed for all financial assets based on CFA's business models for managing the assets. The following are the changes in the classification of CFA's financial assets:

- a) Term deposits previously classified as loans and receivables under AASB 139 are now reclassified as financial assets at amortised cost under AASB 9. There was no difference between the previous carrying amount and the revised carrying amount at 1 July 2018 to be recognised in opening retained earnings.
- b) Contractual receivables previously classified as other loans and receivables under AASB 139 are now reclassified as financial assets at amortised cost under AASB 9. An increase of \$33,000 in loss allowance for these assets was recognised in opening retained earnings for the period.
- c) Statutory receivables are considered as financial instruments in accordance with para 4.3 of FRD 114C and thus have been recognised and measured in accordance with AASB 9 requirements. An increase of \$10,395,000 in loss allowance for these assets was recognised in opening retained earnings for the period.

The accounting for financial liabilities remains materially the same as it was under AASB 139.

CFA's accounting policies for financial assets and liabilities are set out in note 7.1.1. The following table summarises the required and elected reclassification upon adoption of AASB 9. The main effects resulting from the reclassification are as follows:

	Notes	(\$ thousand)	
		AASB 139 Measurement Categories	AASB 9 Measurement Categories
As at 30 June 2018			Amortised cost
AASB 139 Measurement Categories			
Loans and receivables			
Receivables			
Trade receivables	8.5.1 b)	16,041	16,041
Other receivables	8.5.1 b)	3,283	3,283
Investments			
Term deposits	8.5.1 a)	252,077	252,077
As at 1 July 2018		271,401	271,401

8.5.2 Changes to the impairment of financial assets

Under AASB 9, loans and receivables are subject to AASB 9's new Expected Credit Loss (ECL) impairment model, which replaces AASB 139's incurred loss approach.

For trade receivables and statutory receivables, CFA applies the AASB 9 simplified approach to measure expected credit losses based on the change in the ECLs over the life of the asset. Application of the lifetime ECL allowance method results in an increase in the impairment loss allowance of \$33,000 for contractual trade receivables and \$10,395,000 for statutory trade receivables. Refer to note 7.1.3 for details about the calculation of the allowance. The loss allowance increased by \$5,105,000 for these financial assets during the financial year.

For all other receivables, CFA applies the AASB 9 general approach to measure expected credit losses based on 12-month ECL. Application of the 12-month ECL results in an increase in the impairment loss allowance of \$Nil. Refer to note 7.1.3 for details about the calculation of the allowance.

8.5.3 Transition impact

The transition impact of first-time adoption of AASB 9 on comprehensive operating statement and balance sheet has been summarised in the following tables.

Impact on comprehensive operating statement as at 1 July 2018 as follows:

		(\$ thousand)
Comprehensive operating statement	Notes	1 July 2018
Impairment of financial assets	8.5.1 b) & c)	(10,428)
Other economic flows included in net result		(10,428)
Comprehensive income		(10,428)

Impact on balance sheet is illustrated with the following reconciliation between the carrying amounts under AASB 139 at 30 June 2018 and the balances reported under AASB 9 and FRD 114C at 1 July 2018 for each affected balance sheet line item:

Balance Sheet	Notes	Amount at 30 June 2018	(\$ thousand)			
			Impact of FRD 114C	Re- classification	Re- measurement	Restated amount at 1 July 2018
Loans and receivables	8.5.1 b)	271,437	–	(271,437)	–	–
Financial assets at amortised cost	8.5.1 b)	–	–	271,437	–	271,437
Financial assets at amortised cost - statutory receivables	8.5.1 c)	--	23,084	–	–	23,084
Impairment loss allowance	8.5.1 b)	(36)	–	–	(10,428)	(10,464)
Other financial assets		127,986	(23,084)	–	–	104,902
Total financial assets		399,387	–	–	(10,428)	388,959
Total liabilities		231,057	–	–	–	231,057
Accumulated surplus		442,550	–	–	(10,428)	432,122
Other items in equity		940,988	–	–	–	940,988
Total equity		1,383,538	–	–	(10,428)	1,373,110

8.6 Responsible persons

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

Names

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

Responsible Minister

Minister for Emergency Services

The Hon James Merlino, MP 1 July 2018 to 28 November 2018

Minister for Police and Emergency Services

The Hon Lisa Neville, MP 29 November 2018 to 30 June 2019

Acting Minister for Police and Emergency Services

The Hon James Merlino, MP 23 March 2019 to 4 April 2019

The Hon Benjamin Carroll, MP 5 April 2019 to 9 April 2019

The Hon Jill Hennessy, MP 14 April to 16 April 2019

Authority Members (CFA Board Members)

Greg Smith AM (Chair) 1 July 2018 to 30 June 2019
Michelle McLean (Deputy Chair) 1 July 2018 to 30 June 2019
Pamela White PSM 1 July 2018 to 30 June 2019
Gillian Sparkes 1 July 2018 to 30 June 2019
Simon Weir 1 July 2018 to 30 June 2019
Hazel Clothier 1 July 2018 to 30 June 2019
Peter Shaw 1 July 2018 to 30 June 2019
Lynda Hamilton 1 July 2018 to 30 June 2019
Timothy Young 1 July 2018 to 30 June 2019

Accountable Officer

Chief Executive Officer

Dr. Paul Smith 1 July 2018 to 26 April 2019

Chief Executive Officer/ Chief Officer

Steve Warrington AFSM 6 June 2019 to 30 June 2019

Acting Chief Executive Officer

Steve Warrington AFSM 24 December 2018 to 13 January 2019

Nigel McCormick 29 March 2019 to 7 April 2019

Gavin Freeman 27 April 2019 to 5 June 2019

Remuneration (other than the Responsible Minister)

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

Income Band ^(a)	2019 Number	2018 Number
\$0 - \$9,999 ^(b)	1	1
\$30,000 - \$39,999	2	–
\$50,000 - \$59,999	5	6
\$60,000 - \$69,999	2	1
\$110,000 - \$119,999	1	1
\$200,000 - \$209,999	–	1
\$330,000 - \$339,999	–	1
\$360,000 - \$369,999	1	–
Total numbers	12	11
Total amount (\$ thousand)	975	1,064

Notes:

(a) The income band classification excludes Responsible Persons in the acting position of Accountable Officer for the year ended 30 June 2019, except where the substantive role was vacant.

(b) Gillian Sparkes is the Commissioner for Environmental Sustainability Victoria and as such received \$Nil remuneration from CFA during 2019 (2018: \$Nil)

8.7 Remuneration of executives

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

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

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

Post-employment benefits include employer's contribution to superannuation and other retirement benefits paid or payable.

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

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

Remuneration of executive officers (including Key Management Personnel disclosed in Note 8.8)	(\$ thousand)	
	2019	2018
Short-term employee benefits	7,303	6,325
Post-employment benefits	617	598
Other long-term benefits	177	554
Termination benefits	28	198
Total remuneration	8,125	7,675
Total number of executives^(a)	34	36
Total annualised employee equivalents^(b)	33	36

Notes:

- (a) The total number of executive officers include persons who meet the definition of Key Management Personnel (KMP) of the entity under AASB 124 Related Party Disclosures and are also reported within the related parties note disclosure (Note 8.8).
- (b) Annualised employee equivalent is based on the time fraction worked over the reporting period.

8.8 Related parties

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

Related parties of CFA include:

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

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

Key Management Personnel (KMP) of CFA includes the Portfolio Minister, Board of Directors, Chief Executive Officer and other members of CFA Executive Team.

KMP	KMP Category	Position title	Period
The Hon James Merlino, MP	Portfolio Minister	Minister for Emergency Services	1 July 2018 to 28 November 2018
The Hon Lisa Neville, MP	Portfolio Minister	Minister for Police and Emergency Services	29 November 2018 to 30 June 2019
The Hon James Merlino, MP	Portfolio Minister	Acting Minister for Police and Emergency Services	23 March 2019 to 4 April 2019
The Hon Benjamin Carrol, MP	Portfolio Minister	Acting Minister for Police and Emergency Services	5 April 2019 to 9 April 2019
The Hon Jill Hennessy, MP	Portfolio Minister	Acting Minister for Police and Emergency Services	14 April to 16 April 2019
Greg Smith AM	Board of Directors	Chair	1 July 2018 to 30 June 2019
Michelle McLean	Board of Directors	Deputy Chair	1 July 2018 to 30 June 2019
Gillian Sparkes	Board of Directors	Board Member	1 July 2018 to 30 June 2019
Pamela White PSM	Board of Directors	Board Member	1 July 2018 to 30 June 2019
Simon Weir	Board of Directors	Board Member	1 July 2018 to 30 June 2019
Timothy Young	Board of Directors	Board Member	1 July 2018 to 30 June 2019
Lynda Hamilton	Board of Directors	Board Member	1 July 2018 to 30 June 2019
Peter Shaw	Board of Directors	Board Member	1 July 2018 to 30 June 2019
Hazel Clothier	Board of Directors	Board Member	1 July 2018 to 30 June 2019
Dr. Paul Smith	CFA Executive	Chief Executive Officer	1 July 2018 to 26 April 2019
Gavin Freeman	CFA Executive	Acting Chief Executive Officer	27 April 2019 to 5 June 2019
Steve Warrington AFSM	CFA Executive	Chief Executive Officer	6 June 2019 to 30 June 2019
Steve Warrington AFSM	CFA Executive	Chief Officer	1 July 2018 to 30 June 2019
Nigel McCormick	CFA Executive	Chief Financial Officer	1 July 2018 to 30 June 2019
Elizabeth Radcliffe	CFA Executive	Executive Director – People & Culture	1 July 2018 to 30 June 2019
Anthony Ramsay	CFA Executive	Executive Director – Infrastructure Services	1 July 2018 to 30 June 2019
John Haynes AFSM	CFA Executive	Executive Director – Volunteer & Strategy	1 July 2018 to 30 June 2019
Sally Pickering	CFA Executive	Executive Director – Communications & Stakeholder Relations	15 October 2018 to 30 June 2019
Licardo Prince	CFA Executive	Acting Executive Director – Communications & Stakeholder Relations	1 July 2018 to 24 August 2018
Bruce Russell	CFA Executive	General Counsel	1 July 2018 to 30 June 2019
Garry Cook	CFA Executive	Acting Executive Director – People & Culture	29 August 2018 to 1 October 2018 and 21 December 2018 to 30 June 2019
John Sullivan	CFA Executive	Director Governance	1 July 2018 to 30 June 2019
Kessia Thomson	CFA Executive	Director – Policy and Coordination	1 July 2018 to 3 May 2019
Dr. Paul Smith	CFA Executive	Executive Director	27 April 2019 to 31 May 2019

Remuneration of key management personnel

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

Compensation of KMP	(\$ thousand)	
	2019	2018
Short-term employee benefits	3,527	3,017
Post-employment benefits	300	281
Other long-term benefits	72	183
Termination benefits	–	22
Total^(a)	3,899	3,503

Notes:

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

Transactions and balances with key management personnel and other related parties

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

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

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

2019		(\$ thousand)				
Entity	KMP	Position title	Nature	Receipts	Payments	Net dues to/ (owed by) CFA as at 30 June 2019
Ambulance Victoria	Greg Smith AM	Chair, Country Fire Authority (CFA)	Use of Ambulance Services	194	514	6
Australasian Fire and Emergency Service Authorities Council Limited (AFAC)	Gavin Freeman	Acting Chief Executive Office	Cost recovery for Major Incident	–	–	260
Metropolitan Fire and Emergency Services Board	The Hon James Merlino, MP The Hon Lisa Neville, MP	Minister for Emergency Services Minister for Police and Emergency Services	ICT Services, Recruit Cost Training	436	5,729	87
Emergency Services Telecommunication Authority (ESTA)	The Hon James Merlino, MP The Hon Lisa Neville, MP	Minister for Emergency Services Minister for Police and Emergency Services	Communication Services	–	42,653	–
Department of Justice and Community Safety (DJCS) (formerly Department of Justice and Regulation)	The Hon James Merlino, MP The Hon Lisa Neville, MP	Minister for Emergency Services Minister for Police and Emergency Services	Grants	650,117	2,630	–
Emergency Management Victoria (EMV)	The Hon James Merlino, MP The Hon Lisa Neville, MP	Minister for Emergency Services Minister for Police and Emergency Services	Grants	1,132	–	30
Victoria State Emergency Service	The Hon James Merlino, MP The Hon Lisa Neville, MP	Minister for Emergency Services Minister for Police and Emergency Services	Providing Infrastructure Services	716	869	30
Department of Environment, Land, Water and Planning (DELWP)	The Hon James Merlino, MP The Hon Lisa Neville, MP	Minister for Emergency Services Minister for Police and Emergency Services	Aircraft hire services	7	11,932	–
Victorian Government Solicitor	The Hon James Merlino, MP The Hon Lisa Neville, MP	Minister for Emergency Services Minister for Police and Emergency Services	Legal fees	–	283	–

Entity	KMP	Position title	Nature	Receipts		Net dues to/ (owed by) CFA as at 30 June 2018
				Payments	(\$ thousand)	
Ambulance Victoria	Greg Smith AM	Chair, Country Fire Authority	Use of Ambulance Services	123	640	67
Metropolitan Fire and Emergency Services Board	The Hon James Merlino, MP	Minister for Emergency Services	ICT Services, Recruit Cost Training	898	4,651	(715)
Emergency Services Telecommunication Authority (ESTA)	The Hon James Merlino, MP	Minister for Emergency Services	Communication Services	28	42,448	–
Department of Justice and Regulation	The Hon James Merlino, MP	Minister for Emergency Services	Grants	628,428	14,615	11
Emergency Management Victoria (EMV)	The Hon James Merlino, MP	Minister for Emergency Services	Grants	14,641	–	314
Victoria State Emergency Service	The Hon James Merlino, MP	Minister for Emergency Services	Providing Infrastructure Services	732	–	26

All other transactions that have occurred with KMP and their related parties have not been considered material for disclosure. In this context, transactions are only disclosed when they are considered necessary to draw attention to the possibility that CFA's financial position and profit or loss may have been affected by the existence of related parties, and by transactions and outstanding balances, including commitments, with such parties.

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

8.9 Remuneration of auditors

	(\$ thousand)	
	2019	2018
Victorian-Auditor-General's Office – Audit of the financial statements		
– Audit fee for 30 June 2019	194	–
– Audit fee for 30 June 2018	90	100
– Audit fee for 30 June 2017	–	105
Internal and other audit services	316	340
Total remuneration of auditors	600	546

8.10 Subsequent events

The *Firefighters' Presumptive Rights Compensation and Fire Services Legislation Amendment (Reform) Act 2019* (the Act) received assent on 2 July 2019. Parts 1 and 2 of the Act came into operation on 3 July 2019. They concern preliminary matters and the establishment of the Firefighters' Presumptive Rights Compensation scheme, respectively.

The remainder of the Act (Parts 3 to 11) will come into operation on a date or dates to be proclaimed and will amend the *Country Fire Authority Act 1958* to:

- make it an objective of the Country Fire Authority (CFA) to support the recruitment, development, and retention of volunteer officers and members; and
- recognise CFA as a fully volunteer fire fighting service; and
- allow certain functions to be performed and powers to be exercised within the Fire Rescue Victoria (FRV) fire district.

As a result of the creation of FRV, 38 CFA career and integrated stations will be located within the FRV fire district. All existing CFA staff covered by the Operational Staff Agreement will transition into FRV and will transfer with their existing terms and conditions of employment. The Act provides for other CFA employees to transfer to FRV by Ministerial direction. The Act also provides for the secondment of staff back to CFA as is operationally required. CFA volunteers will remain part of CFA and continue to provide primary response to large parts of Victoria in the FRV fire district and across the State. Volunteer firefighters will continue to play a central role in the day to day provision of fire prevention and suppression activities, including in the former integrated/ career CFA fire station areas, which will be included in the FRV fire district.

In transitioning to these new arrangements, the new model will not come into effect before mid-2020, which will mean no change for the upcoming 2019-20 fire season. The Government will work closely with volunteers and fire agencies to implement these reforms over the next year, in time for the 2020-21 fire season. On-the-ground emergency service operations will continue as normal and the community will continue to receive the same high-quality services. When FRV commences it will be fully operational with the staff and assets it requires to keep the community safe.

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

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

There are no other subsequent events requiring adjustment or disclosure.

8.11 Other accounting policies

Contributions by owners

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

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

Foreign currency balances/transactions

All foreign currency transactions during the financial year are brought to account using the exchange rate in effect at the date of the transaction. Foreign monetary items existing at the end of the reporting period are translated at the closing rate at the date of the end of the reporting period.

8.12 Australian Accounting Standards issued that are not yet effective

The following AASs related to CFA become effective for reporting periods commencing after the operative dates stated. CFA has not adopted these standards early.

Topic	Key Requirement	Effective date for CFA	Impact on CFA's financial statements
AASB 15 Revenue from Contracts with Customers	The core principle of AASB 15 requires an entity to recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service to a customer. Therefore, entities need to allocate the transaction price to each performance obligation in a contract and recognise the revenue only when the related obligation is satisfied. AASB 15 and the related guidance will come into effect for non-for-profit entities for annual reporting periods beginning on or after 1 January 2019.	1 July 2019	<p>The changes in revenue recognition requirements in AASB 15 may result in changes to the timing and amount of revenue recorded in the financial statements. The Standard will also require additional disclosures on service revenue and contract modifications. CFA has performed a detailed impact assessment of AASB 15 and the potential impact for each major class of revenue and income in the initial year of application has been estimated as below:</p> <p>CFA intends to adopt AASB 15 in the 2019-20 financial year when it becomes effective.</p> <p>CFA will apply the standard using a modified retrospective approach with the cumulative effect of initial application recognised as an adjustment to the opening balance of accumulated surplus at 1 July 2019, with no restatement of comparative information.</p> <p>CFA has performed a detailed impact assessment of AASB 15 and the potential impact for each major class of revenue and income in the initial year of application is Nil.</p>

Topic	Key Requirement	Effective date for CFA	Impact on CFA's financial statements
AASB 16 Leases	The key changes introduced by AASB 16 include the recognition of most operating leases (which are currently not recognised) on the balance sheet, which has an impact on net debt.	1 July 2019	<p>The assessment has indicated that most operating leases, with the exception of short term (lease term less than 12 months) and low value leases (deemed to be below \$10,000) will come on to the balance sheet and will be recognised as right of use assets with a corresponding lease liability.</p> <p>In the operating statement, the operating lease expense will be replaced by depreciation expense of the asset and an interest charge.</p> <p>CFA intends to adopt these standards in 2019-20 financial year when it becomes effective.</p> <p>CFA will apply the standard using a modified retrospective approach with the cumulative effect of initial application recognised as an adjustment to the opening balance of accumulated surplus at 1 July 2019, with no restatement of comparative information.</p> <p>CFA has performed an initial impact assessment of AASB 16 for DTF and the estimated impact quantified for 2019-20 is as follows:</p> <ul style="list-style-type: none"> ▪ increase in ROU on initial application – \$60.6m ▪ increase in related depreciation – \$12.3m ▪ increase in lease liability on initial adoption – \$60.0m and reduction in lease liability during the year – \$11.1m ▪ increase in related interest calculated using effective interest method – \$1.9m, and ▪ decrease in rental expense – \$13.0m <p>The actual impact to CFA's financial statements in the application of AASB 16 will be determined in 2019-20.</p>

Topic	Key Requirement	Effective date for CFA	Impact on CFA's financial statements
AASB 1058 Income of Not-for-Profit Entities	<p>This standard will replace AASB 1004 Contributions and establishes principles for transactions that are not within the scope of AASB 15, where the consideration to acquire an asset is significantly less than fair value to enable non-profit entities to further their objectives. The restructure of administrative arrangement will remain under AASB 1004.</p> <p>AASB 1058 and the related guidance will come into effect for not-for-profit entities for annual reporting periods beginning on or after 1 January 2019.</p>	1 July 2019	<p>The current revenue recognition for grants is to recognise revenue up front upon receipt of the funds.</p> <p>This will change under AASB 1058, as capital grants for the construction of assets will be deferred. Income will be recognised over time, upon completion and satisfaction of performance obligations for assets being constructed, or income will be recognised at a point in time for acquisition of assets.</p> <p>The revenue recognition for operating grants will be further analysed to establish whether the requirements under other applicable standards need to be considered for recognition of liabilities (which will have the effect of deferring the income associated with these grants). Only on completion of analysis will it be possible to conclude whether there are any changes to operating grants.</p> <p>The impact on current revenue recognition of the changes is the phasing and timing of revenue recorded in the profit and loss statement.</p> <p>CFA intends to adopt these standards in 2019-20 financial year when it becomes effective.</p> <p>CFA will apply the standard using a modified retrospective approach with the cumulative effect of initial application recognised as an adjustment to the opening balance of accumulated surplus at 1 July 2019, with no restatement of comparative information.</p> <p>CFA has performed a detailed impact assessment of AASB 1058 and the potential impact for each major class of revenue and income in the initial year of application has been estimated as Nil.</p>

Topic	Key Requirement	Effective date for CFA	Impact on CFA's financial statements
AASB 2018-7 Amendments to Australian Accounting Standards – Definition of Material	This standard amends AASB 101 Presentation of Financial Statements and AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors. The amendments refine the definition of material in AASB 10 Events after the Reporting Period, include some supporting requirements in AASB 101 in the definition to give it more prominence and clarify the explanation accompanying the definition of material. The amendments also clarify the definition of material and its application by improving the wording and aligning the definition across AASB standards and other publications.	1 January 2020	CFA intends to adopt this amendment in the year 2019-20 financial year when it becomes effective.

8.13 Glossary of technical terms

The following is a summary of the major technical terms used in this report.

Actuarial gains or losses on superannuation defined benefit plans are changes in the present value of the superannuation defined benefit liability resulting from:

- a) experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred); and
- b) the effects of changes in actuarial assumptions.

Amortisation is the expense that results from the consumption, extraction or use over time of a non-produced physical or intangible asset. This expense is classified as an ‘other economic flow’.

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

Comprehensive result is the amount included in the comprehensive operating statement representing total change in net worth other than transactions with owners as owners.

Control means the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Controlled item generally refers to the capacity of CFA to benefit from that item in the pursuit of the entity’s objectives and to deny or regulate the access of others to that benefit

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

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

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

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

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

Expected Credit Loss (ECL) – ECL is a calculation of the present value of the amount expected to be lost on a financial asset, for financial reporting purposes. This is measured in a way that reflects:

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

Financial asset is any asset that is:

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

Financial instruments arise out of contractual agreements that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Due to the nature of CFA's activities, certain financial assets and financial liabilities arise under statute rather than a contract (taxes, fines and regulatory fees). The nature of such a receivable arising from statutory requirements is, in substance, similar to a contractual receivable, as the statutory requirements also provide an entity with a right to receive cash or another financial asset from another entity. Para 4.3 of FRD 114C Financial Instruments further states that statutory receivables are also financial instruments. Accordingly, CFA recognises and measures a statutory receivable as if it were a financial instrument when the statutory requirements establish a right for the entity to receive cash or another financial asset.

Financial liability is any liability that is:

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

Financial Reporting Directions (FRDs) – financial and non-financial reporting requirements prescribed by Department of Treasury and Finance (DTF).

Financial statements comprise:

- a) a comprehensive operating statement for the period;
- b) a balance sheet as at the end of the period;
- c) a cash flow statement for the period;
- d) a statement of changes in equity for the period;
- e) notes, comprising a summary of significant accounting policies and other explanatory information;
- f) comparative information in respect of the preceding period as specified in paragraph 38 of AASB 101 Presentation of Financial Statements; and
- g) a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements in accordance with paragraphs 41 of AASB 101.

Grant expenses and other transfers are transactions in which one unit provides goods, services, assets (or extinguishes a liability) or labour to another unit without receiving approximately equal value in return. Grants can either be operating or capital in nature.

While grants to governments may result in the provision of some goods or services to the transferor, they do not give the transferor a claim to receive directly benefits of approximately equal value. For this reason, grants are referred to by the AASB as involuntary transfers and are termed non-reciprocal transfers. Receipt and sacrifice of approximately equal value may occur, but only by coincidence. For example, governments are not obliged to provide commensurate benefits, in the form of goods or services, to taxpayers in return for their taxes.

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

General government sector comprises all government departments, offices and other bodies engaged in providing services free of charge or at prices significantly below their cost of production. General government services include those that are mainly non-market in nature, those that are largely for collective consumption by the community and those that involve the transfer or redistribution of income. These services are financed mainly through taxes, or other compulsory levies and user charges.

Interest expense represents costs incurred in connection with borrowings.

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

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

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

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

Net financial liabilities are calculated as liabilities less financial assets. This measure is broader than net debt as it includes significant liabilities, other than borrowings (e.g. accrued employee liabilities such as superannuation and long service leave entitlements).

Net financial worth is equal to financial assets minus liabilities. It is a broader measure than net debt as it incorporates provisions made (such as superannuation, but excluding depreciation and bad debts) as well as holdings of equity. Net financial worth includes all classes of financial assets and liabilities, only some of which are included in net debt.

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

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

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

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

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

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

Other economic flows included in net result are changes in the volume or value of an asset or liability that do not result from transactions. In simple terms, other economic flows are changes arising from market re-measurements. They include gains and losses from disposals, revaluations and impairments of non-financial physical and intangible assets; fair value changes of financial instruments.

Other economic flows – other comprehensive income comprises items (including reclassification adjustments) that are not recognised in net result as required or permitted by other AASs. They include changes in physical asset revaluation surplus, changes in accumulated surplus and gains and losses on remeasuring available-for-sale financial assets.

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

Prepayments represent payments in advance of receipt of goods or services or that part of expenditure made in one accounting period covering a term extending beyond that period.

Produced assets include buildings, plant and equipment, inventories, cultivated assets and certain intangible assets. Intangible produced assets may include computer software, motion picture films and research and development costs (which does not include the start-up costs associated with capital projects).

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

Related party is a person who has significant influence over a KMP or vice versa and/or a close family member of a KMP.

Related party transaction is a transaction between CFA and one of its KMPs, a related party or any entity they control.

Sales of goods and services refers to income from the direct provision of goods and services and includes fees and charges for services rendered, sales of goods and services, fees from regulatory services and work done as an agent for private enterprises. It also includes rental income under operating leases and on produced assets such as buildings and entertainment, but excludes rent income from the use of non-produced assets such as land. User charges includes sale of goods and services income.

Standing Directions refers to the Standing Directions 2018 of the Assistant Treasurer under the *Financial Management Act 1994* and its Instructions.

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

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

8.14 Style conventions

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

The notation used in the tables is as follows:

- – zero, or rounded to zero
- (xxx.x) negative numbers
- 20xx year/ period
- 20xx–xx year/ period

The financial statements and notes are presented based on the illustration for a government department in the 2018–19 Model Report for *Victorian Government Departments*. The presentation of other disclosures is generally consistent with the other disclosures made in earlier publications of CFA's annual report.

Financial Disclosures

Consultancy expenditure

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

As at 30 June 2019, there were three consultancies where the total fees payable to the consultants were \$10,000 or greater.

Consultant	Purpose of consultancy	Start date	End date	Total approved project fee (excl. GST) (\$'000)	Expenditure 2018-19 (excl. GST) (\$'000)	Future expenditure (excl. GST) (\$'000)
Ernst & Young	To provide accounting advice	Aug 2018	Aug 2018	15.0	15.4	–
WCD Workers Compensation Pty Ltd	To provide accounting advisory services – AASB 10 Consolidation Assessment	Dec 2018	On-going	70.0	6.8	63.2
Pricewaterhouse Coopers (PwC)	To provide the planning necessary to migrate to a Cloud based Oracle Solution	Feb 2019	Jun 2019	718.1	718.1	–
Total				803.1	740.3	63.2

Details of external consultancies less than \$10,000

As of 30 June 2019, there was one consultancy engaged during the year, where the total fees payable to the consultant was less than \$10,000. The total expense incurred on this consultant was \$3,655 (excluding GST).

Information and communication technology expenditure

Details of information and communication technology (ICT) expenditure

As at 30 June 2019, total ICT expenditure of \$40.7m with details shown below:

Business As Usual (BAU) ICT expenditure (Total \$m)	(\$ million)		
	Non-Business As Usual (non-BAU) ICT expenditure (Total = A + B \$m)	Non-BAU Operational expenditure (A \$m)	Non-BAU Capital expenditure (B \$m)
	10.4	9.4	1.0

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

Relevant Legislation and Policies

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

Victorian Acts

Accident Compensation Act 1985
Audit Act 1994
Borrowing and Investment Powers Act 1987
Building Act 1993
Carers Recognition Act 2012
Charter of Human Rights and Responsibilities Act 2006
Child Wellbeing and Safety Act 2005
Country Fire Authority Act 1958
Dangerous Goods Act 1985
Disability Act 2006
Electricity Safety Act 1998
Emergency Management Act 1986
Emergency Management Act 2013
Environment Protection Act 1970
Equal Opportunity Act 2010
Financial Management Act 1994
Fire Services Commissioner Act 2010
Freedom of Information Act 1982
Fundraising Act 1998
Gambling Regulation Act 2003
Independent Broad-based Anti-Corruption Commission Act 2011
Occupational Health and Safety Act 2004
Ombudsman Act 1973
Planning and Environment Act 1987
Privacy and Data Protection Act 2014
Protected Disclosure Act 2012
Public Administration Act 2004
Public Records Act 1973
Rail Safety Act 2006
Residential Tenancies Act 1997
Subdivision Act 1988
Traditional Owner Settlement Act 2010

Commonwealth Acts

A New Tax System (Goods and Services Tax) Act 1999
Competition and Consumer Act 2010
Disability Discrimination Act 1992
Fair Work Act 2009
Fringe Benefits Tax Assessment Act 1986
Racial Discrimination Act 1975
Sex Discrimination Act 1984
Telecommunications Act 1997

Freedom of Information Act 1982

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

Making a request

FOI requests can be lodged online at www.foi.vic.gov.au. In the 2018-19 year an application fee of \$28.90 applied, increasing to \$29.60 from 1 July 2019. Access charges may also be payable if the document pool is large, and the search for material is time consuming.

Access to documents can also be obtained through a written request to CFA's FOI team, as detailed in s17 of the FOI Act. As such, requests can also be lodged directly with CFA via email to foi@cfa.vic.gov.au. The application fee can be paid either by cheque in the mail or by direct deposit to CFA's bank. Details are as follows:

Account Name: CFA
BSB: 063 225
Account number: 1007 1353

Please include confirmation of the payment in your email so that our accounts receivable department can be notified accordingly.

Written requests for documents in the possession of CFA should be addressed to:

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

FOI statistics/timelines

During 2018-19, CFA received 115 applications. Of these requests, one was from a Member of Parliament, five from the media, 45 from law firms and the remainder from the general public.

CFA made 53 FOI decisions during the 12 months ended 30 June 2019.

All decisions apart from six were made within the statutory time frame.

From the requests received during 2018-19, six requests were subject to a complaint/internal review by OVIC.

Further information

Further information regarding the operation and scope of FOI can be obtained from the FOI Act, regulations made under the Act, and foi.vic.gov.au.

Financial Management Act 1994 (Vic)

All of the financial information contained in the report for the financial year has been prepared and presented in accordance with the Financial Management Act and the Standing Directions of the Assistant Treasurer 2018 issued under that Act. Relevant information is available to the Minister for Emergency Services, the Parliament of Victoria, and the public on application to CFA's Accountable Officer (the Chief Executive Officer).

Protected Disclosure Act 2012 (Vic)

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

- CFA has procedures in accordance with Part 9 of the Protected Disclosure Act 2012
- CFA's procedures are accessible from www.cfa.vic.gov.au/protected-disclosure-act
- copies of CFA's procedures are available for public access during normal business hours from districts, regions and headquarters
- there were nil disclosures notified to the Independent Broad-based Anti-corruption Commission by CFA under section 21(2) during 2018-19.

Privacy and Data Protection Act 2014 (Vic)

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

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

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

Building Act 1993 (Vic)

CFA complies with the Building Act 1993, with respect to alterations and maintenance to the buildings owned by CFA.

National Competition Policy

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

Environment and sustainability

During the 2018–19 financial year, CFA continued to monitor its environmental and sustainable practices relating to energy use, waste production, water consumption, transportation and greenhouse gas emissions.

Compliance with DataVic Access Policy

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

Sponsorships

As at 30 June 2019, the annual expenditure on sponsorships was \$40,386.

Government advertising expenditure

In 2018-19 there were no advertising campaigns with a total media spend of \$100,000 or greater (exclusive of GST).

Employment and conduct principles

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

Inclusion and fairness

CFA has a commitment to creating an inclusive and fair culture where our people are treated with respect, and everyone feels they belong. The Inclusion and Fairness Action Plan has resulted in a range of CFA policies and business rules being reviewed and the introduction of an Inclusion and Fairness business rule.

Carers Recognition Act 2012 (Vic)

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

Disability Act 2006 (Vic) and Disability Discrimination Act 1992 (Cth)

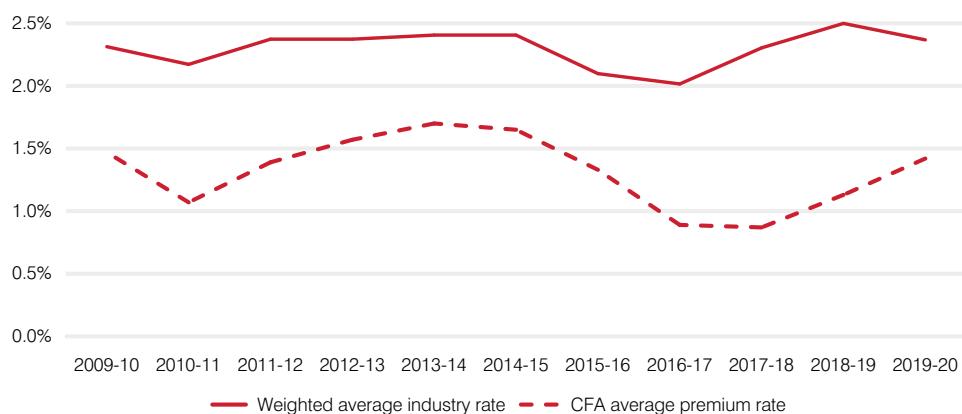
CFA is prioritising disability inclusion. CFA has reviewed and updated policies and procedures to comply with accessibility standards. CFA has employed an engagement officer to facilitate the planning and development of disability inclusion strategies. CFA is also prioritising bringing all CFA buildings up to compliance standards, with the goal of reaching 80 per cent compliance within the next eight years.

Occupational Health And Safety

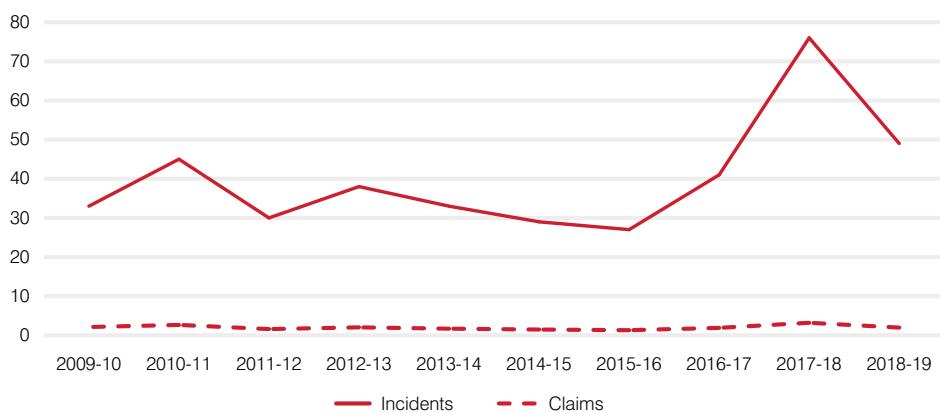
Employee incidents and claims

CFA's performance continues to be significantly better than the industry average, with a decrease in new claim numbers compared to the previous year. Estimated premium is higher because of increased remuneration and the development of claims from 2015 to 2017. The average claims cost has increased to \$37,489.

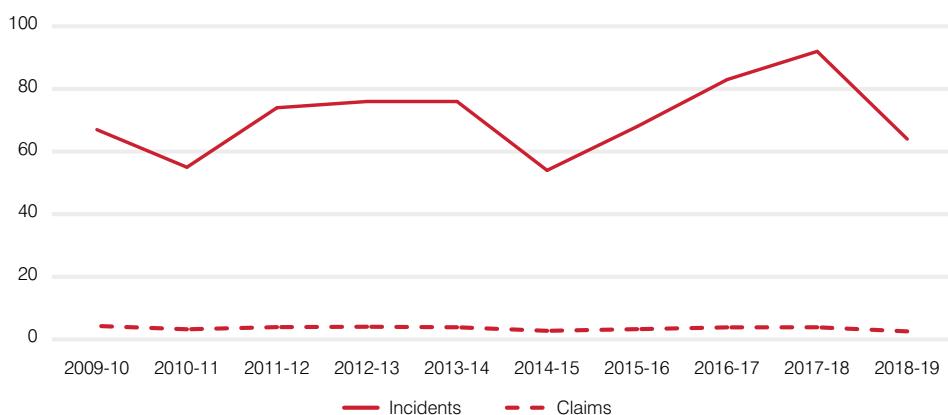
CFA Worksafe premium vs industry rate



Employee lost time claims and rate per 100 FTE



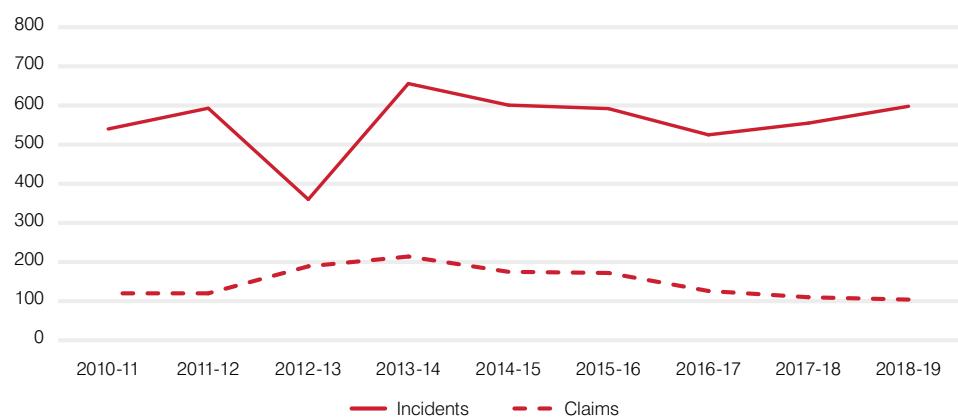
Number of Standard Employee claims and rate per 100 FTE



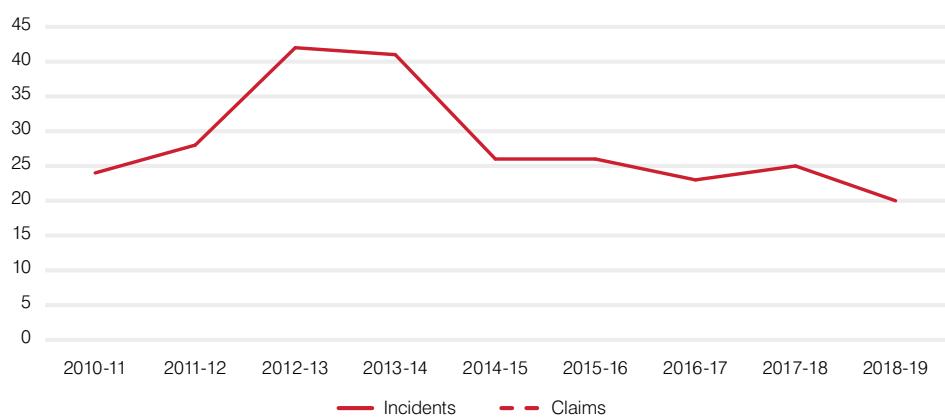
Employee claims with timeloss of 13 weeks or greater and rate per 100 FTE



Volunteer claims and incident trends



Volunteer lost claims



Disclosure Index

Local Jobs First Act 2003 (Vic)

In accordance with the requirement of the Local Jobs First Act 2003, government agencies are required to report contracts valued at more than \$3 million in metropolitan areas and \$1 million in regional areas.

A total of five contracts were commenced during 2018-19 in regional Victoria exceeding \$1 million in value. These were: fire stations at

Ararat, Inglewood and Casterton, a temporary fire station at Moe, and Central Highlands Training Campus (civil and building works). The local content (including all labour and materials) for these contracts was in the order of 98 per cent.

There were no contracts within the metropolitan area that exceeded \$3 million.

Compliance with statutory disclosure requirements

Requirement	Page reference
Charter and purpose	
FRD 22H Manner of establishment and the relevant minister	15, 104
FRD 22H Purpose, functions, powers and duties	15
FRD 22H Key initiatives and projects	28
FRD 22H Nature and range of services provided	15
Management and structure	
FRD 22H Organisational structure	37
Financial and other information	
FRD 8D Performance against output performance measures	26
FRD 10A Disclosure index	127
FRD 22H Operational and budgetary objectives and performance against objectives	41
FRD 22H Employment and conduct principles	125
FRD 22H Occupational health and safety policy	125
FRD 22H Summary of the financial results for the year	41
FRD 22H Significant changes in financial position	41
FRD 22H Subsequent events	111
FRD 22H Application and operation of Freedom of Information Act 1982	123
FRD 22H Compliance with building and maintenance provisions of Building Act 1993	124
FRD 22H Statement on National Competition Policy	124
FRD 22H Application and operation of the Protected Disclosure Act 2012	124
FRD 22H Details of consultancies over \$10,000	121
FRD 22H Details of consultancies under \$10,000	121
FRD 22H Disclosure of ICT expenditure	121
FRD 25D Victorian Industry Participation Policy disclosures	128
FRD 29C Workforce Data disclosures	125
SD 3.7.1 Risk management framework and processes	37, 86
SD 5.2 Specific requirements under Standing Direction 5.2	48

Requirement	Page reference
Compliance attestation and declaration	
SD 5.1.4 Attestation for compliance with Standing Directions	40
Financial statements declaration	
SD 5.2.2 Declaration in financial statements	48
Other requirements under Standing Direction 5.2	
SD 5.2.1(a) Compliance with Australian accounting standards and other authoritative pronouncements	56
SD 5.2.1(a) Compliance with Standing Directions	40
Other disclosures as required by FRDs in notes to the financial statements	
FRD 11A Disclosure of ex gratia expenses	99
FRD 21C Disclosures of Responsible Persons, Executive Officers and other Personnel (Contractors with Significant Management Responsibilities) in the Financial Report	104
FRD 103H Non-financial Physical Assets	69
FRD 110A Cash Flow Statements	63
FRD 112D Defined Benefit Superannuation Obligations	63
FRD 114C Financial Instruments	82, 101
FRD 119A Transfers through Contributed Capital	111

