

Victoria State Emergency Service

Annual Report 2018-19



This report provides an account of VICSES during the 2018-19 financial year, as required under the *Financial Management Act 1994*.

It provides a record of events and activities, acknowledges the contribution of VICSES volunteers, staff and supporters, and informs government and the public about VICSES services during the 2018-19 financial year.

This report is available for viewing online:

ses.vic.gov.au

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Year at a glance – 2018-19

Who we are



- Control agency for flood, storm, earthquake, tsunami and landslide
- Operating since 1950



149 units
13 permanently staffed offices
103 road rescue providers

Our people



5,217
Volunteers*

33% female
67% male

Volunteer leadership
(Unit Controllers, Deputy Controllers)

30% female
70% male



225
Staff

38% female
62% male

Staff leadership
(VPS5, VPS6 and Executive)

30% female
70% male

The 2018-19 financial year



201,990
volunteer hours
contributed to
helping Victorians



23,682
Requests for
assistance

27 Declared Operations
12,000 staff hours contributed
in readiness and response **



12,502 Flood



73,630 Storm



13,766 Road rescue



39,514 Times assisting other agencies



59,066 Community engagement***



242 Tsunami, landslide and earthquake****



3,270 Rescue (other)

* Includes active and non-active volunteers, with non-active meaning volunteers that are not currently on roster.

** Approximately.

*** Community engagement activity, including Driver Reviver, public relations and fundraising.

**** Preparation or responding to damage.

About us

Who we are

Victoria State Emergency Service (VICSES) is a volunteer-based organisation, providing emergency assistance to minimise the impact of emergencies and strengthen the community's capacity to plan, respond and recover, when emergencies occur.

We operate under the *Victoria State Emergency Act 2005* and the coordinating agency for emergency management, Emergency Management Victoria (EMV).

As a statutory authority, VICSES is governed by a Board, which is accountable to the Minister for Police and Emergency Services. Operating since 1950, VICSES covers all of Victoria, via 149¹ units across six regions, in addition to a Head Office located at Southbank, Melbourne.

We are the control agency for flood, storm, tsunami, earthquake and landslide throughout Victoria, and provide the largest road rescue network in Australia, with 103 accredited specialist units across the state.

VICSES is a significant contributor and leader in emergency management. We strive to develop and lead best practice by focusing on further developing our core business activities and strengthening our relationships and partnerships in developing a resilient Victorian community that knows what to do before, during, and after an emergency.

Our vision

Safer communities – together.

Our mission

Partner with communities, government, other agencies and business to provide timely and effective emergency management services, building community preparedness, disaster resilience and contributing to risk prevention.

Our history

VICSES has a rich historical past. Established as a volunteer based Civil Defence Organisation which could quickly be activated in the event of war, VICSES has been involved in most major emergency responses in Victoria since we began in 1950.

By 1972, approximately 100 voluntary Civil Defence Units had been established in municipalities across Victoria. That same year, Parliament passed the *State Emergency Services and Civil Defence Act* which formally legislated the role of the Victoria Civil Defence Organisation.

In 1973, the first Civil Defence Organisation headquarters was established at 31 Queens Road, Melbourne and in 1975 the Victoria Civil Defence Organisation was renamed the Victoria State Emergency Service to conform with other states.

In 1979, the Ministry for Police and Emergency Services was created. Its branches included Victoria Police, the Metropolitan Fire Brigade (MFB), Country Fire Authority (CFA) and VICSES.

In 1981, the *Victoria State Emergency Service Act* was passed. This act formally recognised VICSES as a general emergency management agency and on 1 November 2005, VICSES was established as an independent Statutory Authority.

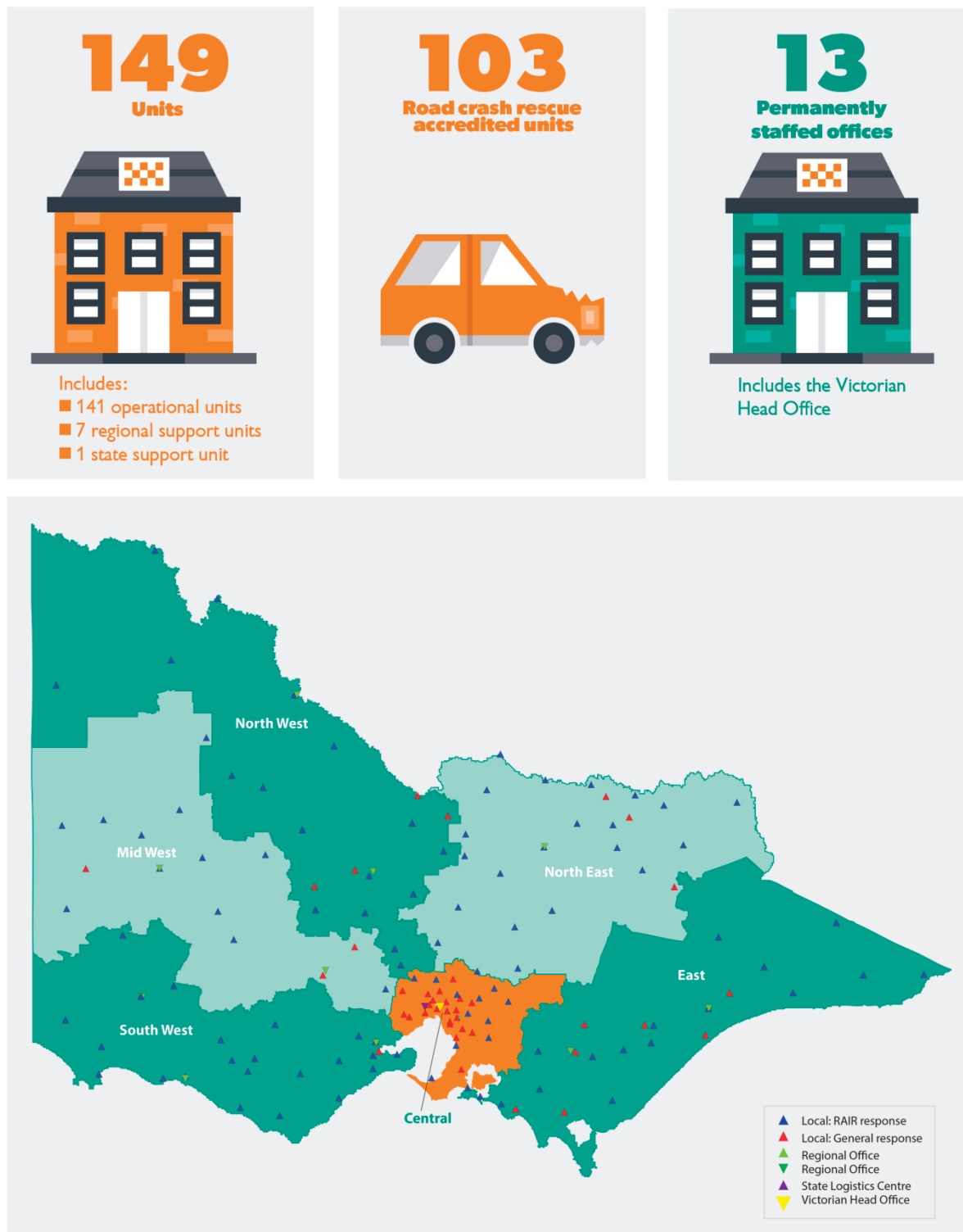
2015 marked 40 years of VICSES. This was a time to reflect and celebrate our achievements, challenges and evolution from a Civil Defence Organisation to the organisation we are today.

¹ This includes 141 stand-alone units, seven regional support units and one state support unit.
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Where we work






VICES operates 13 permanently staffed offices, including the Victorian Head Office based in Southbank. We also operate 149² units across Victoria, which are divided into six regions (Figures 1 and 2).

In 2018-19, VICES volunteers attended 23,682 incidents and contributed 201,990 hours of operational time to helping Victorians in trouble.



² This includes 141 operational units, seven regional support units and one state support unit.

Our Values

| | |
|---|---|
|  | <p>We pride ourselves on our credibility</p> <ul style="list-style-type: none"> ■ We pride ourselves on delivering on our promises and commitments, and in doing the right thing consistent with our Values. ■ We are responsive, trustworthy, skilled and respectful in our actions. |
|  | <p>We are part of our community</p> <ul style="list-style-type: none"> ■ We take a proactive, supportive and empathetic approach to achieve community outcomes. ■ We collaborate with our communities and partners, sharing knowledge and expertise. ■ We ensure we are integrated, connected and engaged with our community. |
|  | <p>Safety drives our decisions</p> <ul style="list-style-type: none"> ■ We empower our people to work within their capability to ensure we don't compromise the safety of our people and the community. ■ We promote open and honest conversations about the health and wellbeing of our people. |
|  | <p>Focussed and adaptable</p> <ul style="list-style-type: none"> ■ We are disciplined in achieving our objectives; adaptable in our approach. ■ We recognise and respect the diversity of our capability. ■ We channel our resources to achieve results. |
|  | <p>Together we are VICSES</p> <ul style="list-style-type: none"> ■ We share a common purpose working together without fear, favour or prejudice. ■ We acknowledge that all our people contribute to, and enhance our ability to prepare for, respond to and recover from emergencies. |

VICSES today

Volunteer experience

VICSES actively embraces volunteerism, and is committed to providing a volunteer experience that meets family and work needs.

We strive to be organisation of choice for people and partners, as described by Fundamental Goal 2 of our Strategic Plan 2018-22.

Cultural diversity

Diversity is the key to our success and VICSES is proud to celebrate an inclusive and supportive culture across the entire organisation. Across our volunteer workforce, we are proud to have 1,492 female volunteers (33%), and 242 females within the Unit leadership team (30%).

In metropolitan and regional locations across the State, our people reflect the diversity of their communities.

VICSES CEO Stephen Griffin is a passionate advocate for the advancement of gender equality and cultural diversity within VICSES, and a member of the Fire and Emergency Male Champions of Change, which aims to develop inclusive cultures and achieve significant and sustainable improvements in the representation of women in the emergency management sector.

Community resilience

In line with the VICSES Community Resilience Strategy 2016-19, VICSES is committed to developing a resilient Victorian community that knows what to do before, during, and after an emergency. This involves building stronger connections between Victorians and the services, systems and structures that support them.

Throughout the Community Resilience Strategy's implementation, VICSES has continued its commitment to developing positive partnerships and working together to build safer and more resilient communities; while remaining accountable through timely, effective reporting to the Victorian Government.

In 2019, VICSES released its Community Resilience Strategy Year Two Outcomes presenting key highlights, activities and outcomes from the implementation of the Community Resilience Strategy during the 2017-18 financial year. The report measures our achievements throughout the period against the Strategic Objectives and Key Performance Indicators (KPIs), and is intended to support continuous improvement of programs and initiatives during the lifetime of the Strategy.

A key highlight during the second year was the finalisation of the Strategy's Indicators and Evaluation Framework, which establishes a series of Flagship Measures for expanding upon and evaluating the Strategy key performance indicators (KPIs).

We thank our volunteers, staff, communities and partners for their collaboration in these activities, and we welcome feedback to assist us in the delivery and evaluation of Year Three.

Municipal Emergency Management Plans

VICSES plays a vital role between levels of government as the agency responsible for auditing Municipal Emergency Management Plans (MEMPs).

We work closely with key partners and municipal councils throughout Victoria to develop and improve their emergency management plans, providing advice and training.

Emergency Management

We operate under the coordinating agency for emergency management, EMV. We assist Victoria Police in search and rescue operations, and play an important role in supporting Ambulance Victoria, CFA, MFB, Parks Victoria, and the Department of Environment, Land, Water and Planning (DELWP), during fire and other emergency incidents.

Emergency management requires swift, localised responses with trained and well-supported personnel to address the disruptive, largely unpredictable, sudden and potentially destructive nature of emergencies.

Beyond our agency control preparation and response for flood, storm, tsunami, earthquake and landslide, VICSES also plays a key role in:

- Rescue of persons from, or endangered by:
 - Road, aircraft, industrial and rail (RAIR) incidents.
 - Steep and high angle incidents.
 - Damaged or collapsed buildings.

- Swift water.
 - Other emergency or dangerous situations.
- Supporting:
 - Search and rescue on land, including caves and on water.
 - Evacuation.
 - Incidents involving mass casualties.
- Provision of information and advice to the community and government before, during and after emergency events.

Chair's foreword

On behalf of the VICSES Board, I am proud to present this year's Annual Report.

This year we were pleased to welcome the new Minister of Police and Emergency Services Lisa Neville, and Emergency Services Commissioner Andrew Crisp. Both the Minister and our new Commissioner bring many years' experience in the emergency services sector, and on behalf of VICSES I'm pleased to work alongside them both in supporting the future growth and sustainability of our organisation and the sector.

The Emergency Management Legislation Amendment Bill 2018 (the Bill) was passed in August 2018, and included a number of important reforms to improve emergency management in Victoria. The Bill allows volunteers who are injured or suffer property damage or loss while performing emergency services to access common law damages. It also included reforms to Victoria's **emergency management planning arrangements** for state, regional and municipal level planning, to repeal redundant provisions in relation to the auditing of Municipal Emergency Management Plans and for VICSES' duty to assist and advise municipal councils under the Emergency Management Act 1986. Finally, the legislation assists with the process of relocating the Broadmeadows Unit. We look forward to providing an update on the relocation of this unit in due course.

In May we once again celebrated Wear Orange Wednesday (WOW day), our national day of thanks for all of our amazing volunteers. All I can say is WOW! This year proved to be our biggest year yet, and I want to thank the community for their involvement in celebrating the incredible contributions that our volunteers make every day.

I'd like to give a big congratulations to Kinglake Unit Controller Leanne Klammer, who was awarded an Emergency Services Medal at this year's Queen Birthday Honours in June. Leanne has served the Kinglake community as a VICSES volunteer since 1994, and undertook the role of Unit Controller in 2002. A born leader, Leanne played an integral role in rebuilding Kinglake Unit after the 2009 Victorian Bushfires, transforming the unit into the dynamic team that it is today. I'd like to thank Leanne for her ongoing commitment and dedication to VICSES, her community, and the emergency services sector.

This year, VICSES received a critical funding boost of more than \$600,000 thanks to a generous contribution by our Principal Community Partner, AAMI. The funds were used to purchase more than 2,000 pieces of equipment across the state, as part of the AAMI equipment handover program. AAMI has been partnering with VICSES since 2002 and during that time it has contributed almost 8 million dollars to support VICSES volunteers. We are extremely grateful for their AAMI's ongoing support.

As I will retire from the Board at the end of 2019, I take this opportunity to thank the CEO, Executive Management Team, and most importantly, our dedicated volunteers and staff, for their tireless work this year and for the last six years that I have had the privilege of leading a very talented Board and a wonderful organisation.

I declare that the attached report of operations has been prepared in accordance with the 2018-19 Model Report for Victorian Government Departments, and applicable Financial Reporting Directions relating to non-financial policy and disclosures.



Peter Akers
Board Chair
Melbourne, 12 September 2019

CEO's report

I am pleased to present our Annual Report for 2018-19, including an update on our key initiatives, activities and successes throughout the year.

Before I begin, I'd like to remember Ross and Andrew Powell, two dedicated and respected VICSES members who tragically lost their lives this year while responding to a rescue in their capacity as Life Saving Victoria volunteers. Ross and Andrew were highly skilled and respected members of Port Campbell Unit, who dedicated their lives to volunteering and helping those around them. The loss of these members has been felt, not only across our organisation, but throughout the community. Our thoughts are with the Powell family, friends, the Port Campbell Unit, and our emergency service partners at Life Saving Victoria and CFA, who also had the honour of working with Ross and Andrew.

Our volunteers have worked hard and through all conditions this year to deliver world-class emergency services for storm, flood, road rescue, search and rescue, fire operations and much more, responding to a total of 23,682 incidents throughout Victoria, and contributing approximately 201,990 hours of volunteer time.

I am incredibly proud of what we have achieved, and I would like to take this opportunity to thank our members for your continued dedication and support to the community and our emergency services partners.

In exciting news, in June 2019 the Victorian Government announced \$21.1 million funding for VICSES infrastructure projects, including a state-of-the-art facility for the Knox Unit. The facility will be located on land managed by DELWP, and is expected to be completed by the end of 2020.

Our volunteers also had the opportunity to experience the concept design for the new unit local headquarters as a virtual 3D video fly-through. The video explains the background of the design, which is the culmination of 18 months' work involving volunteer representation in both the design and review process. VICSES is working closely with our partners at the Emergency Services Infrastructure Authority to build safe and effective facilities that support our members to serve their communities. We look forward to further updates on these exciting projects.

In other property news, 38 units now have security of tenure following the signing of the Memorandum of Understanding (MOU) with the Municipal Association of Victoria (MAV) in the last financial year. Under the MOU, the MAV has agreed to facilitate long-term leases with VICSES units on minimal or nominal rent, taking significant pressure off VICSES units and providing certainty to our volunteers. Negotiations are underway for outstanding lease agreements.

VICSES and Shepparton Search and Rescue (SS&RS) have signed a memorandum of understanding, replacing the previous commitment made five years ago and securing an ongoing collaboration. Shepparton is a point of focus for VICSES, as it faces a high flood risk for a regional centre of its size. The agreement ensures we can work as one in day-to-day planning and emergency response, particularly when we see large-scale emergencies affecting the Shepparton area.

As Victoria's largest road rescue provider, VICSES has continued to support the TOLL Driver Reviver campaign this year, encouraging drivers to stop, revive and arrive alive at their destination. Throughout long weekends and holiday periods this year, our volunteers have operated Driver Reviver sites right across Victoria. I'd like to say a big thanks to our units who put up their hand to get involved and give up their time to ensure the safety of drivers on our roads.

Before I close, I wish to thank the Board, Executive, staff and volunteers for their commitment to VICSES and their dedication to the people of Victoria.



Stephen Griffin
Chief Executive Officer
Melbourne, 12 September 2019

Our Board

VICSES is governed by a board of directors (Board) who are accountable to the Minister for Police and Emergency Services.

Peter Akers, Board Chair

Peter has been a member of the Board since October 2013 and was elected Chair in March 2014. He has held senior executive roles in emergency services and local government, and holds qualifications in civil engineering, local government and management. Peter is former Chairman and Director of the Australian Fire Authorities Council and the Port Phillip and Westernport Catchment Management Authority.

Barbara Yeoh, Deputy Chair

Appointed to the Board in June 2006, Barbara became Deputy Chair in August 2014. She also chairs the Board's Risk and Audit Committee, and is a member of the Remuneration Committee. Over the past 30 years, Barbara has held directorships in both the public and private sectors. She is Chair of Monash Health, Member of the Australian Health Practitioner Regulation Agency (AHPRA) Management Committee, and Deputy Chair of the Civil Aviation Safety Authority Board Audit Committee. Barbara is Principal Associate of Phillips KPA, specialist advisers to the education sector.

Bernard (Bernie) Cronin, Director

Appointed to the Board in October 2014, Bernie is a Social Planning Consultant, Chair of the Corpus Christi Community Greenvale (caring for homeless people) Board, and Chairperson of Catholic Social Services Victoria. Bernie is also Director of Development at St Bernard's College. He has extensive experience in local government including Wyndham City Council, Shire of Melton and MAV, and has managed a broad range of services.

Evelyn (Ev) Duke, Director

Ev joined the Board in October 2013 and was reappointed on 25 October 2016 following conclusion of her term in June 2016. Ev became Deputy Chair of the Risk and Audit Committee on 2 May 2017. Ev is the Chief Executive Officer of A&A Worm Farm Waste Systems, and has more than 40 years' experience in executive leadership and business development.

Nevenka (Nina) Brooks, Director

Nina has been a member of the Board since January 2016, and is also a member of the Remuneration Committee. Currently Human Resources Manager at the National Transport Commission, Nina has previously held HR positions at Hi Fert Pty Ltd, International Flavours & Fragrances (Australia) Pty Ltd, the Hay Group and Arthur Anderson. She is a board member of Otway Health, and Chair of the Otway Health CEO Management Committee.

Lawrence (Laurie) Russell, Director

Laurie was appointed to the Board in November 2005. He is the Unit Controller and one of the founding members of the VICSES Wyndham Unit. He is also a past president of the Victoria Emergency Service Association. Laurie has extensive experience in municipal parks and gardens management in the Cities of Melbourne, Knox, and Wyndham, and the Shire of Sherbrooke. With more than 40 years' experience volunteering with VICSES and CFA, Laurie has an extensive awareness and understanding of volunteer issues.

Lisa Borowick, Director

Lisa was appointed to the Board in February 2017 and to the Risk and Audit Committee in March 2017. Lisa is a Chartered Accountant with more than 27 years' experience in commerce. Her industry experience includes residential property development, corporate travel, recruitment, risk management and accountancy. Lisa has spent over 30 years volunteering for not-for-profits such as environmental groups, and the sporting body Maccabi Australia, of which she attained the role of National President.

Our Executive

Stephen Griffin, Chief Executive Officer

Stephen became Chief Executive Officer in May 2014. He has held management, executive, and chief executive positions in local government. Qualified with a Bachelor of Applied Science and Master of Business Management from Victoria University, Diploma of Education from Mercy College, and a Graduate Diploma of Local Government Management from Deakin University, Steve has been successful in attracting federal and state government funding for large local government projects.

John Casey, Director Corporate Services

John became Director of Corporate Services in June 2013. He has more than 20 years' experience in financial management in the public sector across Commonwealth and State Governments, and has held senior finance roles including Chief Financial Officer at Fair Work Building and Construction. John is a Graduate of the Australian Institute of Company Directors (GAICD), and is a Certified Practising Accountant (FCPA). He leads the Corporate Services directorate encompassing the Assets, Finance, Business Services and Facilities and Capital Works business units.

Tim Wiebusch, Chief Officer Operations

Tim Wiebusch was appointed Chief Officer Operations in December 2017, following 12 years working for VICSES in the roles of Deputy Chief Officer Operations and Deputy Chief Officer Operations (Readiness). Tim first joined VICSES as a volunteer in 1993. Tim brings a wealth of experience, with a career spanning 25 years in government agencies in addition to significant long-term secondments at the Department of Economic Development, Jobs, Transport and Resources and EMV. He has also played a significant senior operational leadership role in a range of emergency events such as the Black Saturday Bushfires 2009, Victorian Floods 2010/2011, Christmas Day Hailstorm 2012, the Norwegian Star Incident 2016 and the Great Ocean Road Landslides in 2016.

Kate White, Director Community Resilience and Communication

Kate became Director Community Resilience and Communication in March 2016, after joining VICSES in 2011 as Manager Community Resilience. Kate has extensive experience in emergency management, event management, and finance and banking across the public and corporate sectors. She has worked directly with disaster affected communities and volunteers, and is undertaking a Master of Philosophy in Disaster Preparedness and Management at Monash University. Kate leads Community Connections, Emergency Management Planning and Media and Communications.

Katrina Bahen, Director People and Organisation Development

Katrina has been Director People and Organisation Development (formerly known as Human Resources) since March 2007. Formerly Manager Human Resources at RSPCA Victoria, Katrina has also applied her skills in consultancy roles, particularly in the development and implementation of OH&S Management Systems. With leadership roles in local government, private industry and in the Technical and Further Education sector, Katrina leads and directs VICSES people and organisation development systems including work health and safety, wellbeing and peer support, learning and development, and state-wide volunteer training.

Silvia Silverii, Chief Information Officer

Silvia Silverii joined VICSES as Chief Information Officer (CIO) in July 2018, bringing more than 20 years' experience in Information Technology and a wealth of experience and skills in optimising the use of data and information flow for organisations, here and internationally. Silvia comes from the Independent Broad-based Anti-corruption Commission (IBAC) Victoria, where for the last 5 years she held the role of Head of Information Technology and Management, supporting IBAC's organisational objectives through the leadership of its information and communications technology programs. Prior to IBAC, Silvia was CIO for the Financial Ombudsman Service for 6 years, and has also worked for EPT Pty Ltd/KAZ Software Solutions. As CIO for VICSES, Silvia leads the Information Services team.

Corporate governance

Statutory authority, board and structure

Responsible minister

The Minister responsible for VICSES is the Minister for Police and Emergency Services.

Statutory Authority

The Victoria State Emergency Service Authority was established by the *Victoria State Emergency Service Act 2005 (Vic)* (VICSES Act).

The *Victoria State Emergency Service Regulations 2017* were passed in November 2017.

These regulations set the expectations of the standards for volunteers in behaviour, training, exercising of skills and other administration matters.

Board responsibilities

The Victoria State Emergency Service Authority Board (the Board) is constituted under the VICSES Act.

The Board is accountable to the Minister for Police and Emergency Services. The Board consists of seven directors appointed by the Governor in Council on the recommendation of the Minister for Police and Emergency Services.

The Board's key responsibilities include approving the organisation's strategic plan, monitoring its implementation and performance against the strategic plan objectives, and ensuring VICSES meets its statutory obligations.

The Board also monitors and influences VICSES culture, reputation, policies and legal compliance. The authority of decision-making on a number of significant matters is reserved for the Board. Outside of those areas, the CEO is responsible for the day-to-day management of VICSES. The CEO, together with the VICSES Executive Management Team, is responsible to the Board for the development and implementation of our strategy, and the overall management and performance of VICSES.

All Board directors are independent of VICSES. Board directors are required to disclose any conflict or pecuniary interests, and submit an annual Declaration of Private Interests in respect of their responsibilities to the Victoria State Emergency Service Authority.

Board of directors' attendance at meetings

The number of meetings held by the Board and its committees during the 2018-19 financial year, including attendance by Board directors:

| Board | | Board Sub Committees | |
|-----------------|---------------------|------------------------------|----------------------------|
| Board Directors | Board Meetings (11) | Risk and Audit Committee (4) | Remuneration Committee (2) |
| P Akers | 10 | | 2 |
| B Yeoh*** | 11 | 4 | 2 |
| N Brooks | 10 | 3 | 2 |
| E Duke | 11 | 3 | |
| L Borowick* | 11 | 4 | 2 |
| L Russell** | 9 | | |
| B Cronin**** | 10 | | |

* Appointed Risk and Audit Committee Chair 26 March 2019.

* Appointed to Remuneration Committee 25 September 2018.

** Retired from Board 14 March 2019.

*** Resigned Board Deputy Chair and Risk and Audit Committee Chair 26 March 2019.

****Appointed Deputy Chair 26 March 2019.

Committee meetings are open to all VICSES Board directors to attend.

Board committees

There are two standing committees that assist the Board in carrying out its responsibilities.

Risk and Audit Committee

The Risk and Audit Committee monitors and advises on matters relating to:

- Risk management, compliance, external audit, internal control, internal audit, policies, corporate governance, and matters that may significantly impact the financial condition or affairs of VICSES.
- Work health and safety.
- VICSES legal compliance.

Remuneration Committee

The Remuneration Committee monitors and advises on matters relating to:

- VICSES policy and practice for executive remuneration.
- Performance and remuneration of the CEO and Executive Management Team.
- Succession planning for the CEO and senior management positions.

The Board appoints the members and the Chair of each committee.

Following each committee meeting, the Board receives a report from that committee on its deliberations, conclusions and recommendations.

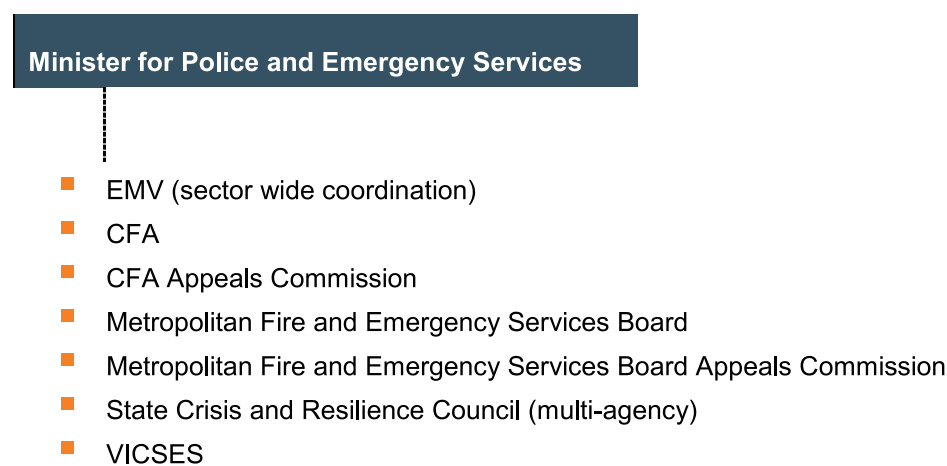
Sub-committees at 30 June 2019

| Risk and Audit Committee | Remuneration Committee |
|--------------------------|------------------------|
| B Yeoh | P Akers (Chair) |
| E Duke | B Yeoh |
| L Borowick (Chair) | N Brooks |
| N Brooks | L Borowick |

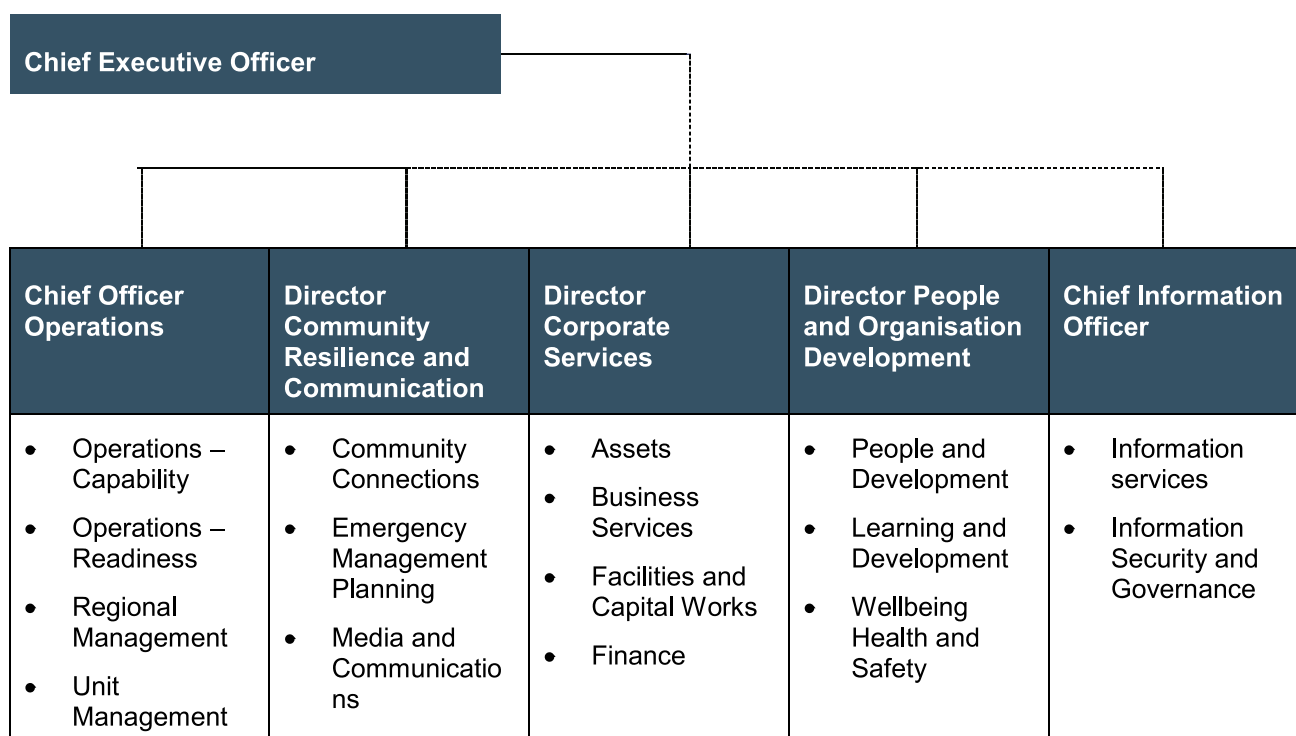
* Appointed to Remuneration Committee 25 September.

Organisational charts

Ministerial reporting



VICSES structure



Governing policies

Freedom of Information

VICSES is subject to the *Freedom of Information Act 1982*. During the 2018-19 financial period, VICSES received 23 Freedom of Information (FOI) applications.

In keeping with the spirit of the *Freedom of Information Act 1982*, VICSES endeavours, where possible, to satisfy requests for information outside of the FOI process. Further information about VICSES' FOI obligations, including VICSES' Part II Statements, can be found at www.ses.vic.gov.au/foi-home.

Privacy

As a Victorian statutory authority, VICSES must collect, use and disclose personal information in accordance with the *Privacy & Data Protection Act 2014 (Vic)*. VICSES runs regular privacy training and awareness initiatives and provides advice and assistance to ensure members are aware of their obligations. VICSES continues to apply the internationally endorsed principle of "Privacy by Design" into its activities.

DataVic Access Policy

Consistent with the DataVic Access Policy issued by the State Government in 2012, VICSES continues to make public its datasets via <http://www.data.vic.gov.au>.

Gifts, Benefits and Hospitality

In keeping with the standards issued by the Victorian Public Sector Commission in relation to the management of gifts, benefits and hospitality, VICSES publishes its Gifts, Benefits and Hospitality Register on a quarterly basis at www.ses.vic.gov.au/who-we-are/publications.

Protected Disclosure

VICSES encourages the revelations of corrupt, dangerous or incompetent conduct. Any person who has concerns about such conduct should contact the Independent Broad-based Anti-corruption Commission on 1300 735 135 or via their website: <http://www.ibac.vic.gov.au>. VICSES supports employees and volunteers who disclose such conduct or assist with an investigation through its Protected Disclosure Welfare Policy. For further information, please contact the VICSES Manager Information Security and Governance.

Local Jobs First – Victorian Industry Participation Policy

The *Victorian Industry Participation Policy Act 2003* requires departments and public sector bodies to report on the implementation of the Local Jobs First – Victorian Industry Participation Policy (Local Jobs First – VIPP). Departments and public sector bodies are required to apply the Local Jobs First – VIPP in all procurement activities valued at \$3 million or more in metropolitan Melbourne and for state-wide projects, or \$1 million or more for procurement activities in regional Victoria.

There were no procurement activities that were required to comply with the Local Jobs First - VIPP category for the 2018-19 financial year.

Disclosure of Major Contracts

Departments and public sector bodies are required to disclose, in accordance with the requirements of government policy and accompanying guidelines, all contracts greater than \$10 million in value entered into during the financial year.

There were no contracts greater than \$10 million in value for the 2018-19 financial year.

National Competition Policy

Under the National Competition Policy (NCP), the guiding legislative principle is that legislation, including future legislative proposals, should not restrict competition unless it can be demonstrated that:

- The benefits of the restriction to the community as a whole outweigh the costs; and
- The objectives of the legislation can only be achieved by restricting competition.

Competitive neutrality requires government businesses to ensure where services compete, or potentially compete with the private sector, any advantage arising solely from their government ownership be removed if it is not in the public interest. Government businesses are required to cost and price these services as if they were privately owned. Competitive neutrality policy supports fair competition between public and private businesses and provides government businesses with a tool to enhance decisions on resource allocation. This policy does not override other policy objectives of government and focuses on efficiency in the provision of service.

VICSES continues to comply with the requirements of the NCP.

Compliance with the *Carers Recognition Act 2012*

VICSES has taken all practical measures to comply with its obligations under the *Carers Recognition Act 2012*. These include considering the care relationships principles set out in the act when setting policies and providing services and inclusion of relevant provisions in the VICSES enterprise bargaining agreement.

Project Development and Construction Management Act 1994

Under the *Project Development and Construction Management Act 1994* (Vic) (PDCM Act) public construction consists of any matter relating to the construction, maintenance, rehabilitation, alteration, extension or demolition of any improvements on land by, or on behalf of, departments and public bodies. This includes design and construction practices, tendering processes, project delivery and contract administration.

VICSES continues to perform public construction works in accordance with legislation, maintaining professional services in support of volunteers and staff.

Building Act 1993

VICSES complies with the *Building Act 1993* with respect to alterations and maintenance to the buildings owned by VICSES. VICSES carries out a periodic review of its facilities to identify the condition of facilities under its control. Possible non-compliance issues with facilities are remediated through a program of works in accordance with regulatory requirements.

Financial Management Compliance Attestation Statement

I, Stephen Griffin, certify that VICSES has complied with the applicable Standing Directions of the Minister for Finance under the *Financial Management Act 1994* and Instructions.

Consultancies

| Consultant | Service | Fees Approved | Amount Expended | Future Commitments |
|-----------------------|---------|------------------|------------------|--------------------|
| Under \$10,000 | | | | |
| 4 consultants | | \$ 39,595 | \$ 39,595 | \$ - |
| Total | | \$ 39,595 | \$ 39,595 | \$ - |

| Consultant | Service | Fees Approved | Amount Expended | Future Commitments |
|-------------------------------|---|-------------------|-------------------|--------------------|
| Over \$10,000 | | | | |
| Votar Partners | Financial Systems Option Review | \$ 36,358 | \$ 36,358 | \$ - |
| Right Lane Consulting | Payroll Governance Review | \$ 63,429 | \$ 63,429 | \$ - |
| Quantum Market Research | Recruitment and Retention Research | \$ 20,000 | \$ 20,000 | \$ - |
| Matime Survey Austrlia | Vessel condition report | \$ 34,000 | \$ 34,000 | \$ - |
| LKA Corporate & Risk Services | Payroll System Review | \$ 21,680 | \$ 21,680 | \$ - |
| Jacobs Group | Asset Management Accountability Framework Review | \$ 26,380 | \$ 26,380 | \$ - |
| Granulis | Project management office Review | \$ 104,100 | \$ 104,100 | \$ - |
| Gallagher Bassett | Volunteer workcover review | \$ 16,992 | \$ 16,992 | \$ - |
| Deliberate Practice | Retention and Recruitment Program Review | \$ 14,840 | \$ 14,840 | \$ - |
| Deliberate Practice | Statewide Organisation Review | \$ 77,070 | \$ 77,070 | \$ - |
| Cube management Solutions | Market Strategy - Vehicle Maintenance | \$ 12,377 | \$ 12,377 | \$ - |
| Crossbow Consulting | Operations After action review | \$ 21,000 | \$ 21,000 | \$ - |
| Arcord | Review of Information Security Management Framework | \$ 19,200 | \$ 19,200 | \$ - |
| Total | | \$ 467,426 | \$ 467,426 | \$ - |

Information Communication Technology expenditure

| Business as Usual ICT Expenditure | Non BAU | Non BAU Operational | Non BAU Capital |
|--------------------------------------|-----------------|---------------------|-----------------|
| Total \$m | Total A + B \$m | A \$m | B \$m |
| 3.332 | 0.862m | 0.357 | 0.505 |

Key performance measures

VICSES reports on key performance measures to the Victorian Government through the Minister for Police and Emergency Services.

We report on:

- **Quantity:** The number of members (volunteers and staff).
- **Quality:** The number of units and personnel trained and accredited for road rescue and Level 3 Incident Controller.
- **Timeliness:** The time it takes units to respond to road rescues.

These performance measures, benchmarks and targets are specified in Budget Paper 3: Service Delivery in the table on page 21.

Key performance measures of VICSES for Budget Paper 3³

| Major outputs, deliverables and / or performance measures | | Unit of Measure | June YTD | | |
|---|--|-----------------|----------|--------|-------------|
| | | | Target | Actual | % Variation |
| Quantity | | | | | |
| 1 | Permanent operational staff | number | 91 | 85 | -7% |
| 2 | Permanent support staff ⁴ | number | 104 | 114 | 10% |
| 3 | Volunteers - operational | number | 3,606 | 3,474 | -4% |
| 4 | Volunteers - support | number | 874 | 1,032 | 18% |
| Quality | | | | | |
| 5 | Road crash rescue accredited brigades/units | number | 103 | 103 | 0% |
| 6 | Level 3 Incident Controller trained staff and volunteers | number | 17 | 12 | -29% |
| 7 | Multi agency joint procurements of systems or equipment | number | 0 | 0 | 0% |
| Timeliness - Road Accident Rescue | | | | | |
| 8 | Emergency response times meeting benchmarks | per cent | 90% | 92% | 2% |
| 9 | Emergency response times meeting benchmarks | number | N/A | 901 | |
| 10 | Total number of emergency responses | number | N/A | 975 | |

³ Budget Paper 3 reporting equates Associate, Probationary and Junior members to 'Support Volunteers'.







⁴ The number of permanent support staff is over target by 10%. This reflects the addition of staffing resources to support organisational initiatives that benefit volunteers.

Operations

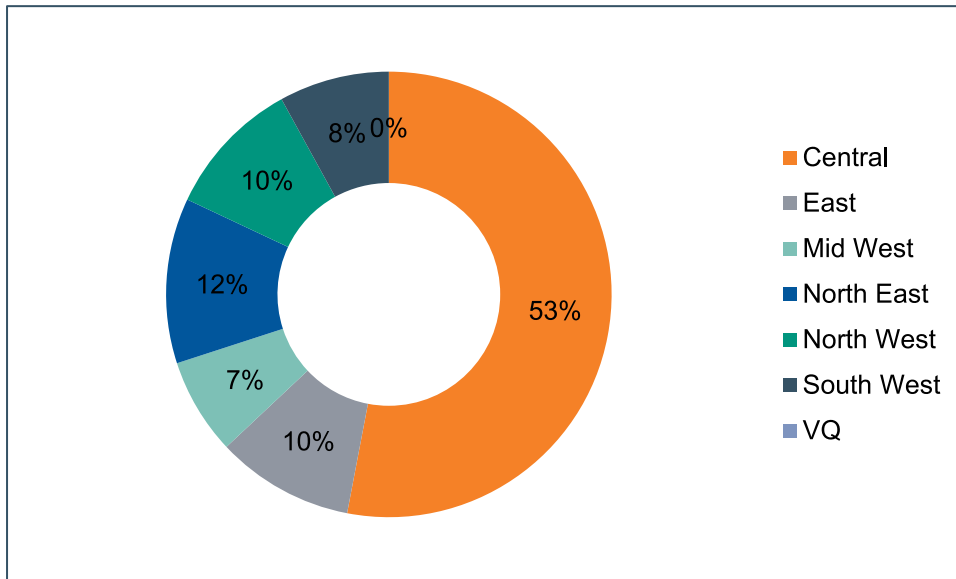
Operational terms:

- **Control agency:** A control agency is the primary agency responsible for responding to a specified type of emergency – VICSES is the control agency for flood, storm, tsunami, earthquake and landslide emergencies.
- **Assist agency:** VICSES may be asked by a control agency to support the response to an emergency by providing essential services, personnel (staff or volunteers), or material that may contribute to the management of the emergency.
- **Declared operations:** Declared operations are significant events requiring the allocation of resources and personnel for sustained periods to support a response in either a control or support capacity. They are declared by the VICSES Chief Officer.
- **RFA (Request for Assistance):** A request for VICSES to respond to an incident can be made by a member of the public, another agency or a VICSES member.
- **Incident:** An incident is when a VICSES operational member or crew take an action in response to one or more request for assistance (RFAs) relating to an emergency at a unique location.

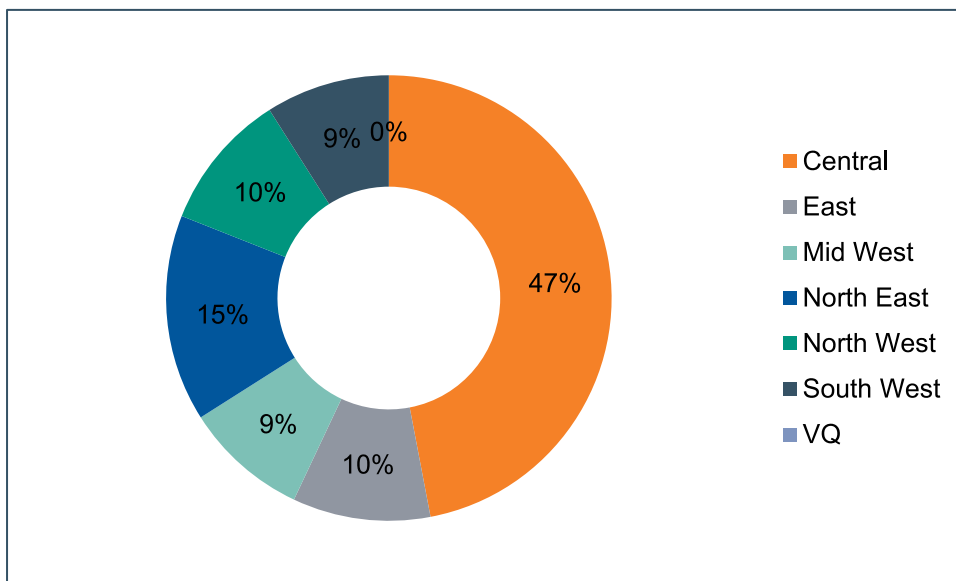
Regional statistics

| | | |
|---|--|---|
| <p>Central Region</p>  <p>Office location: Mulgrave and Sunshine</p> <p>32 operational units</p> <p>11 accredited road rescue units</p> <p>2 regional support units</p> | <p>Mid West Region</p>  <p>Office location: Ballarat and Horsham</p> <p>14 operational units</p> <p>11 accredited road rescue units</p> <p>1 regional support unit</p> | <p>North West Region</p>  <p>Office location: Bendigo and Swan Hill</p> <p>22 operational units</p> <p>19 accredited road rescue units</p> <p>1 regional support unit</p> |
| <p>East Region</p>  <p>Office location: Moe and Bairnsdale</p> <p>24 operational units</p> <p>17 accredited road rescue units</p> <p>1 regional support units</p> | <p>North East Region</p>  <p>Office location: Benalla</p> <p>25 operational units</p> <p>22 accredited road rescue units</p> <p>1 regional support unit</p> | <p>South West Region</p>  <p>Office location: Hamilton and Geelong</p> <p>24 operational units</p> <p>23 accredited road rescue units</p> <p>1 regional support unit</p> |

2018-19 Incidents by region (%)



2018-19 Hours by region (%)



2018-19 Incidents/Hours

| Region | Authorised Activity | Control Agency | | | Rescue | | | Support Other | |
|------------|---------------------|----------------|--------|-------|--------------|------------|-------------|---------------|---------|
| | Non-Ops | Flood | Storm | T L E | Rescue Other | Rescue RAI | Rescue Road | Assist Agency | Total |
| Central | 600 | 1,375 | 8,638 | 18 | 347 | 9 | 409 | 1,124 | 12,520 |
| | 29774 | 6402 | 40340 | 112 | 828 | 62 | 2512 | 15145 | 95,175 |
| East | 138 | 113 | 1505 | 2 | 50 | 12 | 208 | 282 | 2,310 |
| | 4953 | 405 | 6932 | 40 | 287 | 168 | 1706 | 5435 | 19,926 |
| Mid West | 71 | 179 | 1031 | 4 | 24 | 5 | 87 | 206 | 1,607 |
| | 7337 | 1507 | 4927 | 13 | 460 | 45 | 940 | 3719 | 18,948 |
| North East | 203 | 242 | 1729 | | 66 | 10 | 223 | 325 | 2,798 |
| | 7320 | 3034 | 9051 | | 667 | 154 | 2353 | 7049 | 29,628 |
| North West | 129 | 107 | 1616 | | 40 | 8 | 239 | 260 | 2,399 |
| | 4654 | 530 | 6861 | | 222 | 59 | 3542 | 3589 | 19,457 |
| South West | 147 | 106 | 1138 | 7 | 68 | 8 | 258 | 251 | 1,983 |
| | 4982 | 572 | 5290 | 77 | 228 | 82 | 2713 | 3813 | 17,757 |
| VHO | 1 | 3 | 11 | | 2 | | | 48 | 65 |
| | 46 | 52 | 229 | | 8 | | | 764 | 1,099 |
| Total | 1,289 | 2,125 | 15,668 | 31 | 597 | 52 | 1,424 | 2,496 | 23,682 |
| | 59,066 | 12,502 | 73,630 | 242 | 2,700 | 570 | 13,766 | 39,514 | 201,990 |

Notes:

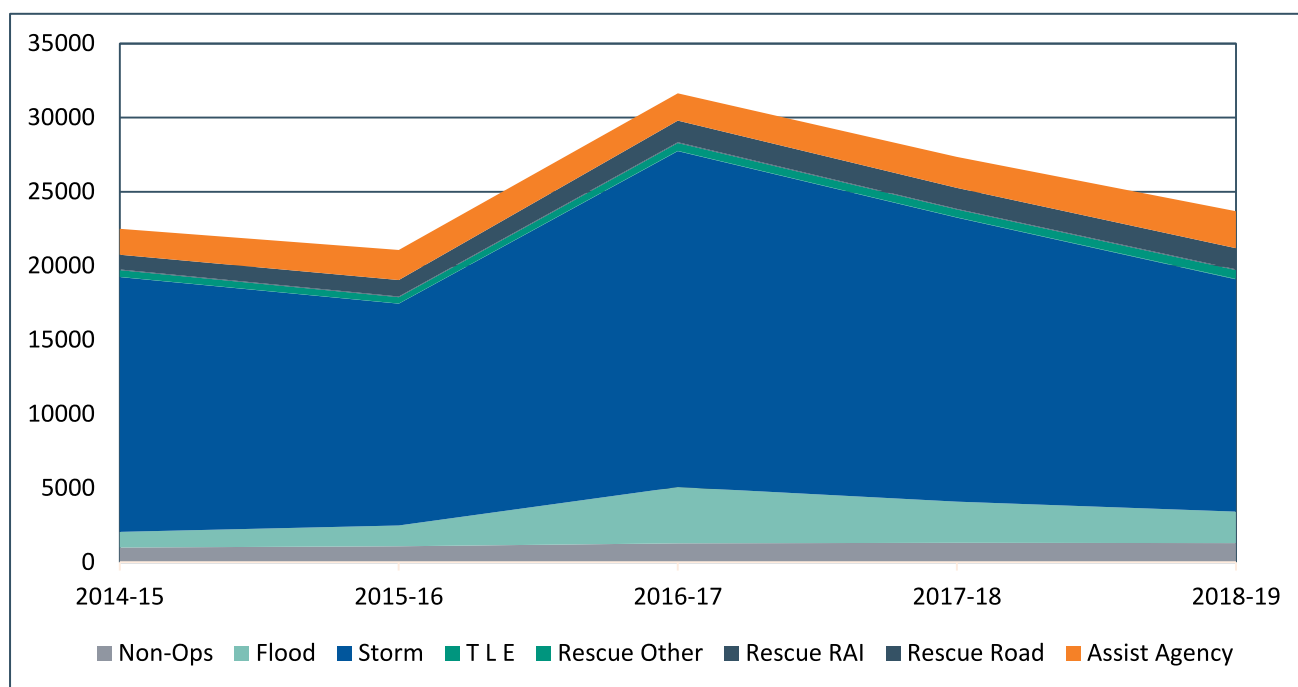
For greater accuracy in reporting, the categorisation of each incident has been reviewed based on the reported incident type per the actions of the responding VICSES members, the reported cause of the event and the information in the initial page.

This review is applicable to all available data from July 2009 to the current financial year, and has resulted in a 1-2% variance in previously reported incident counts.

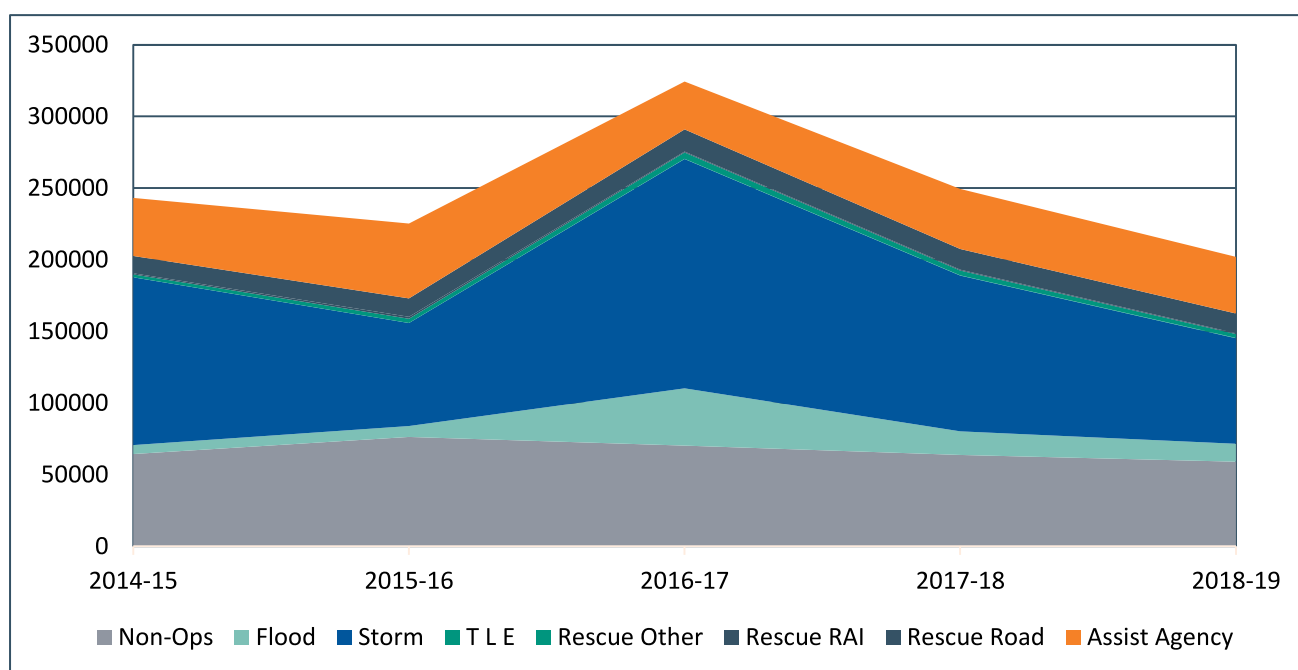
Category descriptions:

- **Authorised Activity** (Non-ops tasks) means our reported community engagement, including public relations, fundraising and Driver Reviver.
- **Control Agency** refers to our response to natural events that form part of our core activity. Further information as follows:
 - Response to Storm and Flood is the bulk (approx. 75%) of VICSES response activity.
 - T L E shows our preparation and response to damage caused or threatened by more extreme but less frequent natural events Tsunami, Landslide and Earthquake.
- **Rescue** includes our control agency and key support for different types and levels of rescues:
 - Rescue Other includes both domestic and technical rescues such as swift water and high angle (rope) rescues.
 - RAI - a distinct type of technical rescue is that of Road, Air, Industrial and Rail. Road rescue is listed as a separate figure.
- **Support other agency** covers our assistance to other government agencies, primarily Police, Fire and Ambulance.

Incidents – 5-year trend



Hours – 5-year trend



Operations of significance

VICSES is the control agency for flood, storm, earthquake, tsunami and landslide incidents in Victoria, and provides emergency response to thousands of Victorians every year.

We also assist Victoria Police in search and rescue operations, including road rescue emergencies, and play an important role in supporting Ambulance Victoria, CFA, MFB, Parks Victoria, and DELWP during fire and other emergency incidents.

In 2018-19, VICSES members responded to 23,682 calls for assistance, of which 75% related to flood and storm.

VICSES also participated in 27 declared operations, through which staff contributed approximately 12,000 hours of time in readiness and response.

Greece Deployment

In 2018, a VICSES member from Stawell Unit was deployed to Greece to support disaster recovery efforts and damage assessments following the devastating bushfires and flash flooding that impacted parts of the country.

The deployment formed part of a broader Australian contingent sent for an 11-day operation (including one rest day) to support disaster efforts. From Victoria, this included three Urban Search and Rescue (USAR) Category (CAT) 2 accredited operators from CFA, MFB and VICSES.

The deployment was coordinated by the State Control Centre, and was made at the request of the Greek government via the Department of Foreign Affairs and Trade (DFAT) and Emergency Management Australia (EMA).

Queensland Fire Support, December 2018

In December 2018, while more than 120 fires were burning at times across Victoria, VICSES deployed four Incident Management Team (IMT) members to Queensland to support fire response on request from the National Resource Request Sharing Centre.

A reduction in field communications in Queensland also initiated a multi-agency response into the supply of satellite communications of which VICSES was part of. Parts of Queensland were impacted by significant fire activity.

Severe weather, 13-15 December 2018

In December 2018, a complex weather system re-circulating tropical moisture brought heavy rain in a short period, resulting in flash flooding across parts of the state. The event saw a heavy commitment from VICSES volunteers and staff with VICSES well-connected in communities and partner agencies. The weather system resulted in the relocation of a number of people across the state.

Regional impact:

- **Central Region:** Metropolitan Melbourne received 34mm of rain in 15 minutes, leading to in excess of 700 RFAs between 16:30 and 20:30hrs. One of the busiest units was Malvern with 131 RFAs.
- **Mid West Region:** Storm activity resulted in in excess of 100 RFAs relating to flooding and building damage, predominantly around Bacchus Marsh and Ballarat. These included 318 for flood, 276 for building damage and 23 for flood rescues. The busiest unit was Bacchus Marsh with 68 RFAs.
- **North East Region:** From the early morning on 13 December, Beechworth, Everton, Byawatha and Wangaratta experienced total rainfalls of up to 150mm in a 24 hour period, while Eldorado received more than 200mm in 24 hours equalling a 1 in 200 year rain event. This resulted in flash and overland flooding. VICSES rescued 120 people from floodwater on the Hume Freeway between Wangaratta and Chiltern resulting in the establishment of Relief Centres at Wangaratta Barr Reserve and the Chiltern Memorial hall. The centres included a number of people from outside the local areas traveling on the Hume Freeway and or relocated from affected properties, along with a number of non-English speaking migrant workers.

- **North West Region:** Birchip in North West Victoria was also impacted by flood waters following 168mm of rain in the local Birchip area. Several properties, including the VICSES Birchip Unit, were inundated with over floor flooding, with a number of businesses also at risk. The Bendigo Incident Control Centre was activated at 2200hrs to coordinate response in the area, including rescues. 10 people were evacuated from their homes due to flash flooding. The Impact Assessment identified 38 properties with flood damage, with 10 of those affected by above floor flooding. A large number of roads in the area were also impacted by flooding, including the Sunraysia Highway. A relief centre was established at the Birchip Leisure Centre. Steps were taken to help defend critical infrastructure such as the water treatment plant, which was protected with prevention sandbagging and attended by GWM Water to maintain pumps which continued to operate throughout, despite some reports of sewerage backing up from residents.

Fire Support Operations, January February March 2019

During much of January and February and extending into March, VICSES supported fire agencies in response to heatwave conditions and total fire bans, with temperatures reaching record levels across parts of Victoria. With the cool change on Friday 25 January 2019 lightning strikes generated a number of fires through the Upper Yarra and Thompson water catchment areas, as well as the Nunnett–Timbarra River fire in East Gippsland.

VICSES deployed a number of VICSES members, including a number of volunteers under mentorship, in IMT roles. VICSES was also actively involved in the Regional Command Centres with a daily presence and the State Control Centre during day and night shifts. Our members played a significant role in the response phase, in roles including base camp manager, staging area manager, planning officer, incident controller, public information officer, regional controller and state response controller.

Severe weather, 29 June 2019

In June, the Bureau of Meteorology issued a severe weather warning for a number of districts for strong winds associated with a cold front passage, which led to wind gusts in some locations exceeding 100 km/h. While heavy rain was not included in the warning, the event saw isolated cases of heavy rainfall resulting in the issue of a number of minor flood warnings for the Loddon River, Lerderderg River, Yarra River and a moderate flood warning for the Werribee River to Melton Reservoir.

The requests for assistance were predominantly for fallen trees causing traffic hazards, in addition to building damage. In association with the building damage events, there were a number of relocations across South West, North West and North East regions supported by the relevant Municipal Recovery Manager and the Department of Health and Human Services (DHHS). During the peak of the event, up to 15,000 households were without power, restored within 24 hours. Regional Command was in place as well as the Victoria Police Municipal Emergency Response Coordinator in the Benalla Regional Office and Bendigo Regional Office supporting Incident Control Points established in Tatura, Euroa, Cobram, Shepparton, Numurkah, Bendigo, and Kyabram.

Our people

Volunteers

Our volunteers are the backbone of VICSES, serving the Victorian community 24 hours a day, 7 days a week, 365 days a year for more than 40 years.

All of our volunteers are well equipped and trained comprehensively in a wide range of environments to provide on-the-ground support during emergencies; from responding to natural disasters such as flood, storm, earthquake, tsunami, and landslide, to road rescue, supporting other emergency service organisations, and assisting their units by undertaking roles such as finance, media, incident management and community education.

Volunteers also engage directly with communities to support them on how best to prepare for emergencies and minimise the impact of emergencies when they occur.

As of June 2019, VICSES comprised of more than 5000⁵ volunteers.

The tables below provide a breakdown of active and non-active volunteers.

Breakdown of active volunteers⁶

| Operational | Female | Male | Other | Total |
|---------------------|-------------|-------------|----------|-------------|
| Controller | 34 | 116 | 0 | 150 |
| Deputy Controller | 85 | 208 | 2 | 295 |
| Unit Officer | 123 | 254 | 0 | 377 |
| Member Ordinary | 812 | 1910 | 0 | 2722 |
| Subtotal | 1054 | 2488 | 2 | 3544 |
| Non-operational | Female | Male | Other | Total |
| Associate | 211 | 153 | 0 | 364 |
| Junior | 42 | 74 | 0 | 116 |
| Probationary | 185 | 323 | 1 | 509 |
| Subtotal | 438 | 550 | 1 | 989 |
| Total Active | 1492 | 3038 | 3 | 4533 |

Breakdown of non-active⁷ volunteers⁸

| Non-Active | Female | Male | Other | Total |
|-------------------------|------------|------------|----------|------------|
| Non-Active | 156 | 258 | 1 | 415 |
| Vol On Leave | 99 | 170 | 0 | 269 |
| Total Non-Active | 255 | 428 | 1 | 684 |

Staff

Our dedicated staff members operate across six regions of Victoria, throughout both regional and metropolitan areas, and fulfil a crucial incidence response role, connecting and building relationships with the community, businesses, local government and other partner agencies.

At VICSES' we have 13 strategically located offices throughout the state to support our 5,000⁹ plus volunteer force and provide units with access to vital equipment, training, and other support resources, ensuring all staff

⁵ Includes active and non-active.

⁶ Budget Paper 3 reporting equates Associate, Probationary and Junior members to 'Support Volunteers'

⁷ Not currently on roster.

⁸ Not included in Budget Paper 3.

and volunteers are able to effectively serve their local communities. Each office supports a variety of state-wide initiatives, including the delivery of workshops and training, emergency management planning and development, and community resilience activities.

As of June 2019, the VICSES workforce comprised 158 ongoing employees and 67 fixed-term or casual staff, equalling 225 staff in total. A breakdown of our staff member count is as follows:

| | | June 2019 | | June 2018 | |
|--------------|-----------|-----------|--------|-----------|-------|
| | | Headcount | FTE | Headcount | FTE |
| Ongoing | Full time | 154 | 154 | 162 | |
| | Part time | 4 | 2.73 | 13 | |
| Total | | 158 | 156.73 | 175 | 170.2 |
| | | | | | |
| Fixed/casual | | 67 | 52.12 | 51 | 35.6 |
| Total | | 225 | 208.85 | 226 | 205.8 |

The following table provides a breakdown of employee gender, age and classification:

| | | June 2019 | | | June 2018 | | |
|----------------|-------------|-------------------|--------|---------------------------------|-------------------|--------|-----------------------|
| | | Ongoing employees | | Fixed term and casual employees | Ongoing employees | | Fixed term and casual |
| | | | | | | | |
| | | Total | FTE | FTE | Total | FTE | FTE |
| Gender | Male | 98 | 97.80 | 27.03 | 105 | 65.80 | 15 |
| | Female | 60 | 58.93 | 25.09 | 70 | 104.40 | 20.60 |
| Total | | 158 | 156.73 | 52.12 | 175 | 170.20 | 35.60 |
| Age | Under 25 | 2 | 2 | 1 | 2 | 2 | 1.20 |
| | 25-34 | 25 | 24.80 | 7.67 | 29 | 28.80 | 9.20 |
| | 35-44 | 39 | 38.33 | 20.20 | 47 | 45.30 | 11.10 |
| | 45-54 | 43 | 42.60 | 12.19 | 50 | 49.80 | 8 |
| | 55-64 | 43 | 43 | 7.34 | 37 | 36.40 | 6 |
| | 65 and over | 6 | 6 | 3.72 | 10 | 7.90 | 0.10 |
| Total | | 158 | 156.73 | 52.12 | 175 | 170.20 | 35.60 |
| Classification | VPS 1 | 0 | 0 | 0 | 0 | 0 | 0 |
| | VPS 2 | 12 | 12 | 8.04 | 18 | 16.90 | 7 |
| | VPS 3 | 34 | 34 | 18.37 | 37 | 36.40 | 8.40 |
| | VPS 4 | 53 | 52.40 | 15.31 | 62 | 60 | 8.20 |
| | VPS 5 | 38 | 37.33 | 8.40 | 36 | 35.30 | 10 |
| | VPS 6 | 15 | 15 | 2 | 16 | 15.60 | 2 |
| | STS | 0 | 0 | 0 | 0 | 0 | 0 |
| | Executive | 6 | 6 | 0 | 6 | 6 | 0 |
| | Other | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | | 158 | 156.73 | 52.12 | 175 | 170.20 | 35.60 |

⁹ Includes active and non-active.

People and Organisation Development

VICSES developed several projects during the year to maximise volunteer abilities and capacities while representing VICSES. These include:

- The launch of the online Training Portal, an innovative solution that streamlines the training processes within VICSES by allowing members to see what courses are available, and nominate for those courses online. The Training Portal enabled the People and Organisation Development team to launch the organisation wide Respect and Equity Training and Child Safety Training courses to ensure all VICSES members are aware of and actively engaged in their responsibilities to fellow members and our community.
- New Role and Training Pathways to highlight the development steps necessary for members to achieve competency for each desired role and level.
- An online Unit Management Guide providing up to date reference material in a single location to assist in the running of a unit, including matters such as facilities, administration, wellbeing, health and safety and other items.
- The Leadership Capability Framework which describes the capabilities and associated behaviours that are expected of all VICSES members, at every level of the organisation. The framework provides a common understanding of leadership expectations and a systematic, integrated approach for the full range of workforce management and development activities, including role design and description, recruitment, performance management, learning and development and strategic workforce planning.

For VICSES employees, key projects undertaken throughout the year include:

- The Role and Task Analysis which analysed the roles and activities of all staff members to provide a picture of our staffing needs in the future. This included interviews of 187 staff members.
- The VICSES and Commonwealth and Public Sector Union (CPSU) Consultative Forum, which provides an opportunity for discussion on matters such as staff, payroll, and policies, and allowed engagement between the workforce and management through monthly consultation with teams including People and Organisation Development, State Operations, Wellbeing, Health and Safety, CPSU and staff.

Learning and Development

As a Registered Training Organisation, VICSES is committed to meeting the requirements of the Australian Quality Training Framework (AQTF) Essential Conditions and Standards for Continuing Education and the 2016 Victorian Registration and Qualifications Authority (VRQA) Guidelines for Vocational Education and Training (VET) Providers. These regulatory requirements set the standards for nationally consistent training and assessment across vocational education.

Throughout 2018-19, VICSES members engaged in a wide variety of learning opportunities, with more than 112 training programs now available to VICSES members.

VICSES issued 23,279 skills/competencies for the successful completion of a training event, of which 6,659 align to a nationally accredited training outcome.

The most popular training programs during the financial year by attendance:

1. First Aid (CPR) - 1134
2. First Aid - 539
3. Emergency Vehicle Status Briefing – 503
4. Fundamental Rescue Skills Course – 424
5. Maintain Safety at Fire Support Operations – 405
6. Respect and Equity – 364

7. Swim Test – Pool – 319
8. Tree Hazard Awareness – 318
9. General Rescue Skills Course – 277
10. Child Safe Awareness – 236

Wellbeing, health and safety

VICSES continues to focus on encouraging a proactive safety culture, ensuring members are equipped to identify safety and wellbeing issues and put in place actions that may prevent injury or illness from occurring.

Statewide Wellbeing Health and Safety Report

| Year | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 |
|--|------------------------------------|-------------|------------|-------------|------------|
| Number of incidents and hazards | 314 | 355 | 262 | 304 | 354 |
| Hazard reporting rate* | 2.36 | 2.58 | 1.28 | 1.76 | 1.93 |
| Incident reporting rate* | 4.99 | 4.93 | 4.31 | 4.76 | 5.48 |
| Number of standard claims | 29 | 20 | 27 | 22 | 13 |
| Number of lost time claims | 18 | 15 | 21 | 20 | 7 |
| Average cost per standard claim** | \$1,842.00 | \$14,481.00 | \$3,786.00 | \$16,838.87 | \$3,812.23 |
| Average cost per standard mental injury claim ** | Data not collected for this period | | | | \$5363.78 |
| Claims reporting rate | 0.42 | 0.31 | 0.445 | 0.43 | 0.15 |
| Mental injury claims* reporting rate | Data not collected for this period | | | | 0.04 |
| Fatality claims | 0 | 0 | 0 | 0 | 0 |

*Agreed Industry Standards. Rate calculated = per 100staff FTE and Vol Head Count (active).

**Calculated on Actual Cost.

Safe workplace initiatives and continuous improvement

Contractor management

Throughout the year, VICSES has continued to strengthen the management of contractor Work, Health and Safety (WHS) obligations, through a staged roll out of a new online contractor induction and pre-qualification system, LinkSafe. This system has improved the management of contractors by providing a centralised database of approved contractors, self-maintenance of licencing and induction by the contractors themselves, and improved compliance monitoring of contractor currency. This approach will continue to be rolled out throughout the remainder of the business throughout 2019-20.

Sharing of WHS lessons learnt

VICSES has introduced new methods to share learnings from WHS incidents and hazards, through monthly WHS Insights and an end of year WHS Outcomes Report 2017-18. This was possible as a result of two key initiatives:

- Improved reporting of incident, hazards and near misses, providing a wealth of data to inform lessons learnt from trend analysis.
- Training and application of ICAM incident investigation methodology, with a corresponding increase in the number and quality of investigations focusing on key learnings.

Workplace inspections

A key initiative for VICSES in the 2018-19 financial year has been to improve the monitoring of safety hazards at all VICSES locations using the online tool for Workplace Inspection within the SafeGate Audit App. In 2018-19, 93% of VICSES locations completed an inspection, which has allowed members at all levels of the organisation to report problems, conduct their own risk inspections and feel confident that action will follow the report.

Health and wellbeing

Volunteer workers compensation

VICSES has continued to advocate for improved arrangements for volunteers workers compensation, achieving legislative change to clarify the statutory arrangements for volunteers. A partnership was also established with WorkSafe Victoria to address other areas where improved service delivery and greater understanding of the specific nuances which impact VICSES volunteers would benefit the greater VICSES membership and leadership.

VICSES Health and Wellbeing Strategy 2017-19

Funded by the Victorian Government's "Valuing Volunteers Program", the primary aim of VICSES health and wellbeing programs is to establish an inclusive, accessible and proactive wellbeing culture that encourages members to make positive health choices to reduce their health risk factors.

Building on the progress made in 2018, the second year of the Health and Wellbeing Strategy has focussed on consolidating and improving the delivery and content of our programs. This has given rise to an increase in engagement across all initiatives. The key aim has continued to be the provision of resources, knowledge and skills to our members so they can make positive changes to their physical and mental health.

Key achievements of health and wellbeing programs throughout the 2018-19 financial year:

- **HealthWatch:** A record number of 74 units participated in a HealthWatch visit and health check, equalling 911 members. 99% of units have now received a visit from the HealthWatch team since commencement of the program.
- **Disease Prevention:** Four education sessions – Functional Movement, Sleep and Mindfulness, Back and Joint Health, and Nutrition – were released in 2017-18 and have been widely adopted, with 38 units scheduling a session throughout the financial year.
- **Wellbeing Initiatives:** VICSES has promoted a range of health and wellbeing initiatives throughout the year, including Parkrun, Step it up, Movember, Stadium Stomp, Febfast, the Victoria Police and Emergency Services Games, the Angela Taylor Memorial Run, Premier's Active April, Heart Health, Emergency Services Blood Challenge, and RUOK Day.
- **Body Fit Six-Week Challenge:** The Body Fit Six-Week Challenge has been embedded in the Health and Wellbeing calendar with four intakes per year. More than 200 members participated in the challenge over the year with 96% of respondents noting an increase in energy, an average weight reduction of 2.4kg and average reduction around the waist of 2.8cm.
- **Step it Up:** 2018 saw 46 teams involved in the annual September step challenge, with a total of 516 participants accruing 143 million steps. The VICSES Health and Wellbeing Facebook page received excellent engagement during the program, with 3,455 comments and reactions to posts during this period as members posted pictures of their activity during the four-week challenge.

Mental health and wellbeing

Our Mental Health and Wellbeing programs aim to build resilience and wellbeing, focussing on early identification and intervention for members who need assistance, referral support and pathways, and support post critical incidents.

A team of two psychologists, a Peer Support Coordinator and 64 volunteer peers and chaplains are available to support VICSES' membership, increasing internal capacity for clinical support and mental health promotion.

Our Peer Support team continues to receive frequent requests for support for both individuals and groups, and plays a key role in promoting good mental health, reducing stigma that prevents people from seeking help, and providing Pre-Incident Awareness Training to VICSES units.

Key achievements during the 2018-2019 financial year:

- Wellbeing support provided to past and present members involved in the 10-year commemoration of the 2009 Victorian Bushfires, as well as attendance at all commemorations across the state.
- Continued partnership with Beyondblue; promoting the VICSES findings from phase two of the Beyond Blue 'Answering the Call' study, and developing interventions to continue to support VICSES members.

Our relationships

Our partnerships are more than just an exchange of goods, services, financial or in-kind support. Our collaborations with others across emergency services, government and the private sector, can assist in the achievement of objectives we might not be able to achieve on our own. Together we can combine our unique strengths, coordinate activities, better meet the needs of stakeholders, and deliver more efficient and effective services to the Victorian community.

Government and Emergency Services

Department of Environment, Land, Water and Planning (DELWP) and the Victorian Floodplain Management Strategy

The partnership agreement between VICSES and DELWP has now entered its second year and is on track to delivering key commitments to increase the awareness of Victorian communities, businesses and government agencies of flooding and encourage protective action through mitigation of flood risks and associated consequences. The collaborative approach has also further strengthened sector relationships, enhancing our ability to provide effective flood preparation, response and recovery activities outlined within the Victorian Floodplain Management Strategy.

Transport Accident Commission (TAC)

VICSES signed a renewed partnership agreement with the Transport Accident Commission (TAC) in December 2017, providing for enhanced reporting to TAC, better funding support for road rescue services, and joint initiatives that will help reduce the Victorian road toll. Our partnership with TAC extends to road safety initiatives, particularly our collaboration in support of the national Driver Reviver program.

Melbourne Water

VICSES and Melbourne Water continue to work closely to build community resilience by engaging with households in high risk flood prone areas. An important objective of this long standing partnership is to build community capacity to understand flood risk and prepare by taking protective action. Emergency flood plans have been updated and emergency exercises held to test the plans. Local Flood Guides have been updated and new guides produced to provide localised information for those in flood prone areas. New research has been finalised to inform the development and delivery of community engagement activities.

Red Cross

VICSES and Red Cross are collaborating with a focus on community preparedness, with VICSES encouraging community members to use the Red Cross RediPlan, and take advantage of the Red Cross Get Ready app. VICSES and Red Cross volunteers have also participated in joint training to develop their community engagement skills. Other programs delivered collaboratively throughout the last year include the Pillowcase Project, an educational series for children delivered in primary schools.

Country Fire Authority (CFA)

During the year, VICSES collaborated with CFA to access community engagement and creative facilitation training for both staff and volunteers through the Community First Program and the 'Safer Together' initiative. This was a valuable addition to skills development in community engagement.

Department of Health and Human Services (DHHS)

VICSES continues to collaborate as an 'Action Partner' in the delivery of the DHHS strategy to promote financial resilience to low income families. The program encourages all members of the community to have adequate home and contents insurance.

Local Government

VICSES has continued to play a leading role in support of Municipal Emergency Management Planning Committees, facilitating all-hazard risk assessments on behalf of municipalities known as Community Emergency Risk Assessments (CERA), and taking the lead role in auditing MEMPs on a rolling three-year cycle. During 2018-19, VICSES completed 25 MEMP audits. VICSES also delivers Introduction to Emergency Management (IEM) training to build familiarity and awareness of emergency management arrangements, particularly at the local government level. During 2018-19, VICSES ran eight IEM courses attended by 202 participants.

Corporate Partners and Sponsors

AAMI

As Principal Community Partner of VICSES since 2002, AAMI has contributed more than \$8 million since commencement of the partnership, supporting important community engagement campaigns and providing critical emergency response equipment.

Jemena

VICSES is pleased to partner with Jemena to undertake a pilot program trialling innovative community engagement programs through the use of digital engagement.

Academic Collaborations

Bushfire and Natural Hazards Cooperative Research Centre (BNHCRC)

During 2018-19 VICSES continued its strong collaboration with the Bushfire and Natural Hazards Cooperative Research Centre (BNHCRC) as an end-user of twelve BNHCRC projects, and as a participant in research and utilisation activities across these projects. Two key projects with active involvement from VICSES involve an investigation of the use of videos in flood warnings led by the Queensland University of Technology, and an examination of the attitudes and behaviours of the public and emergency services personnel encountering floodwater in vehicles being led by Macquarie University.

La Trobe University

VICSES collaborated with La Trobe University during the year to deliver an Industry Innovation Challenge subject. This provided third year students with an opportunity to solve a real world problem: "A Sustainable VICSES to Safeguard Victoria's Future" in a compressed timeframe. The subject was so successful that VICSES will continue to partner with La Trobe University to deliver this subject into the future and explore other opportunities for partnership.

Working on the business

Business Services

Business Services at VICSES includes the provision of support, advice and quality assurance on grants management, project management, risk, business intelligence and corporate planning, including:

- Actively driving our volunteer grants programs with support from regions; in particular the Volunteer
- Emergency Services Equipment Program (VESEP) and the Emergency Services Volunteer
- Sustainability (ESVS) Grants Program.
- Maintaining the Project Management Framework, and administering the Investment Management Committee.
- Managing our Enterprise Risk Framework and coordinating Business Continuity Planning.
- Coordinating our corporate planning and reporting.
- Managing Business Intelligence requests.

VICSES has a number of possible avenues through which it can seek grant funding, including federal, state and local government, as well as other community groups. These grants enable VICSES to fund community programs and provide our volunteers with the equipment, training and support they need to service the community.

Volunteer Emergency Services Equipment Program (VESEP)

In 2018-19, the Victorian Government committed \$2.1 million in grant funding to VICSES. These funds resulted in 30 projects, of which five were VICSES unit infrastructure projects, including extensions to existing sheds, upgrades to internal amenities and complete internal refurbishments, as well as the purchase of 12 vehicles and a number of other unit assets.

Emergency Services Volunteer Sustainability (ESVS) Grants Program

During the financial year, VICSES received in excess of \$6.3 million in state government funding via the Emergency Services Volunteer Sustainability (ESVS) grants program for operational equipment, vehicles, facility improvements and training programs. In total, 274 applications were successful. The majority of the grants contain a building, equipment and learning and development component mixed in to the single grant.

Details of the grants as follows:

- 60 building improvement related projects.
- 186 movable asset related purchases, which are predominantly operational equipment.
- 30 learning and development related courses.
- Eight community marketing related purchases.
- One project to expand the capability of EM-Share.

Other initiatives

This financial year, Business Services also undertook a number of other initiatives:

- A redesign of the Strategic Risk Register.
- Business Continuity Planning (BCP) testing exercises and migration to a new user friendly BCP system.

Assets

In 2018-19, VICSES coordinated the procurement and delivery of the following assets through the critical assets program:

- One heavy rescue truck.
- 13 road rescue kits.
- A refresh and update of the equipment on the eight spare state rescue trucks.

As part of the three-year annual maintenance program:

- 115 road rescue kits were serviced.

- Equipment at 47 units and two regions was replaced.

As part of our preventative maintenance program:

- Introduction of major servicing of state-funded trucks, and replacement of tyres for trucks and trailers at recommended intervals.
- Maintenance was conducted on:
 - 152 rescue trucks
 - 209 trailers
 - 87 boats

Light Rescue Vehicle Design Review Workshop

VICSES coordinated a two-day design review workshop with volunteers to:

- Evaluate options for various selected cab chassis.
- Develop design and stowage options.
- Validate equipment stowed on the vehicle.
- Consider other functionalities such as:
 - External lighting
 - Cabin stowage
 - 240volt set up
 - Other requirements

The workshop combined a mix of presentations from subject matter experts and workshop sessions, including group and individual activities and a test drive session, for which each participant completed a drive of a pre-determined route in the local area and then completed a detailed response survey.

The new improved compact design will see a significant improvement in functionality and reduction in the overall weight, enabling it to remain within the C-class license category.

Overall, the two-day workshop was a great success as evidenced by the volunteer workshop evaluation survey. In 2019-20, VICSES will conduct a similar workshop for rescue trucks.

Information Services

Chief Information Officer

In July 2018, VICSES appointed its first Chief Information Officer (CIO), Silvia Silverii. Silvia came to VICSES with more than 20 years' experience in Information Technology and a wealth of experience and skills in optimising the use of data and information flow, here and internationally. Most recently, Silvia worked for the Independent Broad-based Anti-corruption Commission (IBAC) supporting that organisations' objectives through the leadership of its information and communications technology programs.

As a member of the VICSES Executive team, Silvia is able to ensure that technology and information management issues are clearly articulated at the highest levels of the organisation. Indeed, the creation of the CIO role demonstrates a resounding commitment from the VICSES Executive to have technology and information management play a much more integral role in the workings of the organisation.

Information Services Strategy 2018-22

For the incoming CIO, an initial priority was the development of a new Information Services Strategy. Following an extensive engagement and feedback process involving all business areas, regional offices and volunteer units, the IS Strategy 2018-22 was approved by the VICSES Executive in March 2019. Among its aims, the Strategy seeks to:

- Provide a consolidated, digitised, mobile, access delivery solution for volunteers based on a unified definition of their 'profile'.

- Apply contemporary business information mechanisms to support, validate and inform decisions and strategies for organisation planning and operational performance.
- Strengthen VICSES information security by consolidating its physical, personnel, technology and information compliance and governance regimes into a more contemporary Information Management Security Framework (ISMF).
- Free up the business from the burdensome costs, manual effort and reliance on paper and physical work practices through shared information platforms and digitised administration.
- Consolidate IS skills and resources to free up capacity within teams allowing for the re-alignment of skills to match core functions and reduce duplication, varied processes and expectations.

Developed to directly support the VICSES Strategic Plan 2018-22, the Information Services Strategy sets an ambitious agenda which will require strong leadership and engagement with the business, our providers and our fellow agencies. To date, the Information Services Strategy has received overwhelming support.

Information Security and Governance

In 2018-19, VICSES introduced a new Information Security and Governance framework to elevate VICSES' response to information security matters, particularly in light of the organisations' obligations under the Victorian Protective Data Security Framework (VPDSF). The framework oversees VICSES' response to a range of information-related compliance activities such as privacy, records management, FOI, data access and intellectual property, under the one governance and compliance regime.

Unified Communications

To overcome issues associated with VICSES' ageing teleconferencing, videoconferencing and telephony technology, a major project was introduced in 2018 to implement a Unified Communications solution. This solution provides the organisation with an accessible, cloud-based tool which is device and network agnostic, enabling user-friendly, seamless collaboration between staff and volunteers as well as other agencies and third parties. Specifically, the tool allows members to call, message, transfer files, whiteboard and meet via mobile phone, desktop, laptop or by way of a number of dedicated 'smart' boards distributed throughout the various offices of the organisation.

The impact of the Unified Communications solution has been immediate with a promising uptake of the 5,500 accounts now activated. It has enabled more direct communication lines, overcoming the consistent challenges imposed by geography and by simply being a largely volunteer-based organisation. Although, the technology is new to the organisation, we anticipate that it will also play an ongoing pivotal role in helping to respond to emergency events that VICSES is involved in. To this end, the Unified Communications solution has also been installed into VICSES' fleet of Mobile Command Vehicles.

Technology Investments

In 2018/19, VICSES developed a new framework for considering technology investments with the aim to implement a more rounded approach to determining what appropriate technological investments are and looks beyond fiscal considerations. Whilst the availability of funds will always play an important part in decisions around the procurement of technology, the framework recognises that there are other key considerations to take into account such as the broader business impact including change management issues.

Finance

Volunteer Unit Finance Manual

In 2018-19, VICSES undertook a review and update of the Volunteer Unit Finance Manual to meet the requirements of the Minister for Finance's Standing Direction.

Through the Unit Financial Management Taskforce, an updated Volunteer Unit Finance Manual was made available to all VICSES units in 2018. Training for units and key regional staff commenced in April 2018 and has continued into 2019.

Cloud-based accounting system for VICSES units

During the year, selection and approval of a cloud-based accounting system for VICSES units to replace the current desktop model took place. A supplier was selected, and an implementation pilot commenced in 2018 to be rolled-out to all units in 2019-20.

Benefits of the cloud-based solution include:

- Ability for volunteers to manage unit financials from anywhere with internet access.
- More efficient and effective reporting for units and to the VICSES authority.
- Consistency of financial management across VICSES units.
- An enhanced support network.
- Management of software updates.
- Management of system and transaction back-ups.
- Improved training support.

Update and review of key business systems

A priority during the financial year included steps to ensure that key business systems managed by, or through, the Finance team were updated, secured and working both efficiently and accurately. This included:

- Working closely with the People and Organisational Development team and employing considerable resources to support the Kronos time recording system and ensure employee pay entitlements are accurate.
- A number of minor enhancements to the Chris21 payroll system, to improve the efficiency of processing, enhance controls and improve the accuracy of payroll information and transactions.

Facilities and Capital Works

Achievements during 2018-19

Throughout the year, VICSES undertook lease negotiations with landlords and councils to re-iterate that Essential Safety Measures are the responsibility of the landlord. This is now being supported with fire engineering experts auditing all VICSES volunteer units and staff office accommodation, regardless of tenure, to clearly assess liability and program works to rectify audit findings.

With the support of the Board, in August 2018 VICSES settled the purchase of land at 271-277 Belgrave-Gembrook Road, Emerald for the construction of a new Emerald Unit. Applying sound property management principles, VICSES also facilitated transfer of land for occupied units at Rushworth and Kyabram and have commenced a process to secure further sites from municipalities wanting to divest their interest in land and buildings occupied by VICSES units.

Other activities

In administration of the MOU with MAV, 38 units now have security of tenure.

Fire Service Engineers have inspected every unit and staff office in the South West and Mid West regions.

Glossary

| | |
|----------------------------|---|
| Assist agency | VICSES may be asked by a control agency to support the response to an emergency by providing essential services, personnel (staff or volunteers), or material that may contribute to the management of the emergency |
| Board | Victoria State Emergency Service Authority Board |
| BNHCRC | Bushfire and Natural Hazard Cooperative Research Centre |
| CFA | Country Fire Authority |
| Control agency | A control agency is the primary agency responsible for responding to a specified type of emergency – VICSES is the control agency for flood, storm, tsunami, earthquake and landslide emergencies |
| Declared operations | Declared operations are significant events requiring the allocation of resources and personnel for sustained periods to support a response in either a control or support capacity. They are declared by the VICSES Chief Officer |
| DELWP | Department of Environment, Land, Water and Planning |
| DHHS | Department of Health and Human Services |
| EMV | Emergency Management Victoria |
| FOI | Freedom of Information |
| Incident | An incident is when a VICSES operational member or crew take an action in response to one or more RFAs (relating to an emergency at a unique location) |
| IMT | Incident Management Team |
| MAV | Municipal Association of Victoria |
| MFB | Metropolitan Fire Brigade |
| MEMP | Municipal Emergency Management Plan |
| MOU | Memorandum of Understanding |
| RFA | Request for Assistance |
| VICSES | Victoria State Emergency Service |
| WADO | Warnings and Advice Duty Officer |
| WHS | Wellbeing, Health and Safety |

Five year financial summary

| | 2018-2019 \$'000s | 2017-2018 \$'000s | 2016-2017 \$'000s | 2015-2016 \$'000s | 2014-2015 \$'000s |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
| <u>Appropriation from Government (i)</u> | | | | | |
| Output and special appropriation | 52,113 | 55,195 | 49,070 | 45,122 | 44,701 |
| Capital appropriation | 7,800 | 28,012 | 0 | 150 | 0 |
| Total Appropriation from Government | 59,913 | 83,207 | 49,070 | 45,272 | 44,701 |
| | | | | | |
| <u>Comprehensive Operating Statement</u> | | | | | |
| Total income from transactions | 68,621 | 64,888 | 64,841 | 54,807 | 54,680 |
| Total expenses from transactions | (62,478) | (60,958) | (55,449) | (51,222) | (49,124) |
| Net result from transactions for the period | 6,143 | 3,930 | 9,392 | 3,585 | 5,556 |
| Other economic flows | 443 | 572 | 306 | 1,353 | 400 |
| Net result | 6,586 | 4,502 | 9,698 | 4,938 | 5,956 |
| Other economic flows not in the net result (ii) | 0 | 1,908 | 0 | 3,313 | 0 |
| Comprehensive result | 6,586 | 6,410 | 9,698 | 8,251 | 5,956 |
| | | | | | |
| <u>Balance Sheet</u> | | | | | |
| Total assets | 190,047 | 173,813 | 138,124 | 129,086 | 119,014 |
| Total liabilities | (16,927) | (15,079) | (13,812) | (14,472) | (12,801) |
| Net Assets | 173,120 | 158,734 | 124,312 | 114,614 | 106,213 |
| | | | | | |
| <u>Cashflow Statement</u> | | | | | |
| Net increase/(decrease) in cash and cash equivalents | 1,129 | 32,892 | 2,074 | 4,647 | 1,132 |
| Cash and cash equivalents at 30 June | 83,340 | 82,211 | 49,319 | 47,245 | 42,598 |

- (i) Includes output, special, capital and major incident Appropriation funding from the State and Commonwealth Governments. Output and special appropriation as well as major incident funding are recognised as Income in the Comprehensive operating statements and capital appropriation is recognised as Capital contributions by owners in the Balance Sheet and Statement of changes in equity.
- (ii) The "other economic flows" in 2017-2018 results from the increase in the value of land following a managerial revaluation of the Authority's land.

Current year financial review

Comprehensive Operating Statement

For the year ended 30 June 2019 the Authority achieved a comprehensive result of \$6.586 million, \$0.176 million higher than in 2017-2018.

The key items impacting the 2018-2019 Net result are:

- An increase of \$3.733 million in income from transactions to \$68.621 million resulting primarily from:
 - An increase in ESVS grant of \$6.294million
- An increase of \$1.520 million in expenses from transactions to \$62.478 million resulting primarily from:
 - An increase in Employee expenses of \$0.910 million.
 - An increase in Volunteer Training Expenses of \$0.556 million.
 - An increase in Property Rental of \$0.172 million.

Balance Sheet

Net assets increased by \$14.386 million in 2018-2019 to \$173.120 million. The major reasons for the increase are an increase of \$1.129 million in cash and deposits and \$7.432 million in property, plant and equipment.

Cash flow Statement

VICSES holds cash and cash equivalents of \$83.340 million. \$15.864 million is held by Volunteer Units and \$67.476 million by the Authority. (Volunteer Units also hold an additional \$6.307 million in term deposits)

VICSES Volunteer Units are holding funds to replace critical operational equipment. The Authority funds are to cover net short term liabilities and assets, to finalise projects for which funding has been received and to cover employee leave entitlements.

The major changes in cashflow from last year were:

- A decrease in receivables
- An increase in payables

Subsequent events

There has not arisen any item, transaction or event of a material or unusual nature, likely, in the opinion of the Board, to affect significantly the operations of the Authority, the results of those operations, or the state of affairs of the Authority, in subsequent financial years.

VICSES financial statements for the year ended 30 June 2019

How this report is structured

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

Independent Auditor's Report

Chairperson's, Accountable Officer's and Chief Finance and Accounting Officer's Declaration

Financial statements

Comprehensive operating statement

Balance sheet

Statement of changes in equity

Cash flow statement

Notes to the financial statements

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The basis on which the financial statements have been prepared and compliance with reporting regulations
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Revenue recognised from taxes, 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**
 - 3.1 Expenses incurred in delivery of services
 - 3.2 Other operating expenses
- 4 Key assets available to support output delivery**
 - 4.1 Property, plant and equipment
 - 4.2 Investments and other financial assets
- 5 Other assets and liabilities**
 - 5.1 Receivables
 - 5.2 Payables
 - 5.3 Other non-financial assets
- 6 Financing our operations**
 - 6.1 Borrowings
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 - 6.5 Assets pledged as security
- 7 Risks, contingencies and valuation judgements**
 - 7.1 Financial instruments specific disclosures
 - 7.2 Contingent assets and contingent liabilities
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- 8 Other disclosures**
 - 8.1 Ex-gratia expenses
 - 8.2 Other economic flows included in net result
 - 8.3 Reserves
 - 8.4 Change in accounting policies
 - 8.5 Responsible persons
 - 8.6 Remuneration of executives
 - 8.7 Related parties
 - 8.8 Remuneration of auditors

- 8.9 Subsequent events
- 8.10 Other accounting policies
- 8.11 Australian Accounting Standards issued that are not yet effective
- 8.12 Glossary of technical terms
- 8.13 Style conventions

Disclosure index

Independent Auditor's Report

To the Board of the Victoria State Emergency Service Authority

| | |
|--|--|
| Opinion | <p>I have audited the financial report of the Victoria State Emergency Service Authority (the authority) which comprises the:</p> <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• chairperson's, accountable officer's and accounting officer's declaration. <p>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.</p> |
| Basis for Opinion | <p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the authority in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p> |
| Board's responsibilities for the financial report | <p>The Board of the authority is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Financial Management Act 1994</i>, and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Board is responsible for assessing the authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.</p> |

**Auditor's
responsibilities
for the audit
of the financial
report**

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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

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

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

MELBOURNE
17 September 2019



Charlotte Jeffries
as delegate for the Auditor-General of Victoria

Chairperson's, Accountable Officer's and Chief Finance and Accounting Officer's Declaration

The attached financial statements for the Victoria State Emergency Service 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 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.

We authorise the attached financial statements for issue on 12 September 2019.



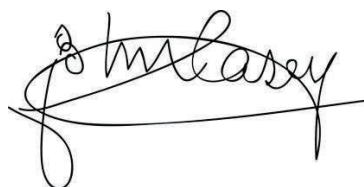
Peter Akers
Chairperson
Victoria State Emergency Service Authority

Melbourne
12 September 2019



Stephen Griffin
Chief Executive Officer
Victoria State Emergency Service Authority

Melbourne
12 September 2019



John Casey
Director of Corporate Services
Chief Finance and Accounting Officer
Victoria State Emergency Service Authority

Melbourne
12 September 2019

Comprehensive operating statement for the financial year ended 30 June 2019

| | Notes | 2019 \$'000 | 2018 \$'000 |
|---|--------|------------------------|------------------------|
| Income from transactions | | | |
| Grants | 2.2.1 | 66,065 | 62,682 |
| Interest income | 2.1 | 1,031 | 855 |
| Sale of services | 2.1 | 54 | 61 |
| Fair value of assets received free of charge | 2.2.2 | 340 | 0 |
| Other income | 2.2.3 | 1,131 | 1,290 |
| Total income from transactions | | 68,621 | 64,888 |
| Expenses from transactions | | | |
| Employee expenses | 3.1.1 | (27,789) | (26,880) |
| Depreciation | 4.1.1 | (7,190) | (7,188) |
| Interest expense | 6.1 | (187) | (199) |
| Other operating expenses | 3.2 | (27,312) | (26,691) |
| Total expenses from transactions | | (62,478) | (60,958) |
| Net result from transactions (net operating balance) | | 6,143 | 3,930 |
| Other economic flows included in net result | | | |
| Net gain on non-financial assets | 8.2(a) | 611 | 570 |
| Other gains/(losses) from other economic flows | 8.2(b) | (168) | 2 |
| Total other economic flows included in net results | | 443 | 572 |
| Net result | | 6,586 | 4,502 |
| Other economic flows – other comprehensive income: Items that will not be reclassified to net result | | | |
| Changes in physical asset revaluation reserve | 8.3 | 0 | 1,908 |
| Total other economic flows – other comprehensive income | | 0 | 1,908 |
| Comprehensive result | | 6,586 | 6,410 |

The accompanying notes form part of these financial statements.

Balance sheet as at 30 June 2019

| | Notes | 2019 \$'000 | 2018 \$'000 |
|--|-------|----------------|----------------|
| Assets | | | |
| Financial assets | | | |
| Cash and deposits | 6.3 | 83,340 | 82,211 |
| Receivables | 5.1 | 9,307 | 2,434 |
| Investments and other financial assets | 4.2 | 6,307 | 5,786 |
| Total financial assets | | 98,954 | 90,431 |
| Non-financial assets | | | |
| Property, plant and equipment | 4.1 | 89,916 | 82,484 |
| Land held for sale | 4.1.2 | 301 | 0 |
| Other non-financial assets | 5.3 | 876 | 898 |
| Total non-financial assets | | 91,093 | 83,382 |
| Total assets | | 190,047 | 173,813 |
| Liabilities | | | |
| Payables | 5.2 | 6,231 | 5,090 |
| Borrowings | 6.1 | 3,771 | 3,408 |
| Employee related provisions | 3.1.2 | 6,925 | 6,581 |
| Total liabilities | | 16,927 | 15,079 |
| Net assets | | 173,120 | 158,734 |
| Equity | | | |
| Accumulated surplus | | 82,522 | 75,936 |
| Physical asset revaluation surplus | 8.3 | 11,981 | 11,981 |
| Contributed capital | | 78,617 | 70,817 |
| Net worth | | 173,120 | 158,734 |

The accompanying notes form part of these financial statements.

Statement of changes in equity for the financial year ended 30 June 2019

| | Notes | Physical asset revaluation surplus \$'000 | Accumulated surplus \$'000 | Contributed capital \$'000 | Total \$'000 |
|--------------------------------|-------|--|----------------------------------|----------------------------------|-----------------|
| Balance at 1 July 2017 | | 10,073 | 71,434 | 42,805 | 124,312 |
| Net result for the year | | 0 | 4,502 | 0 | 4,502 |
| Other comprehensive income | | 1,908 | 0 | 0 | 1,908 |
| Capital appropriations | | 0 | 0 | 28,012 | 28,012 |
| Balance at 30 June 2018 | | 11,981 | 75,936 | 70,817 | 158,734 |
| Net result for the year | | 0 | 6,586 | 0 | 6,586 |
| Other comprehensive income | | 0 | 0 | 0 | 0 |
| Capital appropriations | | 0 | 0 | 7,800 | 7,800 |
| Balance at 30 June 2019 | | 11,981 | 82,522 | 78,617 | 173,120 |

The accompanying notes form part of these financial statements.

Cash flow statement for the financial year ended 30 June 2019

| | Notes | 2019 \$'000 | 2018 \$'000 |
|---|-----------|-----------------|-----------------|
| Cash flows from operating activities | | | |
| Receipts | | | |
| Receipts from government | | 54,457 | 56,509 |
| Receipts from other entities | | 13,893 | 10,825 |
| Goods and services tax recovered from the ATO | | 3,492 | 3,258 |
| Interest received | | 1,084 | 860 |
| Other receipts (unit cash) | | 0 | 0 |
| Total receipts | | 72,926 | 71,452 |
| Payments | | | |
| Payments to suppliers and employees | | (55,784) | (54,216) |
| Interest and other costs of finance paid | | (192) | (204) |
| Other payments | | (1,352) | (943) |
| Total payments | | (57,328) | (55,363) |
| Net cash flow from/(used in) operating activities | 6.3.1 | 15,598 | 16,089 |
| Cash flows from investing activities | | | |
| Payments for investments | | (5,845) | (5,434) |
| Proceeds from sales of investments | | 5,435 | 4,798 |
| Purchases of non-financial assets | | (14,636) | (10,207) |
| Sales of non-financial assets | | 1,599 | 710 |
| Net cash flows from/(used in) investing activities | | (13,447) | (10,133) |
| Cash flows from financing activities | | | |
| Owner contributions by State Government | 6.3.1 (a) | 0 | 28,012 |
| Repayment of finance leases | | (1,022) | (1,076) |
| Net cash flows from/(used in) financing activities | | (1,022) | 26,936 |
| Net increase/(decrease) in cash and cash equivalents | | 1,129 | 32,892 |
| Cash and cash equivalents at the beginning of the financial year | | 82,211 | 49,319 |
| Cash and cash equivalents at the end of the financial year | 6.3 | 83,340 | 82,211 |

The accompanying notes form part of these financial statements.

1. ABOUT THIS REPORT

The Victoria State Emergency Service Authority (the Authority) is a government Authority of the State of Victoria established under the *Victoria State Emergency Service Act 2005 (Vic)*.

Its principal address is:

Victoria State Emergency Service Authority
168 Sturt Street
Southbank VIC 3006

A description of the nature of its operations and its principal activities is included in **Part one: About the Victorian State Emergency Service** and **Part two: Our work**, which does not form part of these financial statements.

Basis of preparation

These financial statements are in Australian dollars and the historical cost convention is used unless a different measurement basis is specifically disclosed in the note associated with the item measured on a different basis.

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, except for volunteer units.

Incorporation of VICSES volunteer units

- The financial statements incorporate financial transactions of the 149 VICSES volunteer units (141 operational units and 8 support units) on a cash basis. Management have not recognised any accruals on the basis that it is not material to the financial report.
- The volunteer unit financial transactions incorporated by VICSES include:
 - cash and investment balances
 - net movement in cash balances between financial years as either revenue or an expense.
- Transactions between the volunteer units and the Authority are eliminated.
- All VICSES volunteer unit property, plant and equipment over \$5,000 are purchased by the Authority and recorded in the accounts of the Authority. Volunteer units do not record these items separately.
- Revenue and expenditure balances of the Authority have not been grossed up to incorporate volunteer unit transaction with third parties.

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 the Authority.

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 effects on the financial statements and estimates are disclosed in the notes under the heading "Significant judgements or estimates".

These financial statements cover the Victoria State Emergency Service Authority as an individual reporting entity and include all the controlled activities of the Authority, including VICSES volunteer units. The financial

statements include cash balances, investments, and property, plant and equipment of individual VICSES volunteer units.

Where control of an entity is obtained during the financial period, its results are included in the comprehensive operating statement from the date on which control commenced. Where control ceases during the financial period, the entity's results are included for that part of the period in which control existed. Where entities adopt dissimilar accounting policies and their effect is considered material, adjustments are made to ensure consistent policies are adopted in these financial statements.

All amounts in the financial statements (including the notes) have been rounded to the nearest \$1,000, unless otherwise stated. Figures in the financial statements may not equate due to rounding. Please refer to Note 8.13 for a style convention guide and explanations 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) and applicable Australian Accounting Standards (AASs), which include Interpretations, issued by the Australian Accounting Standards Board (AASB). In particular, they are presented in a manner consistent with the requirements of AASB 1049 *Whole of Government and General Government Sector Financial Reporting* (AASB 1049).

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

2. FUNDING DELIVERY OF OUR SERVICES

Introduction

The Victoria State Emergency Service Authority's (the Authority) overall objectives are to provide emergency management, planning, auditing of municipal management plans, emergency response to floods, earthquakes, tsunamis, storms and landslides, rescue services and support to other emergency agencies, and to assist with rescue operations on land and water.

To enable the Authority to fulfil its objectives, it receives income (predominantly parliamentary grants). The grants are received by the Authority from the Department of Justice and Community Service. The Authority also receives gifts, donations, project grants and sponsorship.

Structure

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

2.1 Summary of income that funds the delivery of our services

| | Notes | 2019 \$'000 | 2018 \$'000 |
|--|-------|----------------|----------------|
| Grants | 2.2.1 | 66,065 | 62,682 |
| Interest income | 2.1 | 1,031 | 855 |
| Sale of services | 2.1 | 54 | 61 |
| Fair value of assets received free of charge | 2.2.2 | 340 | 0 |
| Other income | 2.2.3 | 1,131 | 1,290 |
| Total income from transactions | | 68,621 | 64,888 |

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

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

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

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

Under this method, income is recognised by reference to labour hours supplied, or to labour hours supplied as a percentage of total services to be performed, in each annual reporting period.

2. FUNDING DELIVERY OF OUR SERVICES (continued)

2.2 Income from transactions

2.2.1 Grants

| | 2019 \$'000 | 2018 \$'000 |
|---|----------------|----------------|
| General purpose: | | |
| Department of Justice and Community Service | | |
| - Operating grant income | 50,792 | 53,871 |
| - Volunteer and other grants | 9,009 | 3,297 |
| - Special Appropriation Volunteer WorkCover | 806 | 591 |
| Other State Government entities/agencies | | |
| - Melbourne Water | 342 | 170 |
| - Transport Accident Commission | 3,996 | 3,955 |
| - Department of Environment, Land, Water and Planning | 500 | 500 |
| - Country Fire Authority | 440 | 0 |
| - Other | 0 | 95 |
| Other | 180 | 203 |
| Total grants | 66,065 | 62,682 |

Grant income arises from transactions in which a party provides goods or assets (or extinguishes a liability) to the Authority 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, the Authority recognises revenue when the grant is receivable or received.

Some grants are **reciprocal** in nature (i.e. equal value is given back by the recipient of the grant to the provider). The Authority recognises income when it has satisfied its performance obligations under the terms of the grant.

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 Fair value of assets received free of charge

| | 2019 \$'000 | 2018 \$'000 |
|---|----------------|----------------|
| Assets | | |
| Land and buildings at fair value | 340 | 0 |
| Total fair value of assets received free of charge | 340 | 0 |

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.

Assets received free of charge are land and buildings transferred on 27 February 2019 from Campaspe Shire Council at fair value.

2. FUNDING DELIVERY OF OUR SERVICES (continued)

2.2 Income from transactions (continued)

2.2.3 Other income

| | 2019 \$'000 | 2018 \$'000 |
|---------------------------|----------------|----------------|
| Sponsorship | 585 | 570 |
| Donations | 29 | 124 |
| Other income | 517 | 596 |
| Total other income | 1,131 | 1,290 |

Sponsorship income is recognised when the Authority is entitled to the economic benefits from the sponsorship.

Donation income is recognised by the Authority on receipt.

Other income received by the Authority is recognised on an accrual basis.

The **net result of VICSES volunteer units** is calculated by determining the movement in cash balances and eliminating transactions between the Authority and volunteer units (refer to Note 3.2).

3. THE COST OF DELIVERING SERVICES

Introduction

This section provides an account of the expenses incurred by the Victoria State Emergency Service Authority (the Authority) in delivering services and outputs. In Section 2, the funds that enable the provision of services were disclosed, and in this note the costs associated with provision of services are recorded.

Structure

- 3.1 Expenses incurred in delivery of services
- 3.2 Other operating expenses

3.1 Expenses incurred in delivery of services

| | | 2019 \$'000 | 2018 \$'000 |
|--|-------|----------------|----------------|
| Employee benefit expenses | 3.1.1 | 27,789 | 26,880 |
| Other operating expenses | 3.2 | 27,312 | 26,691 |
| Total expenses incurred in delivery of services | | 55,101 | 53,571 |

3.1.1 Employee benefits in the comprehensive operating statement

| | 2019 \$'000 | 2018 \$'000 |
|---|-----------------|-----------------|
| Post-employment benefits: | | |
| - Defined contribution superannuation plans | (1,954) | (1,836) |
| - Defined benefit superannuation expenses | (64) | (73) |
| Termination benefits | (61) | (170) |
| Salaries and wages, annual leave and long service leave | (25,710) | (24,801) |
| Total employee expenses | (27,789) | (26,880) |

Employee expenses include all costs related to employment including wages and salaries, fringe benefits tax, leave entitlements, termination payments, payroll tax 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. The Authority does not recognise any defined benefit liabilities because it has no legal or constructive obligation to pay future benefits relating to its employees. Instead, the Department of Treasury and Finance 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 the Authority 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. THE COST OF DELIVERING SERVICES (continued)

3.1 Expenses incurred in delivery of services (continued)

3.1.2 Employee benefits in the balance sheet

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave (LSL), and time-in-lieu for services rendered to the reporting date and recorded as an expense during the period the services are delivered.

| | 2019 \$'000 | 2018 \$'000 |
|---|----------------|----------------|
| Current provisions ⁽ⁱ⁾: | | |
| Annual leave ⁽ⁱⁱ⁾ | | |
| Unconditional and expected to settle within 12 months | 2,218 | 2,382 |
| Unconditional and expected to settle after 12 months | 137 | 152 |
| Long service leave | | |
| Unconditional and expected to settle within 12 months | 1,152 | 1,208 |
| Unconditional and expected to settle after 12 months | 1,471 | 1,126 |
| Provisions for on-costs | | |
| Unconditional and expected to settle within 12 months | 841 | 654 |
| Unconditional and expected to settle after 12 months | 312 | 239 |
| Total current provisions for employee benefits | 6,131 | 5,761 |
| Non-current provisions: | | |
| Employee benefits ⁽ⁱ⁾ | 672 | 691 |
| On-costs | 123 | 129 |
| Total non-current provisions for employee benefits | 795 | 820 |
| Total provisions for employee benefits | 6,926 | 6,581 |

Notes:

- (i) Provision for employee benefits consist of amounts for annual leave, time-in-lieu, long service leave and enterprise bargaining agreement accrued by employees. On-costs such as payroll tax and workers' compensation insurance are recognised as a separate provision.
- (ii) Annual leave includes annual leave and time-in-lieu entitlements.

Reconciliation of movement in on-cost provision

| | 2019 \$'000 | 2018 \$'000 |
|---|----------------|----------------|
| Opening balance | 1,022 | 912 |
| Additional provisions recognised | 698 | 513 |
| Reductions arising from payments/other sacrifices of future economic benefits | (445) | (403) |
| Closing balance | 1,275 | 1,022 |
| Current | 1,152 | 893 |
| Non-current | 123 | 129 |
| Total on-cost provision | 1,275 | 1,022 |

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

3. THE COST OF DELIVERING SERVICES (continued)

3.1 Expenses incurred in delivery of services (continued)

3.1.2 Employee benefits in the balance sheet (continued)

The liability for salaries and wages are recognised in the balance sheet at remuneration rates which are current at the reporting date. As the Authority expects the liabilities to be wholly settled within 12 months of reporting date, they are measured at undiscounted amounts.

The annual leave and time-in-lieu liabilities are classified as current liability and measured at the undiscounted amount expected to be paid, as the Authority does not have an unconditional right to defer settlement of the liabilities for at least 12 months after the end of the reporting period.

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

Unconditional LSL is disclosed as a current liability, even where the Authority 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 the Authority expects to wholly settle within 12 months, or
- present value – if the Authority does not expect to wholly settle within 12 months.

Conditional LSL is disclosed as a non-current liability. There is a conditional 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.

On-costs such as payroll tax, workers compensation, and superannuation are recognised separately from provision for employee benefits.

3.1.3 Superannuation contributions

Employees of the Authority are entitled to receive superannuation benefits, and the Authority contributes to both defined benefit and defined contribution plans. Defined benefit plans provide benefits based on years of service and final average salary.

As noted before, the defined benefit liability is recognised in the Department of Treasury and Finance as an administered liability. However, superannuation contributions paid or payable for the reporting period are included as part of employee expenses in the comprehensive operating statement of the Authority.

| | Paid contribution for the year | | Contributions outstanding at year end | |
|--|-----------------------------------|----------------|--|----------------|
| | 2019 \$'000 | 2018 \$'000 | 2019 \$'000 | 2018 \$'000 |
| Defined benefits plan | | | | |
| State Superannuation Fund - Revised and New ⁽ⁱ⁾ | 66 | 73 | 1 | 3 |
| Defined contribution plans | | | | |
| VicSuper | 1,137 | 1,036 | 21 | 42 |
| Other | 853 | 782 | 16 | 31 |
| Total | 2,056 | 1,891 | 38 | 76 |

Note:

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

All outstanding contributions at year end relate to accrued salary and wages.

3. THE COST OF DELIVERING SERVICES (continued)

3.2 Other operating expenses

| | 2019 \$'000 | 2018 \$'000 |
|--|-----------------|-----------------|
| Supplies and services: | | |
| - Contractors and professional services | (4,972) | (5,017) |
| - Building service and maintenance expenses | (2,674) | (2,431) |
| - Travel and associated costs | (687) | (716) |
| - Printing, stationery and other office expenses | (675) | (521) |
| - Postage and communication expenses | (5,604) | (5,554) |
| - Vehicle expenses | (1,445) | (1,277) |
| - Technology services costs | (3,730) | (4,209) |
| - Protective clothing | (959) | (853) |
| - Emergency rescue equipment | (2,139) | (2,615) |
| - Training (volunteers and staff) | (2,412) | (1,760) |
| - Other | (770) | (676) |
| Operating lease rental expenses: | | |
| - Lease payments | (46) | (46) |
| Net result of VICSES volunteer units | (1,199) | (1,016) |
| Total other operating expenses | (27,312) | (26,691) |

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.

Operating lease payments (including contingent rentals) are recognised as an expense in the reporting period in which they were incurred.

The **net result of VICSES volunteer units** is calculated by determining the movement in cash balances and eliminating transactions between the Authority and volunteer units (refer to Note 1).

4. KEY ASSETS AVAILABLE TO SUPPORT OUTPUT DELIVERY

Introduction

The Victoria State Emergency Service Authority (the Authority) controls infrastructure and other investments that are utilised in fulfilling its objectives and conducting its activities. They represent the resources that have been entrusted to the Authority to be utilised for delivery of those outputs.

Structure

- 4.1 Property, plant and equipment
- 4.2 Investments and other financial assets

4.1 Property, plant and equipment

| 'Purpose' group – Public safety and environment ⁽ⁱ⁾ | | | | | | |
|---|-------------------------------|------------------------|---------------------------------|------------------------|-----------------------------|------------------------|
| | Gross carrying amounts | | Accumulated depreciation | | Net carrying amounts | |
| | 2019 \$'000 | 2018 \$'000 | 2019 \$'000 | 2018 \$'000 | 2019 \$'000 | 2018 \$'000 |
| Nature-based classification | | | | | | |
| Crown land at fair value | 20,679 | 14,996 | 0 | 0 | 20,679 | 14,996 |
| Buildings and leasehold improvements at fair value | 24,237 | 24,242 | (6,590) | (5,645) | 17,647 | 18,597 |
| Plant, equipment and vehicles at fair value | 76,352 | 71,800 | (35,568) | (31,075) | 40,784 | 40,725 |
| Leased vehicles at fair value | 6,487 | 6,030 | (2,657) | (2,612) | 3,830 | 3,418 |
| Assets under construction at cost | 6,977 | 4,748 | 0 | 0 | 6,977 | 4,748 |
| Total property, plant and equipment | 134,732 | 121,816 | (44,815) | (39,332) | 89,916 | 82,484 |

Note:

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

Initial recognition: Items of 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 a 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 leasehold improvements is capitalised and depreciated over the shorter of the remaining term of the lease or their estimated useful lives.

The initial cost for non-financial physical assets under a finance lease is measured at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease.

Subsequent measurement: Property, plant and equipment (PPE) 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 below by asset category.

Non-specialised land is valued using the market approach, whereby assets are compared to recent comparable sales or sales of comparable assets which are considered to have a nominal or no added improvement value.

Specialised buildings: For the Authority's specialised buildings the current replacement cost method is used, and adjusted for the associated depreciations.

4. KEY ASSETS AVAILABLE TO SUPPORT OUTPUT DELIVERY (continued)

4.1 Property, plant and equipment (continued)

Leasehold improvements are valued using the current replacement cost method. This cost generally represents the replacement cost of the asset after applying depreciation rates on a useful life basis.

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

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

4.1.1 Depreciation and impairment

Charge for the period

| | 2019 \$'000 | 2018 \$'000 |
|-------------------------------------|----------------|----------------|
| Buildings and leasehold improvement | (999) | (1,069) |
| Plant, equipment and vehicles | (5,326) | (5,110) |
| Leased vehicles | (865) | (1,009) |
| Total depreciation | (7,190) | (7,188) |

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

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

| Asset | Useful Life |
|-------------------------------|---------------|
| Buildings | 15 - 50 years |
| Leasehold improvements | 2 - 40 years |
| Plant, equipment and vehicles | 3 - 15 years |
| Leased vehicles | 3 - 10 years |

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.

In the event of the loss or destruction of an asset, the future economic benefits arising from the use of the asset will be replaced (unless a specific decision to the contrary has been made).

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

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

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

4. KEY ASSETS AVAILABLE TO SUPPORT OUTPUT DELIVERY (continued)

4.1 Property, plant and equipment (continued)

4.1.1 Depreciation and impairment (continued)

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

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

4.1.2 Reconciliation of movements in carrying amount of property, plant and equipment ⁽ⁱ⁾⁽ⁱⁱ⁾

| Carrying Amount | Crown land at fair value \$'000 | Buildings and leasehold improvements at fair value \$'000 | Plant, equipment and vehicles at fair value \$'000 | Leased vehicles at fair value \$'000 | Assets under construction at cost ⁽ⁱⁱⁱ⁾ \$'000 | Total \$'000 |
|--|--|---|--|--|--|-----------------|
| Balance at 30 June 2017 | 12,560 | 18,376 | 38,617 | 3,977 | 3,622 | 77,152 |
| Fair value of assets received free of charge | 0 | 0 | 0 | 0 | 0 | 0 |
| Additions | 528 | 0 | 0 | 964 | 9,776 | 11,268 |
| Transfers in/(out) of assets under construction | 0 | 1,290 | 7,360 | 0 | (8,650) | 0 |
| Disposals | 0 | 0 | (142) | (514) | 0 | (656) |
| Impairment of assets | 0 | 0 | 0 | 0 | 0 | 0 |
| Revaluation of PPE | 1,908 | 0 | 0 | 0 | 0 | 1,908 |
| Transfer to disposal group held for sale | 0 | 0 | 0 | 0 | 0 | 0 |
| Depreciation expense | 0 | (1,069) | (5,110) | (1,009) | 0 | (7,188) |
| Balance at 30 June 2018 | 14,996 | 18,597 | 40,725 | 3,418 | 4,748 | 82,484 |
| Fair value of assets received free of charge | 159 | 181 | 0 | 0 | 0 | 340 |
| Additions | 5,789 | 0 | 0 | 1,836 | 7,945 | 15,570 |
| Transfers in/(out) of assets under construction | 0 | 229 | 5,487 | 0 | (5,716) | 0 |
| Disposals | 0 | (325) | (103) | (559) | 0 | (987) |
| Impairment of assets | 0 | 0 | 0 | 0 | 0 | 0 |
| Revaluation of PPE | 0 | 0 | 0 | 0 | 0 | 0 |
| Transfer to disposal group held for sale | (265) | (36) | 0 | 0 | 0 | (301) |
| Depreciation expense | 0 | (999) | (5,326) | (865) | 0 | (7,190) |
| Balance at 30 June 2019 | 20,679 | 17,647 | 40,783 | 3,830 | 6,977 | 89,916 |

Notes:

(i) The scheduled full revaluation for this purpose group was conducted in 2016.

(ii) Fair value assessments have been performed for all other classes of assets, except for assets under construction which are valued at cost. The fair movement of fair value on crown land was greater than 10% and a management revaluation was completed. The decision was made that movements in all other assets classes was not material (less than or equal to 10%) to require a full revaluation. The next scheduled revaluation for this purpose group will be conducted in 2021.

(iii) All assets transactions are capitalised via the "Assets under construction" account excluding leased assets at fair value.

4. KEY ASSETS AVAILABLE TO SUPPORT OUTPUT DELIVERY (continued)

4.2 Investments and other financial assets

| | 2019 \$'000 | 2018 \$'000 |
|--|----------------|----------------|
| Current investments and other financial assets ⁽ⁱ⁾ | | |
| Term deposits: ⁽ⁱⁱ⁾ | | |
| • Australian dollar term deposits > 3 months | 5,845 | 5,434 |
| Total current investments and other financial assets | 5,845 | 5,434 |
| Non-current investments and other financial assets ⁽ⁱ⁾ | | |
| Term deposits: ⁽ⁱⁱ⁾ | | |
| • Australian dollar term deposits > 12 months | 462 | 352 |
| Total non-current investments and other financial assets | 462 | 352 |
| Total investments and other financial assets | 6,307 | 5,786 |

Notes:

(i) All investments relate to volunteer units. Volunteer units have discretion over how volunteer unit funds are spent subject to VICSES policies and procedures, including but not limited to financial delegations and the Volunteer Unit Finance Management Manual.

(ii) Term deposits under the 'investments and other financial assets' class include only term deposits with maturity greater than 90 days.

5. OTHER ASSETS AND LIABILITIES

Introduction

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

Structure

- 5.1 Receivables
- 5.2 Payables
- 5.3 Other non-financial assets

5.1 Receivables

| | 2019 \$'000 | 2018 \$'000 |
|----------------------------------|----------------|----------------|
| Current receivables | | |
| Contractual | | |
| Accrued interest income | 55 | 124 |
| Other receivables ⁽ⁱ⁾ | 752 | 1,898 |
| | 807 | 2,022 |
| Statutory | | |
| GST recoverable (net) | 185 | 412 |
| Other receivable | 8,315 | 0 |
| | 8,500 | 412 |
| Total current receivables | 9,307 | 2,434 |
| Total receivables | 9,307 | 2,434 |

Note:

(i) The average credit period on sale of services is 30 days. No interest is charged on other receivables.

Contractual 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. The Authority holds the contractual receivables with the objective to collect the contractual cash flows and therefore they are subsequently measured at amortised cost using the effective interest method, less any impairment.

Statutory receivables do not arise from contracts and are recognised and measured similarly to contractual receivables (except for impairment), but are not classified as financial instruments for disclosure purposes. The Authority applies AASB 9 for initial measurement of the statutory receivables and as a result, statutory receivables are initially recognised at fair value plus any directly attributable transaction cost.

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

5.2 Payables

| | 2019 \$'000 | 2018 \$'000 |
|-------------------------------|----------------|----------------|
| Current payables | | |
| Contractual | | |
| Supplies and services | 6,138 | 4,944 |
| | 6,138 | 4,944 |
| Statutory | | |
| Other taxes payable | 93 | 146 |
| | 93 | 146 |
| Total current payables | 6,231 | 5,090 |
| Total payables | 6,231 | 5,090 |

5. OTHER ASSETS AND LIABILITIES (continued)

5.2 Payables (continued)

Payables consist of:

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

Payables for supplies and services have an average credit period of 30 days.

Maturity analysis of contractual payables ⁽ⁱ⁾

| | Carrying amount \$'000 | Nominal amount \$'000 | Less than 1 month \$'000 | Maturity dates 1- 3 months \$'000 | 3 months to 1 year \$'000 | 1 to 5 years \$'000 |
|---------------------------------|---------------------------|--------------------------|-----------------------------|---|------------------------------|------------------------|
| 2019 | | | | | | |
| Payables ⁽ⁱⁱ⁾ | | | | | | |
| - Supplies and services | 6,138 | 6,138 | 6,138 | 0 | 0 | 0 |
| Total | 6,138 | 6,138 | 6,138 | 0 | 0 | 0 |
| 2018 | | | | | | |
| Payables ⁽ⁱⁱ⁾ | | | | | | |
| - Supplies and services | 4,944 | 4,944 | 4,944 | 0 | 0 | 0 |
| Total | 4,944 | 4,944 | 4,944 | 0 | 0 | 0 |

Notes:

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

(ii) The carrying amounts disclosed exclude statutory amounts (e.g. GST payables).

5.3 Other non-financial assets

| | 2019 \$'000 | 2018 \$'000 |
|---------------------------------------|----------------|----------------|
| Current other assets | | |
| Prepayments | 791 | 757 |
| Total current other assets | 791 | 757 |
| Non-current other assets | | |
| Prepayments | 85 | 141 |
| Total non-current other assets | 85 | 141 |
| Total other assets | 876 | 898 |

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

6. HOW WE FINANCED OUR OPERATIONS

Introduction

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

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

Structure

- 6.1 Borrowings
- 6.2 Leases
- 6.3 Cash flow information and balances
- 6.4 Commitments for expenditure
- 6.5 Assets pledged as security

6.1 Borrowings

| | Notes | 2019 \$'000 | 2018 \$'000 |
|--|-------|----------------|----------------|
| Current borrowings | | | |
| Finance lease liabilities ⁽ⁱ⁾ | 6.2 | 1,732 | 1,520 |
| Total current borrowings | | 1,732 | 1,520 |
| Non-current borrowings | | | |
| Finance lease liabilities ⁽ⁱ⁾ | 6.2 | 2,039 | 1,888 |
| Total non-current borrowings | | 2,039 | 1,888 |
| Total borrowings | | 3,771 | 3,408 |

Note:

(i) Secured by assets leased. Finance leases are effectively secured as the rights to the leased assets revert to the lessor in the event of default.

'Borrowings' refer to interest-bearing liabilities mainly raised from finance leases and/or other interest-bearing arrangements.

Borrowings are classified as financial instruments. The measurement basis depends on whether the Authority has categorised its interest-bearing liabilities as either 'financial liabilities designated at fair value through net result', or financial liabilities at 'amortised cost'. The classification depends on the nature and purpose of the interest-bearing liabilities. The Authority determines the classification of its interest-bearing liabilities at initial recognition.

The Authority has designated certain financial liability at fair value through net result to eliminate or significantly reduce the accounting mismatch that would otherwise arise. All other interest-bearing borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

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

6. HOW WE FINANCED OUR OPERATIONS (continued)

6.1 Borrowings (continued)

Maturity analysis of borrowings ⁽ⁱ⁾

| | Carrying amount \$'000 | Nominal amount \$'000 | Less than 1 month \$'000 | Maturity dates | | |
|-----------------------------|------------------------------|-----------------------------|-----------------------------------|--------------------------|------------------------------------|---------------------------|
| | | | | 1- 3 months \$'000 | 3 months to 1 year \$'000 | 1 to 5 years \$'000 |
| 2019 | | | | | | |
| Borrowings | | | | | | |
| - Finance lease liabilities | 3,771 | 4,028 | 232 | 320 | 1,315 | 2,161 |
| Total | 3,771 | 4,028 | 232 | 320 | 1,315 | 2,161 |
| 2018 | | | | | | |
| Borrowings | | | | | | |
| - Finance lease liabilities | 3,408 | 3,612 | 83 | 427 | 1,139 | 1,963 |
| Total | 3,408 | 3,612 | 83 | 427 | 1,139 | 1,963 |

Note:

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

Interest expense

| | 2019 \$'000 | 2018 \$'000 |
|-------------------------------|----------------|----------------|
| Interest on finance leases | 187 | 199 |
| Total interest expense | 187 | 199 |

'Interest expense' includes costs incurred in connection with the borrowing of funds and includes the interest component of finance lease repayments.

The Authority recognises borrowing costs immediately as an expense, even where they are directly attributable to the acquisition, construction or production of a qualifying asset.

Interest expense is recognised in the period in which it is incurred. Refer to *Glossary of technical terms* in Note 8.12 for an explanation of interest expense items.

6. HOW WE FINANCED OUR OPERATIONS (continued)

6.2 Leases

6.2.1 Finance lease liabilities (Authority as lessee)

| | Notes | Minimum future lease payments ⁽ⁱ⁾ | | Present value of minimum future lease payments | |
|--|-------|--|----------------|--|----------------|
| | | 2019 \$'000 | 2018 \$'000 | 2019 \$'000 | 2018 \$'000 |
| Finance lease liabilities payable ⁽ⁱⁱ⁾ | | | | | |
| No longer than 1 year | | 1,867 | 1,650 | 1,732 | 1,520 |
| Longer than 1 year but not longer than 5 years | | 2,161 | 1,962 | 2,039 | 1,888 |
| Minimum future lease payments | | 4,028 | 3,612 | 3,771 | 3,408 |
| Less future finance charges | | (257) | (204) | 0 | 0 |
| Present value of minimum lease payments | | 3,771 | 3,408 | 3,771 | 3,408 |
| Included in the financial statements as: | | | | | |
| Current borrowings lease liabilities | 6.1 | | | 1,732 | 1,520 |
| Non-current borrowing lease liabilities | 6.1 | | | 2,039 | 1,888 |
| Total | | | | 3,771 | 3,408 |

Notes:

(i) Minimum future lease payments include the aggregate of all lease payments and any guaranteed residual.

(ii) Finance lease liabilities include obligations that are recognised on the balance sheet; the future payments related to operating and lease commitments are disclosed in Note 6.4.

At the commencement of the lease term, finance leases are initially recognised as assets and liabilities at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payment, each determined at the inception of the lease. The leased asset is accounted for as a non-financial physical asset and depreciated over the shorter of the estimated useful life of the asset or the term of the lease.

Minimum finance lease payments are apportioned between reduction of the outstanding lease liability and the periodic finance expense, which is calculated using the interest rate implicit in the lease and charged directly to the comprehensive operating statement.

Contingent rentals associated with finance leases are recognised as an expense in the period in which they are incurred.

Leasing arrangements: The finance leases relate to motor vehicles with lease terms of 3 to 5 years. The Authority has options to purchase the motor vehicles for a nominal amount at the conclusion of the lease agreements.

6. HOW WE FINANCED OUR OPERATIONS (continued)

6.3 Cash flow information and balances

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

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

| | 2019 \$'000 | 2018 \$'000 |
|---|----------------|----------------|
| Total cash and deposits disclosed in the balance sheet held by the Authority | 67,476 | 67,749 |
| Total cash and deposits disclosed in the balance sheet held by volunteer units ⁽ⁱ⁾ | 15,864 | 14,462 |
| Balance as per cash flow statement | 83,340 | 82,211 |

Note:

(i) Volunteer units have discretion over how volunteer unit funds are spent subject to VICSES policies and procedures including but not limited to financial delegations and the Volunteer Unit Finance Management Manual.

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

| | Notes | 2019 \$'000 | 2018 \$'000 |
|--|-----------|----------------|----------------|
| Net result for the period | | 6,586 | 4,502 |
| Non-cash movements | | | |
| - (Gain)/loss on sale or disposal of non-current assets | | (611) | (570) |
| - Depreciation of non-current assets | | 7,190 | 7,188 |
| Movements in assets and liabilities, net of non-cash financing activities | | | |
| - (Increase)/decrease in receivables | 6.3.1 (a) | 926 | 2,931 |
| - (Increase)/decrease in other non-financial assets | | 21 | 240 |
| - Increase/(decrease) in payables | | 1,141 | 1,181 |
| - Increase/(decrease) in provisions | | 345 | 617 |
| Net cash flows from/(used in) operating activities | | 15,598 | 16,089 |

6.3.1 (a) Non-Cash Financing and Investing Activities

As at 30 June 2019 the Authority recognised a capital contribution of \$7.8m receivable from the Department of Justice and Community Service. As the funds were not receipted until 31 July 2019 the transaction is excluded from the Cash Flow statement for the year ended 30 June 2019.

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

6. HOW WE FINANCED OUR OPERATIONS (continued)

6.4 Commitments for expenditure (continued)

6.4.1 Total commitments payable ⁽ⁱ⁾

| | 2019 \$'000 | 2018 \$'000 |
|--|----------------|----------------|
| (a) Commitments | | |
| Capital expenditure commitments | | |
| Plant and equipment | 3,060 | 2,984 |
| Total capital expenditure commitments | 3,060 | 2,984 |
| Operating and lease commitments ⁽ⁱⁱ⁾ | | |
| Leasing of office and logistics facilities ⁽ⁱⁱⁱ⁾ | 1,823 | 2,464 |
| Total operating and lease commitments | 1,823 | 2,464 |
| Other commitments | | |
| Outsourcing | | |
| – Information technology and communications | 5,212 | 4,965 |
| – Other | 388 | 692 |
| Total other commitments | 5,600 | 5,657 |
| (b) Commitments payable | | |
| Capital expenditure commitments payable | | |
| Less than 1 year | 3,060 | 2,984 |
| Longer than 1 year but not longer than 5 years | 0 | 0 |
| 5 years or more | 0 | 0 |
| Total capital expenditure commitments | 3,060 | 2,984 |
| Operating and lease commitments payable ⁽ⁱⁱ⁾ | | |
| Less than 1 year | 898 | 912 |
| Longer than 1 year but not longer than 5 years | 848 | 1,407 |
| 5 years or more | 77 | 145 |
| Total operating and lease commitments | 1,823 | 2,464 |
| Other commitments payable | | |
| Less than 1 year | 4,794 | 4,580 |
| Longer than 1 year but not longer than 5 years | 806 | 1,077 |
| 5 years or more | 0 | 0 |
| Total other commitments | 5,600 | 5,657 |
| Total commitments for expenditure (inclusive of GST) | 10,483 | 11,105 |
| Less GST recoverable from the Australian Taxation Office | (953) | (910) |
| Total commitments for expenditure (exclusive of GST) | 9,530 | 10,195 |

Notes:

(i) All amounts shown in the commitments note are nominal amounts inclusive of GST.

(ii) Future finance lease and non-cancellable operating lease payments are recognised on the balance sheet.

(iii) Operating lease commitments relate to office and logistics facilities and equipment with lease terms between one and ten years. These contracts do not allow the Authority to purchase the facilities and equipment after the lease ends, but the Authority can renew/extend the lease.

6.5 Assets pledged as security

The Authority has secured the leased assets against the related finance lease liabilities. In the event of default, the rights to the leased assets will revert to the lessor.

7. RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS

Introduction

The Victoria State Emergency Service Authority (the Authority) 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 related mainly to fair value determination for the Authority.

Structure

- 7.1 Financial instruments specific disclosures
- 7.2 Contingent assets and contingent liabilities
- 7.3 Fair value determination

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 the Authority's activities, certain financial assets and financial liabilities arise under statute rather than a contract (for example taxes, fines and penalties). Such financial assets and financial liabilities do not meet the definition of financial instruments in AASB 132 *Financial Instruments: Presentation*.

From 1 July 2018, the Authority 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

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 the Authority to collect the contractual cash flows; and
- the assets' contractual 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.

The Authority recognises the following assets in this category:

- cash and deposits;
- receivables (excluding statutory receivables); and
- term deposits with maturity greater than three months.

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 and liabilities are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial measurement, loans and receivables are measured at amortised cost using the effective interest method (and for assets, less any impairment). The Authority recognises the following assets in this category:

- cash and deposits
- receivables (excluding statutory receivables)
- term deposits with maturity greater than three months.

7. RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS (continued)

7.1 Financial instruments specific disclosures (continued)

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. The Authority recognises the following liabilities in this category:

- payables (excluding statutory payables)
- borrowings (including finance lease liabilities).

Offsetting financial instruments: Financial instrument assets and liabilities are offset and the net amount presented in the balance sheet when, and only when, the Authority concerned has a legal right to offset the amounts and intends 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 the Authority 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
- the Authority 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
- the Authority has transferred its rights to receive cash flows from the asset, and either:
 - (a) has transferred substantially all the risks and rewards of the asset, or
 - (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Authority has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset is recognised to the extent of the Authority'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.

7. RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS (continued)

7.1 Financial instruments specific disclosures (continued)

Reclassification of financial instruments: Subsequent to initial recognition, reclassification of financial liabilities is not permitted. 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 the Authority's business model for managing its financial assets has changed such that its previous model would no longer apply.

However, the Authority is generally unable to change its business model because it is determined by the Performance Management Framework (PMF) and all Victorian government departments are required to apply the PMF under the Standing Directions of the Assistant Treasurer 2018.

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.

7.1.1 Financial instruments: Categorisation

| | Cash and deposits | | Contractual financial assets at amortised cost (AC) | | Contractual financial liabilities at amortised cost (AC) | | Total | |
|---|-------------------|----------------|---|----------------|--|----------------|----------------|----------------|
| | 2019 \$'000 | 2018 \$'000 | 2019 \$'000 | 2018 \$'000 | 2019 \$'000 | 2018 \$'000 | 2019 \$'000 | 2018 \$'000 |
| Contractual financial assets | | | | | | | | |
| Cash and deposits | 83,340 | 82,211 | 0 | 0 | 0 | 0 | 83,340 | 82,211 |
| Receivables ⁽ⁱ⁾ | | | | | | | | |
| - Accrued interest income | 0 | 0 | 55 | 124 | 0 | 0 | 55 | 124 |
| - Other receivables | 0 | 0 | 752 | 1,898 | 0 | 0 | 752 | 1,898 |
| Investments and other contractual financial assets | | | | | | | | |
| - Term deposits | 0 | 0 | 6,307 | 5,786 | 0 | 0 | 6,307 | 5,786 |
| Total contractual financial assets | 83,340 | 82,211 | 7,114 | 7,808 | 0 | 0 | 90,454 | 90,019 |
| Contractual financial liabilities | | | | | | | | |
| Payables ⁽ⁱ⁾ | | | | | | | | |
| - Supplies and services | 0 | 0 | 0 | 0 | 6,138 | 4,944 | 6,138 | 4,944 |
| Borrowings | | | | | | | | |
| - Lease liabilities | 0 | 0 | 0 | 0 | 3,771 | 3,408 | 3,771 | 3,408 |
| Total contractual financial liabilities | 0 | 0 | 0 | 0 | 9,909 | 8,352 | 9,909 | 8,352 |

Note:

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

7. RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS (continued)

7.1 Financial instruments specific disclosures (continued)

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

| | Total interest income / (expense) \$'000 | Impairment loss \$'000 | Total \$'000 |
|--|---|------------------------------|-----------------|
| 2019 | | | |
| Contractual financial assets | | | |
| Financial assets – cash and deposits | 1,031 | 0 | 1,031 |
| Total contractual financial assets | 1,031 | 0 | 1,031 |
| Contractual financial liabilities | | | |
| Financial liabilities at amortised cost | (187) | 0 | (187) |
| Total contractual financial liabilities | (187) | 0 | (187) |
| 2018 | | | |
| Contractual financial assets | | | |
| Financial assets - cash and deposits | 855 | 0 | 855 |
| Total contractual financial assets | 855 | 0 | 855 |
| Contractual financial liabilities | | | |
| Financial liabilities at amortised cost | (199) | 0 | (199) |
| Total contractual financial liabilities | (199) | 0 | (199) |

Note:

(i) Amounts disclosed in this table exclude holding gains and losses related to statutory financial assets and liabilities.

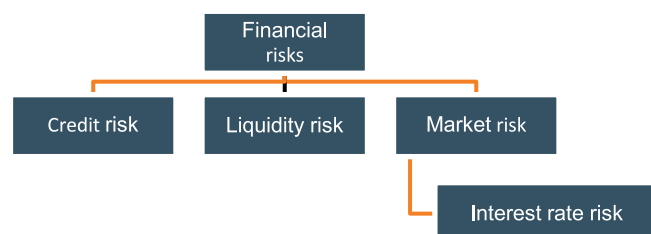
The net holding gains or losses disclosed above are determined as follows:

- for cash and cash equivalents, financial assets at amortised cost and debt instruments that are classified as financial assets at fair value through other comprehensive income, the net gain or loss is calculated by taking the movement in the fair value of the asset, the interest income, plus or minus foreign exchange gains or losses arising from revaluation of the financial assets, and minus any impairment recognised in the net result;
- for financial liabilities measured at amortised cost, the net gain or loss is calculated by taking the interest expense, plus or minus foreign exchange gains or losses arising from the revaluation of financial liabilities measured at amortised cost; and
- for financial asset and liabilities that are mandatorily measured at or designated at fair value through net result, the net gain or loss is calculated by taking the movement in the fair value of the financial asset or liability.

7. RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS (continued)

7.1 Financial instruments specific disclosures (continued)

7.1.3 Financial risk management objectives and policies



As a whole, the Authority'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, financial liability and equity instrument above – are disclosed in Note 7.3 to the financial statements.

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

The Authority's main financial risks include credit risk, liquidity risk and interest rate risk. The Authority manages these financial risks in accordance with its financial risk management policy.

The Authority 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.

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. The Authority's exposure to credit risk arises from the potential default of a counter party on their contractual obligations resulting in financial loss to the Authority. Credit risk is measured at fair value and is monitored on a regular basis.

Credit risk associated with the Authority's contractual financial assets is minimal because the main debtors are the State and Commonwealth governments.

In addition, the Authority does not engage in hedging for its contractual financial assets, and mainly obtains contractual financial assets that are on fixed interest (except for cash and deposits, which are mainly cash at bank). As with the policy for debtors, the Authority's policy is to only deal with banks with high credit ratings.

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

Contract financial assets are written off against the carrying amount when there is no reasonable expectation of recovery. Bad debt written off by mutual consent is classified as a transaction expense. Bad debt written off following a unilateral decision is recognised as other economic flows in the net result.

Except as otherwise detailed in the following table, the carrying amount of contractual financial assets recorded in the financial statements, net of any allowances for losses, represents the Authority's maximum exposure to credit risk without taking account of the value of any collateral obtained. Currently the Authority does not hold any collateral as security, nor credit enhancements relating to any of its financial assets.

There has been no material change to the Authority's credit risk profile in 2018-19.

7. RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS (continued)

7.1 Financial instruments specific disclosures (continued)

7.1.3 Financial risk management objectives and policies (continued)

Credit quality of financial assets

| | Government agencies (AAA credit rating) \$'000 | Other \$'000 | Total \$'000 |
|--|---|-----------------|-----------------|
| 2019 | | | |
| Financial assets | | | |
| Financial assets with loss allowance measured at 12-month expected credit loss | | | |
| Cash and deposits (not assessed for impairment due to materiality) | 0 | 83,340 | 83,340 |
| Statutory receivables (with no impairment loss recognised) | | | |
| Term deposits measured at amortised cost | 0 | 6,307 | 6,307 |
| Financial assets with loss allowance measured at lifetime expected credit loss: | | | |
| Contractual receivables applying the simplified approach for impairment | 783 | 24 | 807 |
| Total financial assets | 783 | 89,671 | 90,454 |

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

| | Government agencies (AAA credit rating) \$'000 | Other \$'000 | Total \$'000 |
|---|---|-----------------|-----------------|
| 2018 | | | |
| Contractual financial assets | | | |
| Cash and deposits | 45,000 | 37,211 | 82,211 |
| Receivables ⁽ⁱ⁾ | | | |
| Accrued interest income | 105 | 19 | 124 |
| Other receivables | 1,898 | 0 | 1,898 |
| Investments and other contractual financial assets | | | |
| Term deposits | 0 | 5,786 | 5,786 |
| Total contractual financial assets | 47,003 | 43,016 | 90,019 |

Note:

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

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

From 1 July 2018, the Authority 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 impairment assessment include the Authority's contractual receivables, statutory receivables and its investment in term deposits.

Equity instruments are not subject to impairment under AASB 9. Other financial assets mandatorily measured or designated at fair value through net result are not subject to impairment assessment under AASB 9. While cash and cash equivalents are also subject to the impairment requirements of AASB 9, the identified impairment loss was immaterial.

7. RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS (continued)

7.1 Financial instruments specific disclosures (continued)

7.1.3 Financial risk management objectives and policies (continued)

Financial instruments: credit risk (continued)

Contractual receivables at amortised cost

The Authority 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. The Authority has grouped contractual receivables on shared credit risk characteristics and days past due and select the expected credit loss rate based on the Authority's past history, existing marketing conditions, as well as forward-looking estimates at the end of the financial year.

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

| | Current \$'000 | Less than 1 month \$'000 | 1-3 months \$'000 | 3 months – 1 year \$'000 | 1-5 years \$'000 | Total \$'000 |
|--|-------------------|-----------------------------------|-------------------------|-----------------------------------|------------------------|-----------------|
| 30 June 2019 | | | | | | |
| Expected loss rate | 0 | 0 | 0 | 0 | 0 | 0 |
| Gross carrying amount of contractual receivables | 624 | 20 | 54 | 6 | 48 | 752 |
| Loss allowance | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 July 2018 | | | | | | |
| Expected loss rate | 0 | 0 | 0 | 0 | 0 | 0 |
| Gross carrying amount of contractual receivables | 1,857 | 0 | 0 | 0 | 41 | 1,898 |
| Loss allowance | 0 | 0 | 0 | 0 | 0 | 0 |

Based on the table above, there are no loss allowances as at 30 June 2019 and 30 June 2018.

Credit loss allowance is classified as other economic flows in the net result. Contractual 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.

There has been no provision for doubtful debts recognised in the history of the Authority and no bad debts are written off in the annual accounts to this date.

7.1 Financial instruments specific disclosures (continued)

7.1.3 Financial risk management objectives and policies (continued)

Financial instruments: credit risk (continued)

Statutory receivables and investments at amortised cost

The Authority's non-contractual receivables arising from statutory requirements are not financial instruments. However, they are nevertheless recognised and measured in accordance with AASB 9 requirements as if those receivables are financial instruments.

The Authority also has investments in term deposits.

Both the statutory receivables and investments in term deposits are considered to have low credit risk, taking into account the counterparty's credit rating, risk of default and capacity to meet contractual cash flow obligations in the near term. As a result, the loss allowance recognised for these financial assets during the period was limited to 12 months expected losses. No loss allowance recognised at 30 June 2018 under AASB 139. No additional loss allowance required upon transition into AASB 9 on 1 July 2018.

Financial instruments: liquidity risk

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

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

- close monitoring of its short-term and long-term borrowings by senior management, including monthly reviews on current and future borrowing levels and requirements;
- 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 financial markets;
- careful maturity planning of its financial obligations based on forecasts of future cash flows; and
- a high credit rating for the State of Victoria (Moody's Investor Services and Standard & Poor's triple-A, which assists in accessing debt market at a lower interest rate).

The Authority's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk. Cash for unexpected events is generally sourced from liquidation of available-for-sale financial investments.

The carrying amount of contractual financial liabilities recorded in the financial statements represents the Authority's maximum exposure to liquidity risk.

7. RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS (continued)

7.1 Financial instruments specific disclosures (continued)

7.1.3 Financial risk management objectives and policies (continued)

Financial instruments: market risk

The Authority's exposure to market risk is primarily through interest rate risk. Objectives, policies and processes used to manage this risk are disclosed below.

Sensitivity disclosure analysis and assumptions

The Authority'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. The Authority's fund managers cannot be expected to predict movements in market rates and prices. Sensitivity analyses shown are 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 table that follows show the impact on the Authority's net result and equity for each category of financial instrument held by the Authority 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 the market interest rates. The Authority 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 future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Authority has minimal exposure to cash flow interest rate risks through cash and deposits that are at floating rate.

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

Management monitors movements in interest rates as investments approach maturity.

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

7. RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS (continued)

7.1 Financial instruments specific disclosures (continued)

7.1.3 Financial risk management objectives and policies (continued)

Interest rate exposure of financial instruments

| | Weighted average effective interest rate % | Carrying amount \$'000 | Interest Rate Exposure | | |
|--|--|------------------------|----------------------------|-------------------------------|-----------------------------|
| | | | Fixed interest rate \$'000 | Variable interest rate \$'000 | Non-interest bearing \$'000 |
| 2019 | | | | | |
| Financial assets | | | | | |
| Cash and deposits ⁽ⁱⁱ⁾ | 1.47% | 83,340 | 4,810 | 78,527 | 3 |
| Receivables ⁽ⁱ⁾ | | | | | |
| - Accrued interest income | | 55 | 0 | 0 | 55 |
| - Other receivables | | 752 | 0 | 0 | 752 |
| Investments and other contractual financial assets | | | | | |
| - Term deposits | | 6,307 | 6,307 | 0 | 0 |
| Total financial assets | | 90,454 | 11,117 | 78,527 | 810 |
| Financial liabilities | | | | | |
| Payables ⁽ⁱ⁾ | | | | | |
| - Supplies and services | | 6,138 | 0 | 0 | 6,138 |
| Borrowings | | | | | |
| - Finance lease liabilities | 5.16% | 3,771 | 3,771 | 0 | 0 |
| Total financial liabilities | | 9,909 | 3,771 | 0 | 6,138 |
| 2018 | | | | | |
| Financial assets | | | | | |
| Cash and deposits ⁽ⁱⁱ⁾ | 1.41% | 82,211 | 49,539 | 32,669 | 3 |
| Receivables ⁽ⁱ⁾ | | | | | |
| - Accrued interest income | | 124 | 0 | 0 | 124 |
| - Other receivables | | 1,898 | 0 | 0 | 1,898 |
| Investments and other contractual financial assets | | | | | |
| - Term deposits | | 5,786 | 5,786 | 0 | 0 |
| Total financial assets | | 90,019 | 55,325 | 32,669 | 2,025 |
| Financial liabilities | | | | | |
| Payables ⁽ⁱ⁾ | | | | | |
| - Supplies and services | | 4,944 | 0 | 0 | 4,944 |
| Borrowings | | | | | |
| - Finance lease liabilities | 5.51% | 3,408 | 3,408 | 0 | 0 |
| Total financial liabilities | | 8,352 | 3,408 | 0 | 4,944 |

Notes:

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

(ii) Weighted average effective interest rate does not include cash and deposits held by volunteer units.

7. RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS (continued)

7.1 Financial instruments specific disclosures (continued)

7.1.3 Financial risk management objectives and policies (continued)

Interest rate risk sensitivity

| | Carrying amount \$'000 | Interest rate | |
|--|---------------------------|---------------------------------------|---------------------------------------|
| | | -50 basis points | +50 basis points |
| | | Net result/accumulated surplus \$'000 | Net result/accumulated surplus \$'000 |
| 2019 | | | |
| Contractual financial assets | | | |
| Cash and deposits ⁽ⁱ⁾ | 83,340 | (393) | 393 |
| Investments and other contractual financial assets | 6,307 | | |
| Total impact | 89,647 | (393) | 393 |
| Contractual financial liabilities | | | |
| Borrowings ⁽ⁱⁱ⁾ | 3,771 | 0 | 0 |
| Total impact | 3,771 | 0 | 0 |
| 2018 | | | |
| Contractual financial assets | | | |
| Cash and deposits ⁽ⁱ⁾ | 82,211 | (163) | 163 |
| Investments and other contractual financial assets | 5,786 | | |
| Total impact | 87,997 | (163) | 163 |
| Contractual financial liabilities | | | |
| Borrowings ⁽ⁱⁱ⁾ | 3,408 | 0 | 0 |
| Total impact | 3,408 | 0 | 0 |

Notes:

(i) Cash and deposits includes a deposit of **\$78,527** thousand (2018: \$32,669 thousand) that is exposed to floating rate movements. Sensitivities to these movements are calculated as follows:

- 2019: **\$78,527** thousand x -0.005 = **-\$393** thousand; and **\$78,527** thousand x 0.005 = **\$393** thousand
- 2018: \$32,669 thousand x -0.005 = **-\$163** thousand; and \$32,669 thousand x 0.005 = **\$163** thousand

(ii) Borrowings include nil (2018: nil) that are exposed to floating rate movements.

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.

There were no contingent assets as at 30 June 2019 (2018: Nil).

7. RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS (continued)

7.2 Contingent assets and contingent liabilities (continued)

Contingent liabilities

Contingent liabilities include:

- 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.

There were no contingent liabilities as at 30 June 2019 (2018: Nil).

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 the Authority.

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

The following assets and liabilities are carried at fair value:

- land
- buildings
- infrastructure
- plant
- equipment

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

The Authority 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.

The Authority 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 the Authority's independent valuation agency.

The Authority, 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.

7. RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS (continued)

7.3 Fair value determination (continued)

How this section is structured

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

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

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

7.3.1 Fair value determination of financial assets and liabilities

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

- Level 1 – the fair value of financial 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.

The Authority 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, either 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.

These financial instruments include:

| <i>Financial assets</i> | <i>Financial liabilities</i> |
|---|---|
| Cash and deposits | Payables: |
| Receivables: | <ul style="list-style-type: none">• For supplies and services |
| <ul style="list-style-type: none">• Accrued interest income• Other receivables | Borrowings: |
| Investments and other contractual financial assets: | <ul style="list-style-type: none">• Lease liabilities |
| <ul style="list-style-type: none">• Term deposits | |

All financial instrument assets and liabilities are classified as Level 2.

There have been no transfers between levels during the period.

7. RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS (continued)

7.3 Fair value determination (continued)

7.3.2 Fair value determination: non-financial physical assets

Fair value measurement hierarchy

| | Carry amount as at 30 June 2019 \$'000 | Carry amount as at 30 June 2018 \$'000 | Fair value at the end of reporting period using: | | | | | |
|---|---|---|--|--|--|--|--|--|
| | | | Level 1 ⁽ⁱ⁾ 2019 \$'000 | Level 1 ⁽ⁱ⁾ 2018 \$'000 | Level 2 ⁽ⁱ⁾ 2019 \$'000 | Level 2 ⁽ⁱ⁾ 2018 \$'000 | Level 3 ⁽ⁱ⁾ 2019 \$'000 | Level 3 ⁽ⁱ⁾ 2018 \$'000 |
| Crown land at fair value | | | | | | | | |
| - Non-specialised land | 20,679 | 14,996 | 0 | 0 | 20,679 | 14,996 | 0 | 0 |
| Total of land at fair value | 20,679 | 14,996 | 0 | 0 | 20,679 | 14,996 | 0 | 0 |
| Buildings and leasehold improvements at fair value | | | | | | | | |
| - Specialised buildings | 10,707 | 11,214 | 0 | 0 | 0 | 0 | 10,707 | 11,214 |
| - Leasehold improvements | 6,976 | 7,383 | 0 | 0 | 0 | 0 | 6,976 | 7,383 |
| Total of buildings at fair value | 17,683 | 18,597 | 0 | 0 | 0 | 0 | 17,683 | 18,597 |
| Plant, equipment and vehicles at fair value | | | | | | | | |
| - Vehicles | 35,474 | 35,278 | 0 | 0 | 0 | 0 | 35,474 | 35,278 |
| - Plant and equipment | 9,139 | 8,865 | 0 | 0 | 0 | 0 | 9,139 | 8,865 |
| Total of plant, equipment and vehicles at fair value | 44,613 | 44,143 | 0 | 0 | 0 | 0 | 44,613 | 44,143 |

Note:

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

There have been no transfers between levels during the period.

Non-specialised land is valued using the market approach, whereby assets are compared to recent comparable sales or sales of comparable assets that are considered to have nominal value.

An independent valuation of the Authority's land was performed by the Valuer-General Victoria to determine the fair value using the market approach. The valuation, which conforms to Australian Valuation Standards, was determined by reference to the amounts for which assets could be exchanged between knowledgeable willing parties in an arm's length transaction. Fair value is determined by direct reference to recent market transactions on arm's length terms for land of comparable size and location to the Authority. The valuation was based on independent assessments. The effective date of the valuation is 30 June 2016.

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

To the extent that non-specialised land does not contain significant, unobservable adjustments, these assets are classified as Level 2 under the market approach.

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

7. RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS (continued)

7.3 Fair value determination (continued)

7.3.2 Fair value determination: non-financial physical assets (continued)

An independent valuation of the Authority's specialised buildings was performed by the Valuer-General Victoria. The valuation was performed using the current replacement cost method. The effective date of the valuation is 30 June 2016.

Vehicles are valued using the current replacement cost method. The Authority 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 the Authority 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. For plant, equipment and vehicles, existing depreciated historical cost is generally a reasonable proxy for current replacement cost because of the short lives of the assets concerned.

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.

Reconciliation of Level 3 fair value movements

| | Specialised buildings \$'000 | Leasehold improvements \$'000 | Vehicles \$'000 | Plant and equipment \$'000 |
|---|------------------------------------|-------------------------------------|--------------------|----------------------------------|
| Balance at 30 June 2017 | 10,810 | 7,567 | 34,793 | 7,800 |
| Purchases (sales) | 787 | 503 | 5,173 | 2,496 |
| Transfers in (out) of Level 3 | 0 | 0 | 0 | 0 |
| Gains or losses recognised in net result: | | | | |
| - Depreciation | (383) | (687) | (4,688) | (1,431) |
| - Impairment loss | 0 | 0 | 0 | 0 |
| Subtotal | 404 | (184) | 485 | 1,065 |
| Gains or losses recognised in other economic flows: | | | | |
| - Revaluation | 0 | 0 | 0 | 0 |
| Subtotal | 0 | 0 | 0 | 0 |
| Balance at 30 June 2018 | 11,214 | 7,383 | 35,278 | 8,865 |
| Purchases (sales) | 181 | 229 | 5,491 | 1,832 |
| Transfers in (out) of Level 3 | 0 | 0 | 0 | 0 |
| Gains or losses recognised in net result: | (325) | 0 | (633) | (29) |
| - Depreciation | (363) | (636) | (4,662) | (1,529) |
| - Impairment loss | 0 | 0 | 0 | 0 |
| Subtotal | (507) | (407) | 196 | 274 |
| Gains or losses recognised in other economic flows: | | | | |
| - Revaluation | 0 | 0 | 0 | 0 |
| Subtotal | 0 | 0 | 0 | 0 |
| Balance at 30 June 2019 | 10,707 | 6,976 | 35,474 | 9,139 |

7. RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS (continued)

7.3 Fair value determination (continued)

7.3.2 Fair value determination: non-financial physical assets (continued)

Description of significant unobservable inputs to Level 3 valuations

| <i>2019 and 2018</i> | <i>Valuation technique</i> | <i>Significant unobservable inputs</i> |
|-------------------------------|----------------------------|--|
| Specialised buildings | Current replacement cost | Direct cost per square metre Useful life of specialised buildings |
| Leasehold improvements | Current replacement cost | Cost per unit Useful life of leasehold improvements |
| Vehicles | Current replacement cost | Cost per unit Useful life of vehicles |
| Plant and equipment | Current replacement cost | Cost per unit Useful life of plant and equipment |

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
- 8.2 Other economic flows included in net result
- 8.3 Reserves
- 8.4 Change in accounting policies
- 8.5 Responsible persons
- 8.6 Remuneration of executives
- 8.7 Related parties
- 8.8 Remuneration of auditors
- 8.9 Subsequent events
- 8.10 Other accounting policies
- 8.11 Australian Accounting Standards issued that are not yet effective
- 8.12 Glossary of technical terms
- 8.13 Style conventions

8.1 Ex-gratia expenses ⁽ⁱ⁾

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, service 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.

| | 2019 \$'000 | 2018 \$'000 |
|---------------------------------|----------------|----------------|
| Compensation for economic loss | 24 | 38 |
| Total ex-gratia expenses | 24 | 38 |

Note:

(i) Includes ex-gratia expenses for both individual items and 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/(losses) from the revaluation of the present value of the long service leave liability due to changes in the bond interest rates.

| | 2019 \$'000 | 2018 \$'000 |
|---|----------------|----------------|
| (a) Net gain on non-financial assets | | |
| Net gain on disposal of physical assets | 611 | 570 |
| Total net gain/(loss) on non-financial assets | 611 | 570 |
| (b) Other gains/(losses) from other economic flows | | |
| Net gain/(loss) from revaluation of long service leave liability ⁽ⁱ⁾ | (168) | 2 |
| Total other gains/(losses) from other economic flows | (168) | 2 |

Note:

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

8. OTHER DISCLOSURES (continued)

8.3 Reserves

| | 2019 | 2018 |
|--|---------------|---------------|
| | \$'000 | \$'000 |
| Physical asset revaluation surplus ⁽ⁱ⁾ | | |
| Balance at beginning of financial year | 11,981 | 10,073 |
| Revaluation increments/(decrements) | 0 | 1,908 |
| Balance at end of financial year | 11,981 | 11,981 |

Note:

(i) The physical assets revaluation surplus arises on the revaluation of land and buildings.

8.4 Change in accounting policies

The Authority 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 any difference recognised in opening retained earnings; and
- (b) financial assets and provision for impairment have not be reclassified and/or restated in the comparative period.

AASB 9 introduces a major change to hedge accounting. However, it is the Authority's policy not to apply hedge accounting.

This note explains the impact of the adoption of AASB 9 *Financial Instruments* on the Authority's financial statements.

8.4.1 Change to classification and measurement

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

- (a) Term deposits previously classified as held to maturity 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. There is no change in loss allowance for these assets that was recognised in opening retained earnings for the period.

The accounting for financial liabilities remains largely the same as it was under AASB 139, except for the treatment of gains or losses arising from the Authority's own credit risk relating to liabilities designated at fair value through net result. Such movements are presented in other comprehensive income with no subsequent recycle through profit or loss.

8. OTHER DISCLOSURES (continued)

8.4 Change in accounting policies (continued)

8.4.1 Change to classification and measurement (continued)

The Authority'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 | AASB 139 Measurem ent Categories | AASB 9 Measurement Categories | | | |
|--|----------|---|---|--|------------------------------|--|
| | | | Fair value through net result (designated) \$'000 | Fair value through net result (mandator y) \$'000 | Amortise d cost \$'000 | Fair value through other comprehe n-sive income \$'000 |
| As at 30 June 2018 | | \$'000 | | | | |
| AASB 139 Measurement Categories | | | | | | |
| Loan and receivables: | | | | | | |
| - Accrued interest income | 8.4.1(b) | 124 | 0 | 0 | 124 | 0 |
| - Other receivables | 8.4.1(b) | 1,898 | 0 | 0 | 1,898 | 0 |
| Held to maturity: | | | | | | |
| - Term deposits | 8.4.1(a) | 5,786 | 0 | 0 | 5,786 | 0 |
| As at 1 July 2018 | | 7,808 | 0 | 0 | 7,808 | 0 |

8.4.2 Changes to the impairment of financial assets

Under AASB 9, all loans and receivables as well as other debt instruments not carried at fair value through net result are subject to AASB 9's new expected credit loss (ECL) impairment model, which replaces AASB 139's incurred loss approach.

For other loans and receivables, the Authority 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 did not result in any change in the impairment loss allowance. Refer to Note 7.1.3 for details about the calculation of the allowance. There is no change in the loss allowance for these financial assets during the financial year.

8.4.3 Transition impact

The transition impact of first-time adoption of AASB 9 on the Authority's balance sheet has been summarised in the following table. There has been no impact on the Authority's comprehensive operating statement as at 1 July 2018 as a result of the adoption of AASB 9.

Accountable Officer of the Victoria State Emergency Service Authority

Stephen Griffin, Chief Executive Officer 1 July 2018 to 30 June 2019

Acting Chief Executive Officer

Catherine White 1 July 2018 to 15 July 2018; and
20 March 2019 to 7 April 2019

John Casey 16 July 2018 to 23 July 2018

8. OTHER DISCLOSURES (continued)

8.5 Responsible persons (continued)

Remuneration

Remuneration received or receivable by Responsible Persons in connection with the management of the Authority during the reporting period was in the following ranges:

| Remuneration band | 2019 No. | 2018 No. |
|-----------------------|----------------|----------------|
| \$0 - \$9,999 | 0 | 0 |
| \$10,000 - \$19,999 | 6 | 6 |
| \$30,000 - \$39,999 | 0 | 0 |
| \$40,000 - \$49,999 | 1 | 1 |
| \$290,000 - \$299,999 | 0 | 0 |
| \$300,000 - \$309,999 | 1 | 1 |
| Total numbers | 8 | 8 |
| Total amount | 470,633 | 453,462 |

Amounts relating to ministers are reported in the financial statements of the Department of Parliamentary Services.

Other transactions

Other related transactions and loans requiring disclosure under the directions of the Assistant Treasurer have been considered, and there are no matters to report.

8.6 Remuneration of executives

8.6.1 Remuneration of executives

The number of executive officers, other than Ministers and Accountable Officers, and their total remuneration during the reporting period are shown in the table below. The total annualised employee equivalents provide 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 Authority, or on behalf of the Authority, 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 wages, salaries, annual leave or sick leave that are usually paid or payable on a regular basis, as well as non-monetary benefits such as allowances and free or subsidised goods or services.

Post-employment benefits include pensions and other retirement benefits paid or payable on a discrete basis when employment has ceased.

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

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

8. OTHER DISCLOSURES (continued)

8.6 Remuneration of executives (continued)

8.6.1 Remuneration of executives (continued)

| Remuneration of executive officers (including key management personnel disclosed in Note 8.7) | Total remuneration | |
|--|--------------------|----------------|
| | 2019 \$'000 | 2018 \$'000 |
| Short-term employee benefits | 1,058 | 779 |
| Post-employment benefits | 96 | 69 |
| Other long-term benefits | 46 | 18 |
| Termination benefits | 0 | 0 |
| Total remuneration ⁽ⁱ⁾ | 1,200 | 866 |
| Total number of executives | 6 | 5 |
| Total annualised employee equivalents ⁽ⁱⁱ⁾ | 5 | 4 |

Notes:

(i) The total number of executive officers includes persons who meet the definition of key management personnel of the entity under AASB 124 Related Party Disclosures and are also reported within the related parties note on disclosure (Note 8.7).

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

8.7 Related parties

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

The financial statements incorporate financial transactions of the 149 VICSES volunteer units on a cash basis.

Related parties of the Authority and 149 VICSES volunteer units include:

- all key management personnel and their close family members and personal business interests (controlled entities, joint ventures and entities they have significant influence over);
- all Cabinet Ministers and their close family members; and
- all departments and public sector entities that are controlled and consolidated into the whole of state consolidated financial statements.

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

Significant transactions with government-related entities

During the year, the Authority had the following government-related entity transactions (refer to Note 2 for more detail):

- \$60.61 million received from Department of Justice and Community Service (2018: \$57.760m).
- \$5.28 million received from the other state government-related entities (2018: \$4.720m).
-

Key management personnel (KMP) of the Authority includes:

- the Portfolio Minister,
 - the Hon. James Merlino, MP 1 July 2018 to 28 November 2018
 - the Hon. Lisa Neville, MP 29 November 2018 to 30 June 2019
- the Governing Board (refer to Note 8.5 for list of Board members)
- the Accountable Officer, Stephen Griffin 1 July 2018 to 30 June 2019
- members of the Senior Executive Team, which includes:
 - Tim Wiebusch Chief Officer Operations 1 July 2018 to 30 June 2019
 - John Casey Director of Corporate Services 1 July 2018 to 30 June 2019

8. OTHER DISCLOSURES (continued)

8.7 Related parties (continued)

Remuneration of key management personnel

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

| | 2019 \$'000 | 2018 \$'000 |
|------------------------------|----------------|----------------|
| Compensation of KMPs | | |
| Short-term employee benefits | 922 | 820 |
| Post-employment benefits | 81 | 73 |
| Other long-term benefits | 35 | 21 |
| Termination benefits | 0 | 0 |
| Total ⁽ⁱ⁾ | 1,038 | 914 |

Note:

(i) Note that KMPs are also reported in the disclosure of remuneration of executive officers (Note 8.5).

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. stamp duty and other government fees and charges. Further employment of processes within the Victorian public sector occur on terms and conditions consistent with the *Public Administration Act 2004* (Vic) and Codes of Conduct and Standards issued by the Victorian Public Sector Commission. Procurement processes occur on terms and conditions consistent with the Victorian Government Purchasing Board requirements.

Other than the citizen type transactions, there were no related party transactions with the Authority or in relation to the 143 VICSES volunteer units which has been incorporated into the Authority's financial statements, that involve KMPs, their close family members and their personal business interests, except for the following:

- Mr Lawrence Russell (Board member) is a SES volunteer and the Unit Controller for the Wyndham SES Unit and the Wyndham West SES satellite unit. The Authority conducted business transactions at arm's length and on normal volunteer unit terms.

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 the Authority'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.

8.8 Remuneration of auditors

| | 2019 \$'000 | 2018 \$'000 |
|---|----------------|----------------|
| Victorian Auditor General's Office | | |
| - Audit of the financial statements | 75 | 73 |
| Total remuneration of auditors | 75 | 73 |

Note:

(i) The Victorian Auditor-General's Office is not allowed to provide non-audit services.

8. OTHER DISCLOSURES (continued)

8.9 Subsequent events

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.

Since the reporting date there has not arisen any item, transaction or event of a material or unusual nature likely, in the opinion of the Board, to significantly affect the operations of the Authority, the results of those operations, or the state of affairs of the Authority, in subsequent financial years (2018: Nil).

8.10 Other accounting policies

Contribution 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 the Authority.

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

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

Grant funding received for the purchase of assets that has been designated as contribution by owners is treated as contributed capital.

Accounting for goods and services tax (GST)

Income, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the Australian Tax Office. In this case, it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the Australian Tax Office, are presented as operating cash flow.

Commitments and contingent assets or liabilities are also stated inclusive of GST.

8.11 Australian Accounting Standards issued that are not yet effective

The following Australian Accounting Standards (AASs) become effective for reporting periods commencing after 1 July 2019:

- AASB 16 *Leases*;
- AASB 15 *Revenue from Contract with Customers*; and
- AASB 1058 *Income of Not-for-Profit Entities*.

8. OTHER DISCLOSURES (continued)

8.11 Australian Accounting Standards issued that are not yet effective (continued)

Leases

AASB 16 *Leases* replaces AASB 117 *Leases*, AASB Interpretation 4 *Determining whether an Arrangement contains a Lease*, AASB Interpretation 115 *Operating Leases-Incentives* and AASB Interpretation 127 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

AASB 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases on the balance sheet by recording a Right-Of-Use (RoU) asset and a lease liability except for leases that are shorter than 12 months and leases where the underlying asset is of low value (deemed to be below \$10,000).

AASB 16 also requires the lessees to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset, and remeasure the lease liability upon the occurrence of certain events (e.g. a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The amount of the remeasurement of the lease liability will generally be recognised as an adjustment to the RoU asset.

Lessor accounting under AASB 16 is substantially unchanged from AASB 117. Lessors will continue to classify all leases using the same classification principle as in AASB 117 and distinguish between two types of leases: operating and finance leases.

The effective date is for annual reporting periods beginning on or after 1 January 2019. The Authority intends to adopt AASB 16 in 2019-20 financial year when it becomes effective.

The Authority 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.

Various practical expedients are available on adoption to account for leases previously classified by a lessee as operating leases under AASB 117. The Authority will elect to use the exemptions for all short-term leases (lease term less than 12 months) and low value leases (deemed to be below \$10,000).

In addition, AASB 2018-8 – *Amendments to Australian Accounting Standards – Right-of-Use Assets (RoU) of Not-for-Profit Entities* allows a temporary option for not-for-profit entities to not measure RoU assets at initial recognition at fair value in respect of leases that have significantly below-market terms, since further guidance is expected to be developed to assist not-for-profit entities in measuring RoU assets at fair value. The Standard requires an entity that elects to apply the option (i.e. measures a class or classes of such RoU assets at cost rather than fair value) to include additional disclosures. The Authority intends to choose the temporary relief to value the RoU asset at the present value of the payments required (at cost).

The Authority has performed a detailed impact assessment of AASB 16 and the potential impact in the initial year of application has been estimated as follows:

- increase in RoU **(\$1,537,000)** at 1 July 2019;
- increase in related depreciation **(\$738,000)** at 30 June 2020;
- increase in lease liability **(\$1,537,000)** at 1 July 2019;
- increase in related interest **(\$19,000)** at 30 June 2020 calculated using effective interest method; and
- decrease in rental expense **(\$737,000)** at 30 June 2020.

8. OTHER DISCLOSURES (continued)

8.11 Australian Accounting Standards issued that are not yet effective (continued)

Revenue and income

AASB 15 supersedes AASB 118 *Revenue*, AASB 111 *Construction Contracts* and related Interpretations and it applies, with limited exceptions, to all revenue arising from contracts with its customers.

AASB 15 establishes a five-step model to account for revenue arising from an enforceable contract that imposes a sufficiently specific performance obligation on an entity to transfer goods or services. AASB 15 requires entities to only recognise revenue upon the fulfilment of the performance obligation. 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.

To address specific concerns from the 'not-for-profit' sector in Australia, the AASB also released the following standards and guidance:

- AASB 2016-8 *Amendments to Australian Accounting Standards – Australian implementation guidance for NFP entities* (AASB 2016-8), to provide guidance on application of revenue recognition principles under AASB 15 in the not-for-profit sector.
- AASB 2018-4 *Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Public-Sector Licensors* (2018-4), to provide guidance on how to distinguish payments received in connection with the access to an asset (or other resource) or to enable other parties to perform activities as tax and non-IP licence. It also provides guidance on timing of revenue recognition for non-IP licence payments.
- AASB 1058 *Income of Not-for-Profit Entities*, to supplement AASB 15 and provide criteria to be applied by not-for-profit entities in establishing the timing of recognising income for government grants and other types of contributions previously contained within AASB 1004 *Contributions*.

Revenue and income (continued)

AASB 15, 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. The Authority intends to adopt these standards in 2019-20 financial year when it becomes effective.

The Authority 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.

The Authority has performed a detailed impact assessment of AASB 15 and AASB 1058 and the potential impact for each major class of revenue and income in the initial year of application has been estimated as follows:

- No impact on major classes of revenue and income; and
- No increase (or decrease depending on the circumstances) in revenue deferral on balance sheet (\$ nil).

8. OTHER DISCLOSURES (continued)

8.12 Glossary of technical terms

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

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

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

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.

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

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

Effective interest method is the method used to calculate the amortised cost of a financial asset 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 asset or, where appropriate, a shorter period.

Employee benefits expenses include all costs related to employment including wages and salaries, fringe benefits tax, leave entitlements, redundancy 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. write-off) that is not made either to acquire goods, services or other benefits for the entity or to meet a legal liability, or to settle or resolve a possible legal liability or claim against the entity.

Financial asset is any asset that is:

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

Financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

8. OTHER DISCLOSURES (continued)

8.12 Glossary of technical terms (continued)

Financial liability is any liability that is:

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

Financial statements comprises:

- a) a balance sheet as at the end of the period;
- b) a comprehensive operating statement for the period;
- c) a statement of changes in equity for the period;
- d) a cash flow statement for the period;
- e) notes, comprising a summary of significant accounting policies and other explanatory information;
- f) comparative information in respect of the preceding period as specified in paragraph 38 of AASB 101 *Presentation of Financial Statements*; and
- g) a balance sheet 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 paragraph 41 of AASB 101.

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

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

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

General government sector comprises all government departments, offices and other bodies engaged in providing services free of charge or at prices significantly below their cost of production. General government services include those which are mainly non-market in nature, those which are largely for collective consumption by the community and those which 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. It includes interest on advances, loans, overdrafts, bonds and bills, deposits, interest components of finance lease repayments, and amortisation of discounts or premiums in relation to borrowings.

Interest income includes unwinding over time of discounts on financial assets and interest received on bank term deposits and other investments.

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

8. OTHER DISCLOSURES (continued)

8.12 Glossary of technical terms (continued)

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

Net result is a measure of financial performance of the operations for the period. It is the net result of items of income, gains and expenses (including losses) recognised for the period, excluding those that are classified as 'other 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 intangible and biological assets such as commercial forests.

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-current physical and intangible assets; fair value changes of financial instruments and agricultural assets; and depletion of natural assets (non-produced) from their use or removal.

Other economic flows – other comprehensive income comprises items (including reclassification adjustments) that are not recognised in net result as required or permitted by other Australian Accounting Standards. They include: changes in physical asset revaluation surplus; share of net movement in revaluation surplus of associates and joint ventures; and gains and losses on remeasuring available-for-sale financial assets.

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

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

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

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

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

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

8. OTHER DISCLOSURES (continued)

8.13 Style conventions

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

The notation used in the tables is as follows:

| | |
|---------|--------------------------|
| .. | zero, or rounded to zero |
| (xxx.x) | negative numbers |
| 201x | year period |
| 201x-1x | year period |

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

Disclosure Index

The Annual Report of the Victoria State Emergency Service Authority is prepared in accordance with all relevant Victorian legislations and pronouncements. This index has been prepared to facilitate identification of the Authority's compliance with statutory disclosure requirements.

| Legislation | Requirement | Page Reference |
|-------------|-------------|----------------|
|-------------|-------------|----------------|

Standing Directions and Financial Reporting Directions

Report of operations

Charter and purpose

| | |
|---------|--|
| FRD 22H | Manner of establishment and the relevant Ministers |
| FRD 22H | Purpose, functions, powers and duties |
| FRD 22H | Nature and range of services provided |

Management and structure

| | |
|---------|--------------------------|
| FRD 22H | Organisational structure |
|---------|--------------------------|

Financial and other information

| | |
|-------------------|---|
| FRD 10A | Disclosure index |
| FRD 12B | Disclosure of major contracts |
| FRD 15D | Executive officer disclosures |
| FRD 22H | Employment and conduct principles |
| FRD 22H | Occupational health and safety policy |
| FRD 22H | Summary of the financial results for the year |
| FRD 22H | Significant changes in financial position during the year |
| FRD 22H | Major changes or factors affecting performance |
| FRD 22H | Subsequent events |
| FRD 22H | Application and operation of <i>Freedom of Information Act 1982</i> |
| FRD 22H | Compliance with building and maintenance provisions of <i>Building Act 1993</i> |
| FRD 22H | Statement on National Competition Policy |
| FRD 22H | Application and operation of the <i>Protected Disclosure Act 2012</i> |
| FRD 22H | Application and operation of the <i>Carers Recognition Act 2012</i> |
| FRD 22H | Details of consultancies over \$10,000 |
| FRD 22H | Details of consultancies under \$10,000 |
| FRD 22H | Disclosure of government advertising expenditure |
| FRD 22H | Disclosure of ICT expenditure |
| FRD 22H | Statement of availability of other information |
| FRD 24C | Reporting of office-based environmental impacts |
| FRD 25D (Pending) | Local Jobs First |
| FRD 25C | Victorian Industry Participation Policy disclosures |
| FRD 29C | Workforce Data disclosure |
| SD 5.2 | Specific requirements under Standing Direction 5.2 |

Compliance attestation and declaration

| | |
|----------|--|
| SD 3.7.1 | Attestation for compliance with Ministerial Standing Direction |
| SD 5.2.3 | Declaration in report of operations |

Financial Statements

Declaration

SD 5.2.2 Declaration in financial statements

Other requirements under Standing Direction 5.2

SD 5.2.1(a) Compliance with Australian accounting standards and other authoritative pronouncements
SD 5.2.1(a) Compliance with Standing Directions
SD 5.2.1(b) Compliance with Model Financial Report

Other disclosures as required by FRDs in notes to the financial statements

FRD 11A Disclosure of ex-gratia expenses
FRD 21C Disclosure of responsible persons, executive officers and other personnel (contractors with significant management responsibilities) in the financial report
FRD 103G (pending) Non-financial physical assets
FRD 110A Cash flow statements
FRD 112D Defined benefit superannuation obligations
FRD 114C (pending) Financial instruments – general government entities and public non-financial corporations
FRD 119A Transfers through contributed capital

Legislation

Freedom of Information Act 1982
Building Act 1993 (Vic)
Protected Disclosure Act 2012 (Vic)
Carers Recognition Act 2012 (Vic)
Disability Act 2006
Local Jobs Act 2003
Victorian Industry Participation Policy Act 2003 (Vic)
Financial Management Act 1994 (Vic)

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